Accounts 2023

Consolidated Financial Statements 2023

Engineering Ingegneria Informatica S.p.A.
Registered Office:
00144 Rome – Italy
Piazzale dell'Agricoltura, 24
Tax code 00967720285
VAT number 05724831002
Rome Chamber of Commerce- 531128
Rome Companies' Register 00967720285
Share Capital:
Euro 34,095,537.11 fully paid-in

Consolidated Financial Statements

ENGINEERING GROUP

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Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Shareholder of
Engineering Ingegneria Informatica S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Engineering Ingegneria Informatica S.p.A. and its subsidiaries ("Group"), which comprise the consolidated statement of financial position as of December 31, 2023, the consolidated income statement and the comprehensive income statement, the statement of changes in consolidated shareholders' equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Engineering Ingegneria Informatica S.p.A. ("Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Deloitte.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an 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 risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10

The Directors of Engineering Ingegneria Informatica S.p.A. are responsible for the preparation of the report on operations of Engineering Ingegneria Informatica Group as at December 31, 2023, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations, with the consolidated financial statements of Engineering Ingegneria Informatica Group as at December 31, 2023 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations is consistent with the consolidated financial statements of Engineering Ingegneria Informatica Group as at December 31, 2023 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Cherubini
Partner

Rome, Italy
April 8, 2024

This report has been translated into the English language solely for the convenience of international readers.

Directors' report on operations Consolidated Financial Statements as of December 31, 2023

I. Corporate Governance and Corporate Bodies

CORPORATE GOVERNANCE

The Group's Corporate Governance system and the Bodies and Offices are established to achieve maximum equilibrium between the needs for flexibility and timeliness in decision making, a high degree of transparency in dealings between the various centres of responsibility and the external entities, and the exact identification of roles and consequent responsibilities.
On April 21, 2023, the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A. appointed the new administrative body and the new control body, which will remain in office for three financial years and more precisely until the approval of the financial statements as of December 31, 2025.
On May 5, 2023, the Board of Directors of Engineering Ingegneria Informatica S.p.A. appointed the new Supervisory Body which will remain in office for three financial years and more specifically until the approval of the financial statements as of December 31, 2025.
On May 23, 2023, Maria Cristina Messa was also appointed as an additional Board Member.
On June 23, 2023, the Board of Directors of Engineering Ingegneria Informatica S.p.A. appointed the Control, Risk and Sustainability Committee and the Related Parties Transactions Committee, which will remain in office for three financial years and more precisely until approval of the financial statements as of December 31, 2025.

In light of the above, the new breakdown of the corporate bodies is as follows:

BOARD OF DIRECTORS

Gaetano Micciché	Chairman
Maximo Ibarra	Director and Chief Executive Officer
Maria Andrisani	Director
Luca Bassi	Director
Giovanni Camera	Director
Stefano Bontempelli	Director
Fabio Cosmo Domenico Cané	Director
Pietro Galli	Director
Michaela Castelli	Director
Vito Cozzoli	Director
Aurelio Regina	Director
Carlo Achermann	Director
Maria Cristina Messa	Director

BOARD OF STATUTORY AUDITORS

Maurizio Salom	Chairman
Domenico Muratori	Standing Auditor
Bettina Solimando	Standing Auditor
Cristiana Tironi	Alternate Auditor
Guido Riccardi	Alternate Auditor

SUPERVISORY BODY

Alessandra Stabilini	Chairwoman
Michelangelo Schiano Di Cola	Member
Roberto Fiore	Member

CONTROL, RISK AND SUSTAINABILITY COMMITTEE

Michaela Castelli	Independent Chairwoman
Maria Cristina Messa	Independent Member
Vito Cozzoli	Independent Member
Giovanni Camera	Non-executive member
Pietro Galli	Non-executive member

RELATED PARTIES TRANSACTIONS COMMITTEE

Vito Cozzoli	Chairman
Michaela Castelli	Member
Aurelio Regina	Member

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

II. Introduction and consolidation scope

INTRODUCTION

The consolidated financial statements as of December 31, 2023 of the Engineering Ingegneria Informatica Group (hereinafter the “Engineering Group”, “Engineering” or simply the “Group”) have been prepared, as they have been since 2005, in accordance with the recognition and measurement criteria established under the International Financial Reporting Standards (IFRS) and the related interpretations of the IFRIC (International Financial Reporting Standard Interpretation Committee) previously named SIC (Standing Interpretation Committee) issued by the IASB (International Accounting Standards Boards) and endorsed by the European Union.

The share capital of Engineering Ingegneria Informatica S.p.A. is 100% owned by Centurion Newco S.p.A. as Sole Shareholder. For further information regarding the result and the financial position of Engineering Ingegneria Informatica S.p.A. (“Parent Company” of the Engineering Group or “Company”), express reference is made to the relevant separate financial statements.

The Group consolidation scope includes the equity investments illustrated in the tables in page 15 below, where movements are detailed in the following paragraph 3.4 of the explanatory notes. The companies included in the consolidation scope are consolidated under the line-by-line method. Jointly controlled companies are also consolidated using the shareholders’ equity method. The accounting periods of the subsidiaries coincide with those of the Parent Company. The financial statements have been prepared in accordance with the going-concern principle.

A number of estimates and assumptions were used in preparing these financial statements and were consistently applied for all comparative periods presented, which affect the financial values reported therein. Where, based on management’s best estimate, these estimates and assumptions differ in the future from the actual situation, they will be changed in the period in which the circumstances arise. The above-stated valuations are founded on the reasonableness principle and take account of market practice, historic experience, the involvement of external consultants and market conditions. The data relating to the net financial position are compared with that at the end of the previous year.

For the purposes of preparing these consolidated financial statements, the identification and measurement of the fair values of the assets acquired and the liabilities assumed following the acquisition of companies by the Group were completed (within 12 months from the acquisition date). As envisaged by IFRS 3, the data emerged were retrospectively disclosed at the acquisition date, with the consequent change and supplement of economic, equity and financial figures already temporarily included in the consolidated financial statements for the year ended December 31, 2022, for details of which please refer to the following paragraphs of the explanatory notes.

Unless specified otherwise, the monetary quantities in the statements in the report are exposed in millions of Euro, those in the explanatory notes in Euro units.

ALTERNATIVE PERFORMANCE MEASURES

A detailed description of the accounting standards, assumptions and estimates adopted is provided in the notes to the consolidated financial statements of the Engineering Group as of December 31, 2023, to which reference should be made. This report uses a few alternative performance measures (APMs) not envisaged by IFRS accounting standards. Although they do not replace those envisaged by the International Accounting Standards, these indicators are the tools that facilitate the Directors in identifying operational trends, as well as make decisions on investments, allocation of resources and other operating decisions, and permit a better comparability over time of corresponding results.

In particular, the following is highlighted:

- **Adjusted EBITDA,** alternative performance measure (APM), calculated by the Group as performance for the year, adjusted by the following items: income taxes, income (expenses) related to changes in liabilities on acquisition of non-controlling interests, net financial income/(expenses) (including, inter alia, exchange gains and losses, interest expense (including interest on financial leases), amortisation/depreciation, provisions and write-downs (including, but not limited to, the allocation to doubtful debt provision and provisions for risks and charges, comprising provisions made for probable future losses on some orders), leaving incentives for staff, charges related to the corporate strategic review process, charges for extraordinary corporate transactions and one-off projects and EBITDA attributable to subsidiaries in liquidation. It is noted that adjusted EBITDA is not identified as accounting measure within the IFRS standards adopted by the European Union. As a consequence, the calculation criterion adopted by the Group might not be consistent with criteria adopted by other groups. Therefore, the balance obtained might not be comparable with the one calculated by the latter.

- **EBIT** ("Earnings before interest and taxes"): APM calculated by the Group as the result of the year including the following items in the income statement: (i) "net financial income (expenses)" (including, inter alia, exchange gains and losses), and (ii) "taxes". The Group deems that this is a useful indicator on its capacity to generate profit before financial management and tax effects.

- **Net Capital Employed:** discloses the net total amount of non-financial assets and liabilities.

- **Net Working Capital:** discloses the net total amount of non-financial current assets and liabilities. It permits to evaluate the ability of the Group to fulfil short-term commercial commitments through current trade assets and, together with net fixed assets and the net capital employed, it also permits to evaluate the balance between utilisations and financing sources.

- **Adjusted Net Financial Position:** discloses the Group's ability to meet its financial obligations. As regards the breakdown, reference is made to the Reconciliation statement in section IX.

- **Adjusted Cash Flow from Operations:** shows the flows deriving from operating activities, measured by adding to the Adjusted EBITDA the changes in current assets and current liabilities of an operating nature, investments in fixed assets and the effects of IFRS 16.

- **ROE (Return on Equity):** economic index on the return on equity, obtained by dividing the consolidated profit for the year by the shareholders' equity.

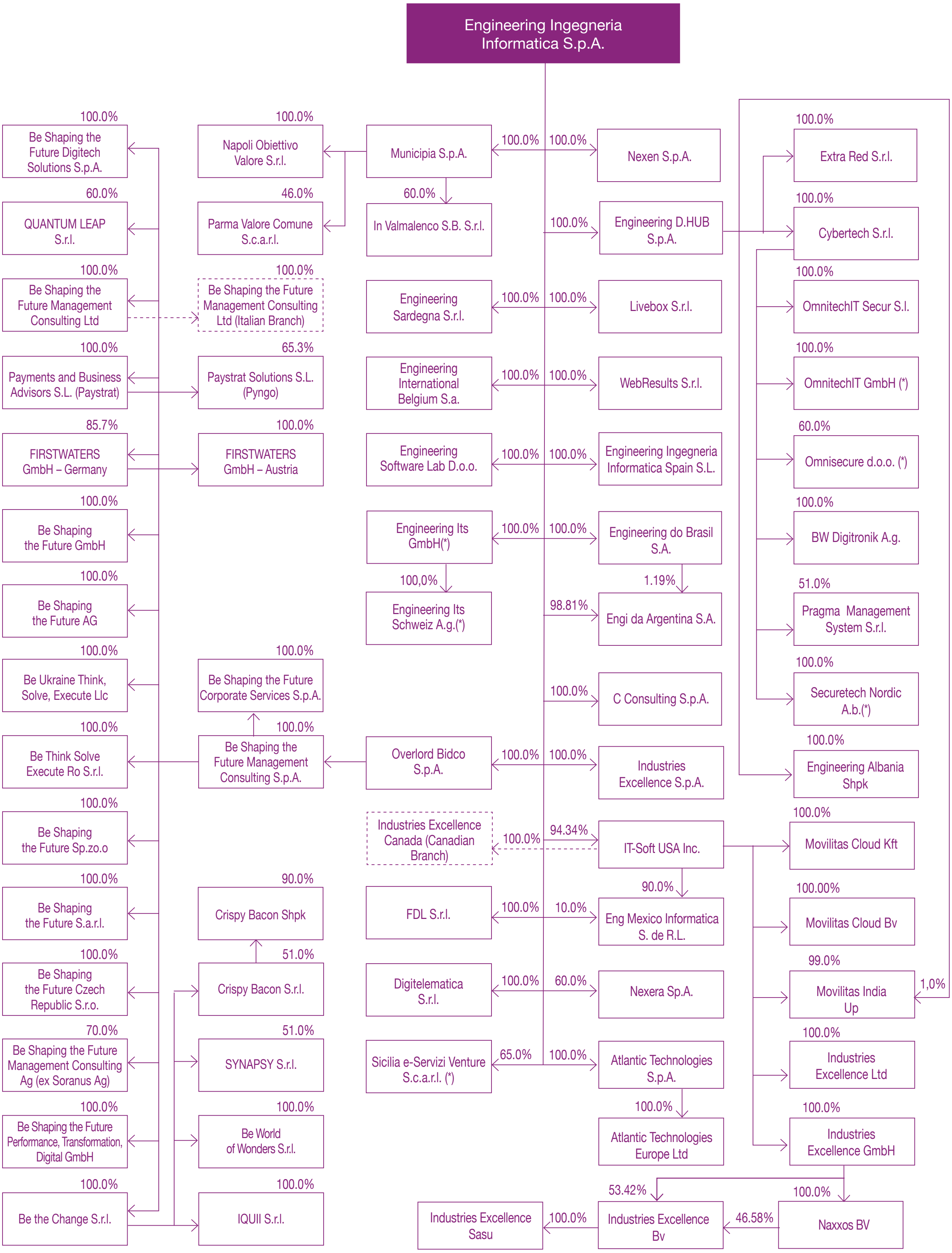
- **ROI (Return on Investment):** operating profitability index, which is a measure of the return on capital invested in the company by way of debt or risk. It is given by the ratio between operating profit (EBIT) and net capital employed, for the composition of which reference should be made to the specific statement in paragraph IX.

For a correct interpretation of APMs used by the Group, it is noted that they are determined based on financial statements and data analyses made in compliance with general and managerial accounts. The determination of the APMs is not governed by the reference accounting standards related to the preparation of the Group's financial statements and, albeit they are inferred from financial statements, they are not subject to audit. Therefore, the APMs must not be considered as a replacement of indicators envisaged by the reference accounting standards. Moreover, by reason of the fact that they are not inferred from the reference accounting standards for the preparation of the financial statements, the methods to determine the APMs, used by the Group, might not be consistent with the methods adopted by other Groups and therefore might not be comparable.

CONSOLIDATION SCOPE

The Group's structure as of December 31, 2023 is the result of a careful policy of acquisitions and subsequent integration processes that have given rise to a Group consisting of sixty-eight companies, in addition to the Parent Company, of which sixty are in operation and eight are in liquidation. Engineering Ingegneria Informatica S.p.A. exercises managerial and business influence on the direct subsidiaries. This structure is to be meant as a representation of a Group that operates in a context of close integration, arranged into specific centres of managerial responsibility.

CONSOLIDATION SCOPE AS AT DECEMBER 31, 2023



(*) in liquidation.

III. Group activities and operations

Engineering is the Digital Transformation Company, leader in Italy and continuously expanding globally, with about 15,000 employees and over 70 offices in Europe, the United States, South America and India and about 17% of turnover abroad.

The Engineering Group, made up of around 70 companies in 21 countries, has been supporting companies and organisations in continuously evolving the way they work and operate for more than 40 years, thanks to in-depth knowledge of business processes in all market segments, and taking advantage of the opportunities offered by advanced digital technologies and proprietary solutions.

REVENUE

FY2021 1.285 Bn€

FY2022 1.423 Bn€

FY2023 **1.7 Bn€**

83% IN ITALY

EMPLOYEES

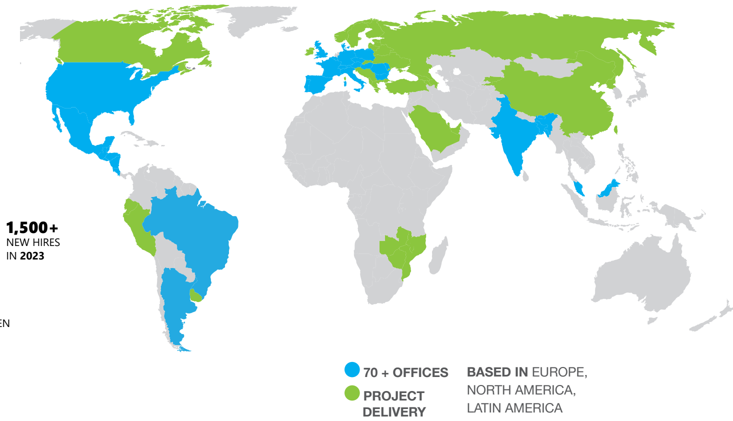
2017 10.273~

2019 11.600~

2023 **15.000~**

1,500+ NEW HIRES IN **2023**

32% OF ALL EMPLOYEES IN 2023 ARE WOMEN



CLIENTS

95% ARE LARGE ORGANIZATIONS OR PUBLIC SECTOR

96% OF SATISFIED CLIENTS

ADVISORY | TECHNOLOGY & IMPLEMENTATION | MANAGED SERVICES

With a strong and constant focus on innovation, through the R&I division that includes over 450 researchers and data scientists (and a global innovation network of universities, start-ups and research centres), the Engineering Group invests in international research and development projects, exploring revolutionary technologies and designing new business solutions. The Group invests and believes in human capital, and through its internal IT & Management Academy “Enrico Della Valle” it provides continuous upskilling and reskilling courses for both company employees and stakeholders, providing over 38,000 training days per year. The Engineering Group boasts a diversified portfolio based on proprietary solutions, best-of-breed market solutions and managed services, and continues to expand its experience through M&A transactions and partnerships with leading technology players. The presence for over 40 years in all market segments (from Finance to Health, from Utilities to Manufacturing and many others) has made it possible to build a deep understanding of business needs and to anticipate them by constantly exploring the evolution of technologies, in particular in the Cloud, Cybersecurity, AI & Advanced Analytics, Digital Experience & Metaverse, Advanced Enterprise Platforms and the entire world of industrial automation. Engineering is a key player in the creation of digital ecosystems to connect different markets, developing modular solutions for a continuous transformation of the world in which we live and work. The Engineering’s market consists mainly of medium-large customers, both in the private (banks, insurance companies, industry, services and telecommunications) and in the public sector (health, local and central public administration and defence). Engineering guarantees its customers the Technological Best Fit to always offer the most suitable technology for their organisation and their business. We digitize the core processes of the main markets through our Proprietary Platforms, some of which are real market benchmarks. These solutions are one of the main assets of our Group: we continue to constantly evolve them, also with our customers, to offer innovative solutions aligned with the changing needs of the business.

Below is a selection of the Group's main platforms:

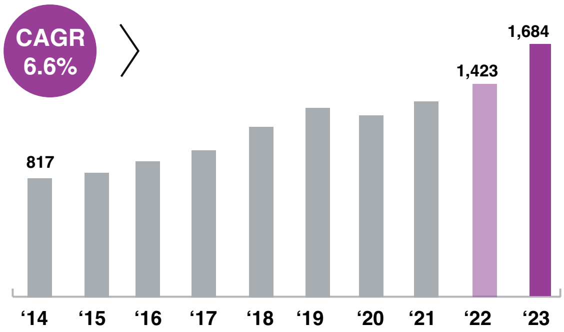
- **Energy & Utilities Platform**
  - **Neta Open Suite:** the modular, agile, innovative solution that enables the management of digital ecosystems, centred on business processes, data-driven, adaptable, efficient, to support and anticipate developments in the Energy & Utilities sector.
- **Healthcare Platform**
  - **Ellipse:** the new ecosystem platform specialised in the clinical-care size and in all areas of care.
  - **AREAS:** an application platform for the digitalisation and integration of clinical and administrative healthcare processes.
- **Regulatory Platform**
  - **Grace:** the platform that includes the set of specialised applications in the areas of Governance, Risk, Regulatory and Compliance.
- **Digital Banking Platform**
  - **Nova:** the IT architecture to help institutions to be fast and flexible in the development of digital solutions natively multi-channel and open to a scalable ecosystem of external partners.
- **Insurance Platform**
  - **Universo:** our platform for the management of the life insurance business through processes that allow end-to-end control over the entire life cycle of an insurance contract.
  - **XLayers:** we support companies in the end-to-end reinsurance process.
  - **Isypol:** tailor-made digital platform, optimised for the sale and management of Non-Life products - complex, modular and micro-insurance.
- **Retail Platform**
  - **MarketSuite:** the solution for managing online sales in large-scale distribution and retail.
  - **MyClienteling:** Mobile App dedicated to store staff to learn about, retain and sell.

Thanks to our experience, we have also developed a set of Technology Enablement Frameworks & Tools that enable the adoption of technologies to meet particular business needs and the development of specific services within IT consulting projects (e.g. cybersecurity assessment, software development, system integration).

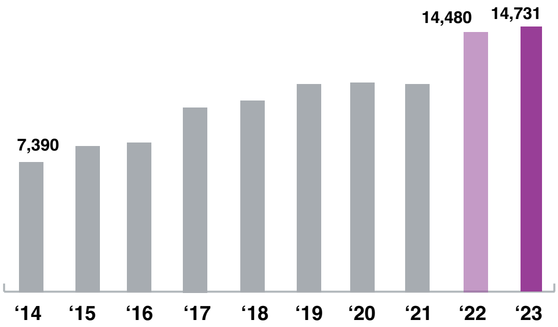
To ensure our customers adopt the best technologies to achieve their business objectives, we adopt a technological best-fit approach: we collaborate with the major technological partners through our centres of excellence by implementing cutting-edge market platforms (e.g. Salesforce, SAP), offering value-added and integration services, both with the customer's IT ecosystem and with our platforms.

We are a player of primary importance in the outsourcing and Cloud Computing markets, through an integrated network of three data centres located in Pont-Saint-Martin (AO), Turin and Vicenza. This is a system of services and technological infrastructures that ensure the highest standards for safety, reliability and efficiency.

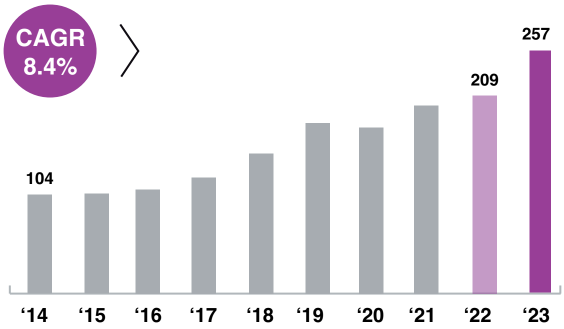
Revenues
(in Euro million)



Employees
(Units)



Adjusted EBITDA
(in Euro million)



Pro-forma net financial position
(in Euro million)

IV. Market overview

MACROECONOMIC OVERVIEW

The global macroeconomic scenario in 2023 was influenced by various elements of instability and uncertainty that are generating significant impacts on the performance of the global economy. The restrictive monetary policies of the major central banks, together with the recovery of some factors that have fuelled inflation in recent quarters, are starting to have a positive effect on price dynamics, but uncertainty remains high. In particular, geopolitical aspects and transformations in global trade are important elements to monitor in order to understand future developments. In this context, in recent months the tensions and conflicts recorded in the Middle East have turned into a new wave of uncertainty, which is added to a still highly unstable geopolitical landscape.

Global growth is estimated to slowdown in 2023 to 3.0% after 3.5% recorded in 2022, to then fall to 2.9% in 2024. Annual growth therefore remains below the average of the twenty years prior to the pandemic crisis (2000-2019, equal to 3.8%), although slightly higher than that recorded in the year prior to the pandemic (2.8% in 2019). Global inflation is estimated to be down from 8.7% in 2022 to 6.9% in 2023 and to 5.8% in 2024. In general, therefore, a reduction is expected compared to the peaks reached in 2022, but the values will continue to remain higher than the price stability objective.

THE ITALIAN ECONOMY

In Italy, two of the main elements that characterised 2023 and that are likely to distinguish 2024 are stable but weak growth in household consumption, impacted by the reduction in purchasing power linked to inflation, and the low level of private investments, linked to the increase in the cost of money and the context of high uncertainty. The possible recovery of global trade in goods in 2024 is also expected to result in a growth in net exports, which would provide further support to growth.

The economic effects of the events in recent years (such as the Covid-19 pandemic, the war between Russia and Ukraine, and consequently high inflation and rising interest rates) are also shown on the breakdown of Italian household consumption. Compared to 2019, Italian households reduced the consumption of some services, such as transport and catering, in favour of other categories, such as communication and health-related services. In this scenario, forecasts indicate real GDP growth for Italy of 0.7% in 2023 and 0.6% in 2024, while the inflation rate is estimated to fell from 5.6% in 2023 to 2.3% in 2024. However, forecasts are subject to a high level of uncertainty.

THE IT SECTOR

According to the latest forecasts by Gartner, in 2024 the turnover of the reference ICT market ("addressable") in Italy will amount to over Euro 27 billion, up by about Euro 2 billion compared to 2023. Further growth is also expected for the following three-year period 2025-2027 of approximately Euro 3 billion per year. This 10% annual run rate between 2024 and 2027 therefore confirms the significant opportunities offered by the reference sector.

In the 2023-2027 period, all segments are expected to grow, with the exception of System Integration. The Cloud, Data Analytics and Customer Experience segments will be particularly strong, with double-digit growth. Among the sectors with higher growth expectations in 2024 compared to 2023, we note Financial Services (+26%), Central Public management (+11%) and Mobility (+7%). On the other hand, a more contained growth is expected for the Industry, Telco & Media, Municipalities, Energy & Utilities sectors..

V. Operational overview

2023 confirms the increasingly gradual progress of digital transformation processes in all sectors of human activity. Within this context, the companies that have reacted best to this momentous change are those that have always believed in innovation and research as distinctive factors for success, something that the Engineering Group has been able to carve into its DNA since its inception.

RESEARCH AND INNOVATION ACTIVITY

During 2023, the Group confirmed its commitment to Research and Development activities, both in terms of participation in the main initiatives and Associations at national and European level, and in terms of operational commitment in around 140 projects that have made it possible to develop solutions and prototypes in various technological and application sectors for a capital expenditure of over Euro 30 million over the year.

At national level, the Group participated in the tenders published by the National Recovery and Resilience Plan (PNRR) and contributed in winning consortia in the calls of National Champions, Ecosystems for Innovation, Extended Partnerships and the Complementary National Plan. Various initiatives were also launched to finance industrial doctorates with leading national universities.

At European level, the Group was awarded the Important Projects of Common European Interest (IPCEI) - CIS (Cloud Infrastructure Services) project, whose activities began in the middle of the year. The Engineering Group also continued its participation in HorizonEurope tenders, winning over 25 projects in 2023 with a success rate more than double the European average.

In terms of positioning at European level, also in 2023 Engineering maintained its leadership role in numerous public-private initiatives; others include GAIA-X for the cloud, FIWARE for open source, BDVA for data and AI, EOS for security, ECSO for cybersecurity, IDSA for data space.

Lastly, in line with the overall strategy of refocusing the project portfolio and with the aim of maximising the proximity of research and development activities with the market and business structures, the Group completed the reorganisation of the R&D function, maintaining the number of researchers employees.

MARKET PERFORMANCE

FINANCE

For the financial sector, in Italy and Europe, the year 2023 was characterised by a recovery in investments, already started the year before. Above all, banks and insurance companies have shown interest in technological solutions aimed at improving their operational efficiency, the security of their data and the customer experience.

At European level, banks and insurance companies have highlighted the tendency to invest, with a special focus on data security and regulatory compliance; moreover, many of them now collaborate on a permanent basis with several technological start-ups, to capitalise on the opportunities offered by emerging innovations.

In Italy, similarly, financial and insurance institutions are investing in a wide range of technologies, firstly as artificial intelligence systems, generative AI, cloud computing and data analysis. These investments are intended, above all, to improve the customer experience, increase operational efficiency and reduce costs; all this is inevitably accompanied by considerable investments in security.

During 2023, the largest investments made by banks and insurance companies concerned:

- evolution in terms of Cloud Computing, with a particular incidence among larger banks and insurance companies;
- the complete digitalisation of all interaction systems with customers or employees in line with people's new digital experiences;
- the modernisation of core banking and insurance systems towards open and modular systems to make institutions more flexible and quicker to change;

- some first uses of Artificial Intelligence, in particular for the efficiency of processes and customer analysis;
- initiatives relating to major regulatory changes underway or in preparation: GDPR, BASEL, MIFID, EIDAS, DORA, MICA, PSD, ESG, CBDC;
- re-engineering and automation of processes, through the use of technologies such as Robotic Process Automation and Intelligent BPM;
- the strengthening of Mobile Banking services through increasingly complete Apps, not only payments, and also including services not only financial;
- cyber risk management and mitigation;
- initiatives aimed at enhancing information assets: Data Governance, Big Data, Open Data, Business Intelligence, Advanced Analytics;
- the redefinition of IT Governance paradigms and IT processes, with particular attention to the adoption of Agile and DevOps methodologies;
- vertical outsourcing initiatives, which concern, in particular, smaller banks;
- in addition, the strategic adoption of "smart working" has completely changed the internal organisation of work.

The multiplication of these innovative initiatives is fostering the progressive consolidation of new business models, mostly related to the competitive/collaborative model of Open Finance/Insurance, the "platformisation" from which new strategies emerge for the provision of services based on an articulated network of partnerships, involving intermediaries, fintechs and embedded Finance companies towards an "as a Service" Bank.
In order to further strengthen its ability to respond to the dynamics and needs of the market, in terms of both business requirements and application architectures, Engineering continued further in 2023 to strengthen the assets forming the basis of its offer portfolio through full integration with Be Shaping The Future, in particular through:

- a new customer relations structure (Client Services Team) with the aim of accelerating the go-to-market;
- the organisation into 9 Advisory Practices to enhance the strategic relationship: Industry Strategy, Risk & Regulatory, Transformation, Corporate & Investment Banking, Wealth & Asset Management, Commercial Banking, Transaction Banking, Insurance Industry, Digital Engagement & Entertainment, Industry Data & Artificial Intelligence Applications. Cyber, Cloud & Infra, Methodologies;
- the structuring of 6 Competence Centres: Payments, Issuing & Acquiring, Insurance, Life & Claims, Regulatory, Risk & Compliance, Credit & Collaterals, NPL, Leasing, Factoring, Asset & Wealth Management, Retail & Corporate Banking Channels;
- the gradual adaptation of skills in digital areas, such as cloud computing, cybersecurity, advanced analytics, data governance, digital experience and artificial intelligence;
- the identification of strategic solutions on which to focus for market leadership and expansion in Europe: Digital Banking Platform, Regulatory Platform, Insurance Platform, Reinsurance Platform.

In addition, 2023 was characterised by the partnership with the Illimity Group. The agreement lays the foundations for a long-term relationship that offers to Illimity solutions, skills of excellence to compete in a sector in which the ability to "manage" Digital is central and enriches the Engineering offer portfolio with advanced Digital Banking solutions in the Small Business, Retail Banking segments and in the complete management of Non-Performing Loans or Unlikely to Pay Loans portfolios.

PUBLIC ADMINISTRATION

In 2023, the Italian Public Administration continued to record positive growth in terms of total revenues, albeit not in line with initial forecasts. The budget estimates were subsequently reduced to adapt to the more realistic performance observed during the year. This adjustment reflects a tendency towards prudence and adaptation to real market conditions, highlighting the management's ability to respond to economic and operating variables.
Between 2022 and 2023, several lots of the SAC (Cloud Application Services) framework agreement were awarded, which led to a significant increase in booking. Through these, new customers were intercepted, for example the La Spezia Port System Authority.

In 2023, Railway was also included in the public administration sector - an area that includes port authorities, transport operators, Anas and Ferrovie, among others.

In the Welfare segment, there was an overall excellent performance. The year 2023 saw us operate in the market with a strategic partnership approach towards customers with a strong role as a digital transformation accelerator, providing methodological and technological skills and allowing the full achievement of strategic and PNRR (National Recovery and Resilience Plan) objectives on all customers. In fact, we manage the main areas of the core business of customers (INPS, INAIL, MLPS) with a view to smart government, helping to improve and streamline the public machine.

MUNICIPALITIES

Engineering, through its subsidiary Municipia, is continuing to diversify its Digital Transformation value proposition for cities, acting mainly on public services: specifically, revenue management processes, urban mobility and public transport, safety, environment, energy efficiency and local development are the priorities of the customers at which the company intends to direct its solutions.
The offer is structured in two established ways: technology and related deployment and system integration services on the one hand, and outsourcing services on the other. Depending on the lines of business, one or the other of these methods is prevalent, depending on the needs of customers and the prevailing business models. The company's commitment to making proposals according to the contractual model of public-private partnership and project finance continues.

From an organisational point of view, a team of experts was created for the different business lines capable of selecting the most interesting opportunities and supporting the commercial structure in the go-to-market. This set-up has made it possible to develop new business lines that are growing in an interesting way even if the volumes of revenues remain modest: this is mainly due to the difficulty of penetrating new market sectors without having available an adequate solution and reference portfolio.

Main events:
- the activity was started in relation to the tender awarded for the outsourcing of the revenue management of the Municipality of Naples following the private initiative PPP proposal. This initiative represents a particularly significant event as it is the first case of this type in Italy and is also one of the tools for the budget rebalancing of the Municipality envisaged by the Pact for Naples;
- the tender framework agreement was awarded for the Municipalities of the Emilia-Romagna Region for support services in the management of fines for Highway Code violations: numerous Municipalities are currently being activated, with some operational difficulties that are being managed by the appointed structure;
- other tenders were awarded relating to ITI (integrated territorial investment) projects under the PPP regime for groups of Municipalities;
- the first tenders were awarded for projects for the management and enhancement of tourist and cultural assets according to the PSPP (simplified public-private partnership) contractual model;
- the first tenders were awarded for mobility services, both for public transport and for the management of surface car parks;
- the dispute with the Municipality of Sassari continued following the contractual resolution with respect to which the legal structure of the Parent Company is pursuing a settlement transaction;
- at the end of the year, the unilateral resolution of a framework agreement was received by Roma Capitale, with respect to which the legal structure of the Parent Company initiated the civil and administrative objection.

HEALTH

The Health sector in Engineering in 2023 was characterised by strong growth. Mainly led by the PNT - National Telemedicine Platform contract awarded by a consortium formed by Almaviva and Engineering. This platform facilitates the sharing of health information among professionals in this sector, enabling remote consultations, patient monitoring and support in diagnosis. The goal is to render health services more efficient and accessible, especially in remote areas or for patients with mobility difficulties.
The very positive results indicate strong growth both towards the previous year and towards the expected budget.

INDUSTRY

In line with market trends, our performance met expectations, recording excellent results. In particular, it is worth noting as positive data the 2% growth over 2022 and the consolidation throughout the Digitech world, especially in the SAP and Cloud areas. Here, the greatest impulses were in the Manufacturing, CPG, Pharma and Retail markets. More generally, growth was robust especially in the traditional industry perimeter (+7%). We have therefore been able to absorb the extraordinary events that have affected the global macroeconomic scenario and that have negatively affected the final numbers of segments that are crucial for us, such as Industry Excellence and Microsoft offerings. In the Retail and Fashion world, we report the positive results of our proprietary products, MyClienteling and Market Suite, while in the Hospitality, Aerospace and EPC areas, the performance in System Integration was very important, with an increase in margins and revenues.

Looking at the individual areas of our interest and at the reference markets of the Industry, Retail and Services world, the forecasts of greater growth in the next three years, which will therefore direct our attention and our activities, will involve, in addition to the aforementioned Cloud, Big Data and AI, also the BlockChain, Cybersecurity and IoT solutions. The latter, especially in Manufacturing, are increasingly seen as tools to improve operational efficiency, develop new innovative products and services based on connectivity and data analysis, to remain competitive and at the forefront of the market.

A crucial issue for all markets will continue to be the Supply Chain, because companies need to improve their processes in terms of responsiveness and speed of response. Sustainability will be the background of all these investments, to be sought not only internally, but also in the entire supply chain and in the materials purchased. Lastly, in view of the inflationary pressure, which certainly had repercussions, it is worth noting the resilience of the digital market of the Retail and Large-scale distribution world, where expenditure on technologies that contribute to improve efficiency and flexibility, also at Supply Chain level, as well as the omnichannel customer experience will continue also in the coming years.

AUTOMOTIVE

The European car market ended 2023 with a positive balance (+13.7%) compared to 2022, but still distant from 2019 (-10.2%). In terms of volumes of cars registered, Italy is in fourth place (+18.9%), but remains at the bottom of electric car (4.2%) and hybrid cars (4.4%) registrations.
In general, there is a growing need for the automotive industry to adapt to new challenges and opportunities, driven by technological, environmental and consumers behaviour changes.

In this context, Engineering has developed new strategies for the key sectors in which it operates through the Automotive Department (production, sales and after-sales), aiming at consolidation and strengthening in view of growth in the coming years. In particular, the process of streamlining the “Manufacturing Execution” systems continued in the production area of Stellantis. The Goiana plant in Brazil has evolved towards the new MES 2.0 version, a platform also installed on the new “green field” production lines of the Kragujevac plant in Serbia.

In 2023, the spread of the solutions developed for the former FCA plants continued with the installation of the “Operator Terminal (OT)” solution at the former PSA plant in Vigo in Spain and the roll-out of the “Asset & Performance Management” solution at the former Opel plants in Tychy, Aspern and Kaiserslautern.

The B2B sales method according to the agent/retailer model was launched on the first markets: Austria, Belgium, Luxembourg and the Netherlands. The new “New Price Engine (NPE)” service was created, which provides end consumers (applications, websites) in the 10 main European markets with information on the prices of all Stellantis brands.

As part of the convergence initiatives, the eDOMUS (former FCA) solution based on SAP and used by Italian dealers owned by Stellantis&You was extended to all Stellantis brands. The same was true for the VHS vehicle registration system, which today manages all brands.

In addition to Stellantis, the consolidation of the “National Sales Companies (NSC)” continues on the Italian market, with the release of the new Sales Work Place (SWP) platform of Volkswagen, dedicated to the Italian dealer network (over 100 Dealer Groups) and with the evolution of the HMAP “Data Analytics” platform of Hyundai Italia dedicated to post-sales.

The collaboration with Autotorino (the first Italian automotive dealer group) is strengthened, with the three-year agreement (2023-2025) for the re-factoring of the “Business Intelligence” management/operational platform.

In the field of industrial automation, the collaboration with Comau was extended through the “VOLVO Battery Pack” project carried out at the Skovde plant in Sweden and a ‘new name’ was acquired, Segula Matra Automotive (French leader), with which the project to automate the bonnet manufacturing of models produced in the Stellantis plant in Melfi was started.

TRANSPORTATION

2023 was a year of change and adaptation in the transport sector, with a greater focus on sustainability, technological innovation and operational efficiency.
The Transport and Infrastructure market, after being the one most affected by the outbreak of the pandemic, recovered well in 2023.

The Department’s results saw significant growth in terms of revenues and margins. The road segment, Gavio, Gruppo Autostrade/Telepass, is the one that has experienced the most consistent growth, mainly due to the winning of new tenders in innovative sectors. The ASPI group continues its Digital Innovation process that sees us among the protagonists, in particular with the award at the beginning of the year of the “Modernisation of Traffic Systems” tender relating to the refactoring of tolling systems on the AWS cloud, while Sinelec (Gavio Group) confirmed the choice of Engineering as a partner in the SAP area and launched migration projects on the new datacentre.

Telepass also recorded significant growth linked to the numerous evolutionary and innovative implementations in the field of management application systems and the implementation of the European T-Business and Telepass system.

With regard to the Airports area, in 2023 the presence on the outsourcing component of the ADR datacentre and on the application component of the core systems of SEA (Aeroporti Milano) was consolidated.

With respect to the Customers most linked to the Transportation world, the management recorded low growth on Ita-Airways, while the merger between NTV/Italo and Itabus led to new positionings of Engineering on the customer.

INDUSTRIES EXCELLENCE

Industries eXcellence (IndX) stands out in the industrial landscape for the creation of digital solutions with high added value for the manufacturing, energy and transport sectors. Specialised in the implementation and integration of digital tools, IndX facilitates global digital transformation for manufacturers in all sectors, supporting the adoption, implementation and integration of innovative solutions that support the entire value chain of our customers’ products.

Industry 4.0 is a priority for many companies wishing to improve processes, products and services, increasing efficiency and operational flexibility. IndX proposes itself as a key partner for the implementation of the extended digital twin spanning not only the product and process, but also factory operations and supply chain. This approach allows simulations, forecasts and optimisations along the entire product and production life cycle, improving quality and efficiency.

The 4 main practices of IndX include:
- Design practice (Digital Engineering): focused on design optimisation through advanced solutions such as PLM, PDM, CAD automation and others.
- Produce practice (Digital Manufacturing): dedicated to efficiency and production control through MES/MOM systems, quality control, production planning and industrial automation.
- Supply & Delivery practice: aimed at optimising the supply chain through traceability, demand forecasting and capacity planning.
- Decide practice (Digital Twin): provider of decision-making tools based on simulations, machine learning and data analysis along the value chain.

In 2023, IndX consolidated its global presence, with a special focus on automotive (especially electric vehicles), defence, aerospace, agriculture, CPG, lifescience and transport sectors. The company has expanded its capabilities through the adoption of cutting-edge technologies such as Low Code, Machine Learning and Data Science applied to manufacturing and logistics processes. The division also entered the Middle-East market with interesting solutions in the Capital Asset Management area and opened a new branch in Canada, consolidating its presence in North America.

During the year, IndX also continued to focus its “global to local” governance to standardise strategy and go-to-market at international level, an essential element in the implementation of the division’s value proposition.

During 2023, IndX strengthened its partnerships with major technology suppliers such as Siemens, SAP, Google, AWS, Rockwell and Aveva, confirming its position as a leader in the Industry 4.0 sector. In particular, we have invested heavily in the three-way collaboration with Siemens and SAP at global level, taking advantage of the renewed collaboration between these two large technology suppliers (started a couple of years ago) to position ourselves as a reference partner.

IndX has also further strengthened its “stand alone” relationship with Siemens, obtaining an important recognition as the best gold partner of the year in the USA.

Strategic initiatives for 2024 and after include the global expansion of practices, investments to increase lead generation and brand recognition, as well as aggressive growth in high value-added areas such as digital manufacturing advisory. IndX evaluates new acquisitions, especially outside Italy, to support the ambitious growth objectives for the coming years.

ENERGY & UTILITIES

The now constant geopolitical turbulence, which is rapidly transforming our reality with repercussions on any economic sector, can only strongly influence the Energy & Utilities sector as well.
This instability affects first and foremost the accessibility of primary resources, generating increasing pressure on costs and final tariffs. This pressure requires greater effectiveness in the management of strategic assets with an approach increasingly oriented towards the enhancement of investments by managing their risks.

We are also witnessing the continuation of the market concentration process, driven by the search for synergies, critical mass for investments and effective management of leverage, with the consequent need to rationalise and renew its IT map. Furthermore, for many operators, integration at national level will be accompanied by international expansion: a process in which it will be essential to bring together the IT maps present in Italy and the legacy maps present in the countries subject to acquisition. The main players continue to invest in innovation and technology, also driven by the Next Generation EU (PNRR) plan. The E&U BUs have been able to seize the changing market, in particular for services connected with Digital Transformation or System Integration, Engineering is consolidating its position as the main player and partner of the major Energy & Utilities companies, continuously renewing and evolving its offering for all market sectors, from Oil to Power, Energy, Gas, Extra Commodity, Water and Waste, etc. along the entire operational chain from production to sales in partnership with the main solution providers on the market, such as SAP, Salesforce, AWS, Azure, Red Hat, Schneider, Siemens, etc..

Moreover, the oil market not only confirmed the growth trends over the last few years, but showed a decisive consolidation of results and, consequently, of investments in IT services and projects; the confirmation of our positioning in the Downstream and Retail area has allowed us to identify investments aimed at Digital Transformation and the customer experience. In fact, Engineering’s activities on the Eni group were positively affected by the results of the oil group, in particular, by the consolidation of the trend in IT investments, concentrated in two group transactions: the development of Plenitude and the creation of EniLive. Furthermore, the consolidated presence over time and the diversification through different contracts operating in different divisions/companies of the group have allowed Engineering to increase its involvement in the various and distributed initiatives of the Eni group. In 2023, the involvement in the Eni Plenitude area, with a focus on Neta, was confirmed as a driving force, launching the Net@4VAS initiative and consolidating our involvement in the Data Analytics area; as well as in the EniLive area, a series of initiatives that concerned in particular SAP and SalesForce.Com.

As regards transport (SNAM, TAP, SGI, DESFA) and distribution operators, investments in digitalisation initiatives continued, and in particular in the areas of cartography, maintenance, asset management and works management (WFM/FSM) and BIM also driven by the regulations and the deadlines set by them for the end of 2024.

The collaboration with leading distribution players such as 2i and Italgas is also confirmed as extremely sound.

In the Utilities area, the fluctuating and uneven trend that characterised 2021 and 2022 has been overcome: this was due on the one hand for reasons intrinsic to the dynamics of a highly fragmented market, and on the other hand, due to the PNRR (National Recovery and Resilience Plan), which saw an initial focus on the water market and on initiatives that have often seen a marginal role for IT; conversely, ESG issues are confirmed to be increasingly a present and driving force. In fact, there was robust growth throughout 2023; growth that has led us to further focus on this market segment with a BA dedicated to Large Multi-Utilities (ACEA, Hera, IREN and A2A) and a BA dedicated to the rest of the Utilities market, certainly fragmented but worthy of being intercepted, as a whole.

The ENEL Global area, on the other hand, suffered a significant slowdown in 2023, in contrast to the rest of the market, due to the propagation of the group's strategy following the appointment of the new top management. After the years of the previous management, characterised by expansionary investments and the strengthening of Enel's digital leader position in the utility market, the new management focused its objective on reducing debt and increasing the profitability of the group. The new strategic direction had repercussions on all dimensions of the business, both organisational and operational.
More specifically, the IT segment supporting the Enel group suffered a sharp slowdown in the second half of the year, with up to 60% reduction in spending in some areas.

In this context, Engineering has been able to maintain the position of reliable delivery partner, especially in those areas, such as Enel Distribuzione, where in-depth knowledge of both processes and applications has been consolidated in over 10 years of collaboration. The year 2023 ended with a consolidated perimeter of cross business units and cross countries. We are still the top suppliers in the distribution area and also confirm our presence in the generation, market and corporate services (HR and AFC) areas. From a technological point of view, our presence was confirmed in all areas with the exception of that relating to integration, which, due to the Admiral tender, saw us gradually exiting during the year. On the other hand, our contribution to the world of data in the metering area remains pivotal, in support of SAP technologies (excluding billing/credit) and Salesforce.com and the activities of Operating Support and application monitoring.

The Neta Market area consolidated its position on the market thanks to the continuum of the product replacement campaign on the Water Market and the customer migration campaign on the Public Cloud.
In 2023, the second contract was also acquired for the implementation of Net@2D for ASA Livorno, the new solution for distribution companies that is emerging on the market, given that other negotiations are in the pipeline.

Also in 2023, Net@PAY continued to grow, also thanks to the adoption by Plenitude in 2022, as a bill payment system through the PagoPa platform. Transactions rose from Euro 1 million in 2021 to approximately Euro 4 million in 2022 to over Euro 15 million in 2023. Net@PAY is of considerable importance at strategic level not only for the exponential growth of volumes managed, but above all because it is completely independent from the other Net@SUITE modules, being able to connect to other billing platforms, effectively eliminates the barriers to entry imposed by competitors companies and represents an opportunity to take over new customers.

TELCO & MEDIA

In 2023, the Telco sector in Italy, in line with the trend of recent years, recorded again a reduction in revenues and margins, compared to 2022, but recovering slightly thanks to the "fixed broadband" sector. In the Telco 2023 report, Mediobanca shows that already in the first half year of the year, the revenues of Italian operators fell by 0.1%, compared to the first half year of 2022, with a reduction of 3.9% on mobile and a growth of 3% on fixed-line products. The continuous growth in traffic volumes mainly due to the digital services of Technology Companies, such as Apple, Google, Amazon, Netflix, both on the mobile network and on the fixed network, is generating an increase in operating costs and investments for operators. In addition, the increase in the cost of energy had a very negative impact on the results of recent years. On the other hand, the prices

of services continued to fall due to strong market competition (5 mobile operators on the market) and strong regulatory pressure. In Italy, prices are lower than in other countries. In this context, there are essentially three lines of action and challenge for operators:
- monetising the company's core assets,
- evolving and transforming business capabilities to maintain and develop the customer base,
- reducing operating expenses by making all business processes more efficient to increase competitiveness.

In 2023, Engineering recorded a significant decrease in revenues, partly already expected due to the conclusion of the full outsourcing contract with Tiscali and some important transformation projects into TIM and BT that generated extraordinary revenues in 2022, and partly not expected due to the reduction in IT spending by some customers, which emerged during the year. The breakdown of revenues by product line follows:

- DIGITAL SERVICES - account for about 55% of the division's revenues and include the development services of digital channels (Apps, Portals) to support caring and sales processes, data-centric evolution of IT architectures leveraging Big Data, Analytics and AI, Cybersecurity, the transformation of legacy BSS systems with low-code SaaS platforms, digital capabilities for local workforce management. In 2023, Engineering was one of the main partners of TIM's data management programs, creating the platforms enabling the customer data platform and the cloud migration of the Enterprise Data Lake platforms.
- TRADITIONAL SYSTEM INTEGRATION AND MANAGED SERVICES – account for approximately 45% of the division's revenues and include management services for BSS/OSS systems, IT infrastructures and legacy Networks. In 2023, the growth in revenues and margins on the customer Sparkle are of particular interest, thanks to the contractual renewals of the historical collaboration areas in the BSS and OSS area and the award of the Network Assurance project in partnership with IBM.

DIGITAL TECHNOLOGY

The *Digital Technologies* Business Unit aims to support the digital transformation of our customers end-to-end through a dedicated Go-To-Market workforce and Centres of Excellence organised for specific technological capabilities: Advanced Enterprise Platform, Cloud & Infrastructure, Cybersecurity, Data & Analytics and Digital Experience.

a. ADVANCED ENTERPRISE PLATFORM

In 2023, the *Advanced Enterprise Platforms* (AEP) Centre of Excellence continued its implementation of projects and services relating to the major market technological platforms (e.g. SAP, Microsoft and Salesforce).

The main areas of competence relate to Enterprise resource planning and Customer relationship management, for which the growth started in previous years continues, which led to a situation where the budget targets set for the year in 2023 were exceeded.

- The SAP structure has increased the customer base and experiences on the new SAP S/4HANA platform in all Public Sector markets (e.g. Lombardy, Campania and Apulia Regions), Finance (e.g. Intesa San Paolo) and Enterprise (e.g. ENEL, Terna and ENI, Petronas, Ferrero), also in international contexts.
- On more vertical solutions, there was the consolidation of cloud skills (i.e. SuccessFactors), the expansion of partnerships (e.g. with UKG and BOARD), the launch of *Extended Warehouse Management* activities for Leonardo, and the collaboration with Movilitas.
- With regard to the Microsoft structure, the integration of the dedicated company Engineering 365 was completed in 2023, helping the process started in previous years of improving efficiency and consolidating all customers.
- As regards SalesForce, activities focused on the consolidation of project activities on customers (e.g. ENEL, ENI, Intesa San Paolo, Open Fiber, RAI) and in the renewal of important multi-year deals (e.g. Engie).

b. CLOUD & INFRASTRUCTURE

In 2023, the *Cloud & Infrastructure* Centre of Excellence focused on infrastructure projects and services, workstation management and cloud initiatives mainly in the IaaS area, continuing the growth started in previous years and achieving excellent results compared to the budget targets set for the year.

Specifically, the year was characterised by the consolidation of activities on all services and solid growth in cloud activities, in particular on the Public Sector and Enterprise segments.

The latter supported by the increase in technological skills, also through the acquisition of a sizeable number of individual certifications and the strengthening of partnerships with the main *Cloud Service Providers*.

In continuity with 2022, process automation activities continued, mainly in the area of infrastructure management and software distribution, also with a view to the continuous improvement of services and the quality provided. In this context, the acceleration of automation activities guaranteed by the use of frontier technologies enabled by artificial intelligence should be noted.

c. CYBERSECURITY
In 2023, the *Cybersecurity* Centre of Excellence further consolidated its product portfolio to fully cover the security needs of its customers, providing Advisory, Implementation Services and Managed security services. Despite not having fully achieved the budget objectives set for the year, the results of the year show a significant growth in margins that allowed the company to close with a largely positive EBITDA, thus completing the industrial turnaround process started in 2021.

d. DATA & ANALYTICS
During 2023, the *Data & Analytics* Centre of Excellence focused on projects and services in the areas of *Data Strategy and Governance, Data Visualisation, Advanced Analytics* and *Data Management*.

Specifically, the year was characterised by the consolidation of activities and participation in various innovative initiatives in all markets, with a particularly broad field of action such as the implementation of Modern BI, cloud analytical architecture services or even Artificial Intelligence applications.

The year 2023 was undoubtedly characterised by the “explosion” of interest on the part of the market for technologies related to artificial intelligence. The Group was able to take advantage of the years of Research & Development on the subject, bringing to the market a suite of solutions, called “ENG GPT”, which made it possible to position a very attractive “private AI” offer.

e. DIGITAL EXPERIENCE
In 2023, the *Digital Experience* Centre of Excellence consolidated its consulting, implementation and management of services to meet the needs of customers in all fields relating to Digital Experience.

The *Customer Experience and service design* and the strategic consulting component based on design thinking approaches have overcome the traditional User Experience (UX) and User Interface (UI) activities through the management of important digital transformation projects.

Moreover, in 2023, the offering of the Centre of Excellence was completed to propose services related to the Metaverse, stimulating significant customer interest and contributing to the innovative image of the Group. This trend is expected to grow significantly in 2024, also due to the launch of new technological devices (e.g. Apple Vision Pro) that will certainly accelerate the growth in demand for this type of solution.

f. TECH ALLIANCES
In the *Tech Alliances* area, the significant investment, started in 2022, continued in 2023 in collaboration with the main Technological Partners.

The change of pace had a major impact in the sector, with extremely positive feedback from all market operators. Engineering is increasingly confirmed as a reference partner in digital transformation processes, gathering widespread consensus among its technological partners.

FOREIGN COMPANIES

ENGINEERING DO BRASIL

Also in 2023, the process of growth and consolidation of Engineering in Brazil is continuing (about 1,000 employees), as a strategic partner in the digital transformation of the main companies operating in South America.
The digital offer in Brazil is based on the dominance of innovative technologies in the field of Artificial Intelligence and APIs, which has led Engineering to be a central player in helping organisations reconfigure operations and

decision-making processes by putting these value streams at the heart of creating a competitive advantage and adopting (API-first) business architectures that take advantage of digital ecosystems to radically innovate the value chain, redesign products and services and create new revenue streams.

The need for businesses to adopt agile and data-driven architectures, to improve the customer experience, rapidly evolve their value proposition and experience new forms of monetisation, is confirmed in the growth that has taken place in Brazil, especially in the sectors where Engineering has been operating successfully for some time (Telco and Energy & Utilities).

During 2023, the DHuO product suite was launched on the market, which supports the offer of "Ai/Data Science" and "API/composable business" services for the benefit of the entire Group, for which Engineering Brazil has obtained the ISO 27001 certification, the global standard for information security management.

Also in 2023, Engineering do Brasil confirmed the obtaining of the prestigious GPTW (great place to work) award with an even higher score than the previous year, demonstrating its focus on and appreciation of human capital and its efforts for an increasingly more collaborative working environment, again being certified as an ethical company by ABES (Associação Brasileira das Empresas de Software).

ENGINEERING INDUSTRIES EXCELLENCE – NORTH AMERICA

Engineering in North America is mainly focused on the market pertaining to the Industries eXcellence division. In this region, Engineering mainly develops digital solutions for the industry with a particular focus on the manufacturing and transport sector, providing high value-added consultancy and solutions to Fortune 500 companies. Following the marketing strategy of the IndX solutions portfolio, Engineering's proposals are mainly implementations in the context of Industry 4.0, covering the conception, implementation and use of products and processes. Exploiting its unique experience in the implementation and integration of digital tools, the Engineering team facilitates the adoption, implementation and integration of digital solutions in various industrial sectors at global level. A growing number of American companies address Engineering to improve their processes, the quality of products or services, and increase the flexibility of the systems. Engineering Industries Excellence is the operating branch of the IndX BU in the United States and acts as the holding company for all the other branches of Industries eXcellence present in various countries, including Germany, Belgium, Mexico, Spain, the United Kingdom, Hungary and India. The IndX teams in Italy and Brazil operate respectively within Engineering Ingegneria Informatica and Engineering Brazil.

In 2023, Engineering further grew and consolidated its presence in North America, with a special focus on Aerospace/Defence and automotive (especially electric vehicles), CPG, lifescience and transport sectors.
During 2023, Engineering placed further emphasis on the harmonisation of its portfolio of digital transformation solutions across the entire value chain, from design to manufacturing to the supply chain. The company has worked diligently to more deeply integrate the entities acquired in recent years, ensuring greater consistency and synergy in the panorama of the solutions offered. In addition, it focused on increasing collaborations between the American company and its European subsidiaries, strengthening links and knowledge exchanges to optimise globally available resources and expertise. A key point of the efforts was the strengthening of India as an offshoring centre, aimed at reducing operating expenses, while maintaining high quality standards. In parallel, the team in Mexico was exploited as a nearshoring centre, capitalising on geographical proximity to maximise operational efficiency. With regard to Mexico, Engineering has also started to invest to create local business opportunities, recognising the potential of the market and working to establish a solid and sustainable presence in the country.

Finally, during 2023, Engineering opened a commercial branch in Canada, responding to the growing demand and emerging opportunities in the local market. Currently, the focus of the activity in Canada is mainly in the transport sector, and it will be carried out by exploiting the expertise and resources of the Italian transport practice.

VI. Personnel

As of 31 December 2023, the Group's workforce (persons with employment contracts, open-ended and fixed-term) amounted to 14,731, of which 2,284 were employed abroad (they were 14,480 and 1,737, respectively, as of December 31, 2022).

In 2023, the policy of hiring staff continued with the recruitment of 1,520 people in Italy (compared to 1,596 in 2022), with a close focus on young graduates and young diploma holders.

In Italy, there were 1,174 exits (in 2022 there were 948 people).

Some detailed figures are provided below, related to 2023, with reference to the workforce of Italian companies:

- the number of graduates totalling 59.23%;
- women totalling 32.70%
- the average age is 43;
- the number of executives totalling 3.48%;
- employees with Super Management/Management qualifications total around 19.99%.

TRAINING

In line with the trend of recent years, the IT & Management Academy "Enrico Della Valle" also recorded significant attendance by employees of the Engineering Group in 2023, bringing the indicator of the training activities carried out to over 38,000 training days/person provided.

This volume of activities is to be understood as structural and represents the result of the now mature integration process at the base of the Engineering Group's training model, which provides for the support of synchronous training activities (both in presence at the residential Campus in Ferentino, and via the web classroom) with an increasingly rich self-study training offer, also intended for foreign countries from 2023.

In this scenario, the new format called Learning Hub, launched in 2023 within the Course Catalogue, played a central role, innovating the characteristics of the traditional training course with a view to greater freedom of access and customisation of the learning course.

In fact, with the Learning Hub format, the course becomes a real ecosystem of integrated and consistent training content, where traditional training sessions with teachers are combined with a series of on-demand resources such as articles and recommended readings, microlearning pills, podcasts, self-reflection exercises and challenges, which increase the engagement and depth of the training experience. In 2023, more than 800 employees of the Group took part in the first Learning Hubs, focused on Leadership, Teamworking, Collaboration and Business Analysis skills.

Great attention, also in 2023, was paid to the professional specialisation and development of the transversal skills of the Engineering Group's talents. Through the Academy Programs, training courses that involved more than 200 new graduates from the best universities in the entire country for over 5,500 training days/person, young developers, cloud architects, cybersecurity specialists and business analysts were included in the Company.

Even after recruitment, the learning path continues with a series of educational events, with the aim of developing all-round technical skills, mastery and personal attitudes. A significant training component was of an experiential nature through in-person training modules at the Academy in Ferentino, aimed at instilling a mindset that encourages people to face with critical thinking the changes brought about by Digital Transformation and to learn about the importance of teamwork.

Among the various projects developed in 2023, it is also important to highlight the extraordinary result achieved on professional certifications, which saw the acquisition during the year by the Engineering Group's personnel of 1,713 new certifications, recording an increase of 11.5% compared to 2022.

Attention was naturally focused on the main technological innovation vendors present on the market (AWS, Azure, SAP, Red Hat, Salesforce, etc.) and on the governance standards of the most widespread projects at international level (Project & Service Management, IT Governance, Business Analysis, Agile Methodologies, etc ...).

Final note relating to the first place obtained by the IT & Management Academy of Engineering as part of the annual Best HR Team 2023 ceremony, organised by HR Community. This recognition, for the Learning category, saw the Engineering Academy position itself first in a challenge in which over 62 HR Teams of national and multinational companies participated, in recognition of the constant commitment to creating innovative paths, favouring the growth of business, performance and engagement of all Group personnel.

VII. Outlook

The year 2023 saw the Group increasingly focus on market segments with greater growth and profitability, such as the digital transformation and proprietary solutions segments.

The complex change management process can be considered concluded, which saw a further strengthening of the management team through the inclusion of new professional figures such as the Executive VP Proprietary Products and the Group Chief Information Officer. In addition, an important effort was made to improve the Group's Corporate Governance structure with the hiring of the Data Protection Officer, the Chief Audit Executive and the Group Security Officer.

During 2023, the management of Transformation projects continued in line with the Group's strategic plan:

- definition of a new purpose for the company that laid the foundations for a new winning culture;
- strengthening of the matrix organisation with the establishment of units specialised in Cybersecurity, data & analytics, advanced enterprise platforms, cloud modernisation, outsourcing, customer experience and proprietary products Definition and launch of a new architecture of professional families that harmonised roles and responsibilities at global level, forming the basis for the renewed HR policies: compensation & benefits, training, development, workforce planning;
- creation of a central Workforce Management structure that, in support of the Delivery Units, aims to improve the efficiency of the company in the staffing of its resources;
- commercial acceleration in all markets, reviewing the main account plans, the offer portfolio of digital products and services, and the sales incentive schemes and approaches;
- relaunch and modernisation of the main company products also through specific investment and development plans;
- scouting, acquisition and integration of various champion companies in their market environment;
- simplification of the main internal processes and start of the modernisation of company IT solutions;
- continuous focus on the PNRR (National Recovery and Resilience Plan) in order to address emerging opportunities on all markets in which Engineering operates. As an example, it is worth mentioning the project relating to the National Telemedicine Platform, which saw the first phase close with great success.

In addition, the acquisition of Extra Red, a company specialised in cloud migrations and Advanced Business Partner of Red Hat's, was completed in 2023. Furthermore, the articulated post-merger integration activities of the BE and Atlantic Groups are proceeding in line with expectations to maximise synergies between the two companies and the Engineering Group.

For 2024, Engineering will continue the transformation project undertaken with the aim of fully achieving the objectives of the strategic plan, in particular:

- continue and strengthen the growth process in all markets in which the company operates, also through targeted high added value M&A transactions;
- ensure sustainable growth of the organic result and performance also thanks to activities to increase the efficiency of internal processes;

- undertake a deleveraging path also thanks to actions to improve Working Capital;
- complete the simplification of internal processes and the complete renewal of corporate IT solutions;
- seize all opportunities in digital transformation, strengthening and evolving the company's technological skills;
- building paths for growth and development of talent, becoming an increasingly attractive company also for young diploma holders and recent graduates.

VIII. Financial highlights

MAIN DATA

The main economic and capital data related to the year 2023 are shown hereunder compared with the previous year, as described hereunder.

(in Euro million)

Description	2023	2022 Restated (**)	Change	
			Absolute	%
Total revenues	**1,721.1**	**1,460.0**	**+261.1**	**+17.9**
Net revenues	**1,683.5**	**1,422.6**	**+260.8**	**+18.3**
Adjusted EBITDA (*)	**257.3**	**208.6**	**+48.7**	**+23.3**
% of revenues	15.3	14.7		
EBIT	**22.1**	**44.1**	**(22.0)**	**-49.9**
% of revenues	1.3	3.1		
Net profit	**(124.8)**	**28.3**	**(153.1)**	**-540.9**
% of revenues	(7.4)	2.0		
Shareholders' Equity	**574.6**	**814.2**	**(239.6)**	**-29.4**
Adjusted Net Financial Position	**(1,500.7)**	**(616.0)**	**(884.6)**	**+143.6**
% ROE (N.P./N.E.)	**(21.7)**	**3.5**	**(25,2)**	**-724.7**
% ROI (EBIT/N.C.E.)	**1.1**	**3.1**	**(2.0)**	**-65.5**
No. of employees	**14,731**	**14,480**	**+251.0**	**+1.7**

(*) Adjusted EBITDA is defined as EBITDA results gross of non-recurring charges.
(**) 2022 "Restated" based on the indications provided in the previous paragraph II.

The Engineering Group ended the 2023 financial year with a growth in profitability both in absolute and percentage terms on Revenues and EBITDA.

In detail:

- **total revenues** stood at Euro 1,721.1 million, up by 17.9% compared to 2022, mainly thanks to the integration of the newly acquired companies in the consolidation scope;
- **adjusted EBITDA** amounted to Euro 257.3 million, up 23.3% compared to the previous year following the increase in the consolidation scope, with profitability on net revenues amounting to 15.3% (14.7% in 2022);
- **EBIT** amounted to Euro 22.1 million (Euro 44.1 million in 2022) with a percentage profitability of approximately 1.3%; the decrease, compared to 2022, is essentially due to higher amortisation/depreciation and higher non-recurring charges;
- the **net result** equal to Euro -124.8 million compared to Euro +28.3 million in 2022, the delta is due not only to the aforementioned increase in amortisation/depreciation but also to higher interest expense relating to the increase in financial liabilities deriving from the reverse merger of Centurion Bidco S.p.A. into Engineering Ingegneria Informatica S.p.A.;
- in fact, the **adjusted net financial position** stood at Euro -1,500.7 million compared to Euro -616.0 million as of 31 December 2022, with a deterioration mainly due to the reverse merger mentioned above.

ALTERNATIVE PERFORMANCE INDICATORS

The alternative performance indicator, adjusted EBITDA, is calculated as follows:

(in Euro million)

Description	Note	2023	2022 Restated
Consolidated net profit		**-124.8**	**28.3**
Income taxes		-4.8	6.5
(Income)/expenses from equity investments		-2.8	-8.6
Financial income		-3.1	-8.7
Interest expense (excluding interest on leases)		155.8	25.4
Interest on leases		1.9	1.3
Depreciation of property, plant and equipment		9.3	7.3
Amortisation of right-of-use assets		28.5	19.9
Amortisation of intangible assets		78.3	45.8
Provisions and write-downs		33.6	50.5
Leaving/change management incentives	(1)	45.0	10.2
Charges related to the corporate strategic review process	(2)	21.0	27.2
EBITDA attributable to subsidiaries in liquidation	(3)	12.0	0.0
Charges for extraordinary corporate transactions and one-off projects	(4)	7.4	3.5
Adjusted EBITDA		**257.3**	**208.6**

(1) Charges relating to incentives for employees who left early during the year and/or with whom an agreement was reached for early exit and related charges for change management, incurred as a result of the transformation program mentioned in the paragraph "2024 Outlook".
(2) Charges relating to the corporate strategic review process, incurred in order to guide and support the transformative actions that have impacted the Group in a pervasive manner during the year.
(3) EBITDA attributable to subsidiaries in the process of liquidation.
(4) Charges for extraordinary corporate transactions and one-off projects.

In accordance with IFRS 8, we report below the breakdown of net revenues and adjusted EBITDA by market. Direct revenues and costs are allocated according to the relevant sector. Other revenues or income and central structural costs, not specifically identifiable to different markets, were allocated in relation to their net revenues.

During the 2023 financial year, some clusters of customers were allocated to different operating segments and consequently some assignments of orders were redefined. Therefore, the data for the correspondent period of 2022 were restated with the same criteria (pro-forma data), for better comparability.

(in Euro million)

Description	2023		2022 Pro-forma		2022	
		%		%		%
Total revenues						
Finance	436.1	25.9%	291.7	20.5%	291.7	20.5%
Public Administration	378.9	22.5%	353.6	24.9%	314.9	22.1%
Health	181.9	10.8%	117.0	8.2%	117.0	8.2%
Industry & Services	365.2	21.7%	336.1	23.6%	374.9	26.3%
Telco & Media	99.3	5.9%	115.1	8.1%	115.1	8.1%
Energy & Utilities	222.0	13.2%	209.0	14.7%	209.0	14.7%
Total revenues	**1,683.5**	**100.0%**	**1,422.6**	**100.0%**	**1,422.6**	**100.0%**
Other revenues	37.6		37.3		37.3	
Total revenues	**1,721.1**		**1,460.0**		**1,460.0**	

(in Euro million)

Description	2023	%	2022 Pro-forma	%	2022	%
Adjusted EBITDA						
Finance	83.5	32.4%	57.2	27.4%	57.2	27.4%
% of net revenues	19.1%		19.6%+		19.6%	
Public Administration	46.9	18.2%	47.1	22.6%	43.5	20.8%
% of net revenues	12.4%		13.3%		13.8%	
Health	48.4	18.8%	25.7	12.3%	25.7	12.3%
% of net revenues	26.6%		21.9%		21.9%	
Industry & Services	46.2	18.0%	38.5	18.4%	42.2	20.2%
% of net revenues	12.6%		11.4%		11.2%	
Telco & Media	6.7	2.6%	11.5	5.5%	11.5	5.5%
% of net revenues	6.7%		10.0%		10.0%	
Energy & Utilities	25.7	10.0%	28.6	13.7%	28.6	13.7%
% of net revenues	11.6%		13.7%		13.7%	
Total adjusted EBITDA	**257.3**	**100.0%**	**208.6**	**100.0%**	**208.6**	**100.0%**
% of net revenues	15.3%		14.7%		14.7%	

OPERATING EXPENSES

Operating expenses increased by a total of Euro 283.2 million compared to 2022 (+20.0% compared to 2022).

(in Euro million)

Description	2023	2022 Restated	Change	
			Absolute	%
Personnel costs	871,016,680	718,931,619	152,085,061	+21.2
Service costs	590,564,910	501,210,492	89,354,418	+17.8
Raw materials and consumables	72,269,012	58,339,548	13,929,465	+23.9
Amortisation, depreciation and provisions	149,815,621	123,461,946	26,353,676	+21.3
Other costs	15,311,690	13,879,390	1,432,300	+10.3
Total operating expenses	**1,698,977,913**	**1,415,822,994**	**283,154,919**	**+20.0**

Analysing the increase in absolute values, the main items affected were:

- personnel costs, the increase of which (+21.2%) is directly related to the aforementioned increase in the consolidation scope and due to higher leaving incentives for the year for early retirements;
- service costs rose by Euro 89.4 million compared to 2022, essentially linked to the increase in revenues; expenditure on services actually comprises mainly professional resources used in our production cycle as an element of flexibility and increases proportionally to the increase in sales;
- the cost for raw materials, whose trend is closely linked to resale activities of HW material;
- the cost of Amortisation/Depreciation and Provisions, which increased by Euro 26.4 million (+21.3%), due mainly to higher provisions made during the year, details of which are provided in the following sections of the notes.

OPERATING PROFIT (EBIT) AND NET PROFIT

Consolidated profit for the year stood at Euro -124.8 million, down from Euro 28.3 million in 2022. The decrease is essentially due not only to the higher amortisation/depreciation for the year but also to the higher interest expense recorded in the period against the Group's borrowings.

(in Euro)

Description	2023	2022 Restated	Change %
Difference between total revenues and operating expenses after amortisation and depreciation (EBIT)	**22,111,653**	**44,143,817**	**-49.9**
Financial income/(Expenses)	(154,579,450)	(17,937,691)	761.8
Income/(Expenses) from equity investments	2,811,331	8,578,148	-67.2
Profit before taxes	**(129,656,466)**	**34,784,274**	**-472.7**
% of revenues	-7.7%	2.4%	
Income taxes - (Income)/Expenses	(4,838,932)	6,471,986	-174.8
tax rate		18.6%	
Net profit	**(124,817,535)**	**28,312,287**	**-540.9**
% of revenues	-7.4%	2.0%	
of which:			
Engineering Group	(125,411,203)	31,706,755	-495.5
Non-controlling interest	593,668	(3,394,467)	-117%

OUTLOOK 2024

As already highlighted in the previous pages, the implementation of the transformation process undertaken reached its peak in 2023, with very significant impacts on activities, processes, systems and employees.

This also had an impact on the net profit for 2023, which was negatively affected in a decisive manner by non-recurring costs and "one-off" provisions.

For 2024, a substantial reduction is expected in these items and at the same time an increase in Adjusted EBITDA not only due to organic growth but also thanks to the transformative actions undertaken.

More specifically, a significant recovery in profitability and a sharp reduction in the gap between Adjusted EBITDA and Pre-Tax income are expected, starting a trend that in 2025 is expected to enable a stable return to operating profit for the Group.

The main growth drivers are:

- increase in EBITDA with a target growth higher than that of revenues thanks to an improvement in operating leverage;
- reduction of non-recurring costs due to the reduction in charges for early retirement incentives and extraordinary transformation expenses;
- reduction in provisions, impacted in 2023 by various extraordinary events;
- reduction in amortisation/depreciation, mainly due to the exhaustion of amortisation for PPAs of previous acquisitions.

On the other hand, no significant changes in financial expenses are envisaged.

IX. Statement of financial position

The cash flow statement below summarises the Group cash flow movements according to the direct method, as established by IAS 7, considering the assets and the liabilities of the companies acquired and/or sold and allocated to the relevant investing activity cash flow accounts. Only current cash and cash equivalents are thus shown.

At year end, short-term cash and cash equivalents increased by Euro 8.6 million and stood at Euro 219.8 million as of December 31, 2023. The cash flow from operating activities (Euro +204.9 million) fully covered financing activities (Euro -110.9 million) and the investment needs of the period (Euro -104.0 million) also thanks to the monetary contribution deriving from the aforementioned reverse merger of Centurion Bidco S.p.A. into Engineering Ingegneria Informatica S.p.A..

(in Euro)

	Description	2023	2022
	Cash collected from the sales of products/services - third parties	1,987,913,466	1,776,906,287
	Cash paid for goods and/services - third parties	(863,678,521)	(752,249,686)
	Personnel costs	(856,677,569)	(687,924,433)
	Interest received for operating activities	0	167,591
	Exchange differences	(419,382)	(1,637,337)
	Tax payments and reimbursements	(62,270,424)	(53,671,574)
A)	**Total cash flow from operating activities**	**204,867,570**	**281,590,849**
	Sale of property, plant and equipment	69,877	50,599
	Purchase of property, plant and equipment	(13,773,250)	(10,148,580)
	Purchase of intangible assets	(77,222,540)	(44,545,645)
	Collections for sale of non-controlling company shares	106,426	1,596,468
	Consideration paid for acquisition of businesses	(10,730,972)	(473,674,092)
	Purchase of other investments and securities	(2,539,401)	(441,750)
	Sale of other investments and securities	51,612	2,287,871
B)	**Total cash flow from investing activities**	**(104,038,249)**	**(524,875,129)**
	New loans	359,152,301	693,901,127
	Repayment of loans	(342,062,083)	(363,155,886)
	Disbursements for acquisition of non-controlling interests	(7,626,506)	(4,447,246)
	Dividends distribution	0	(17,500,000)
	Acquisition of non-controlling interest and reserves	30,600	53,770,334
	Interest paid for financing activities	(76,881,394)	(15,461,842)
	Other funding charges	(15,432,242)	(2,702,073)
	Repayment of lease liabilities	(28,126,445)	(22,836,789)
C)	**Total cash flow from financing activities**	**(110,945,770)**	**321,567,625**
D)	**= (A + B + C) change in cash and cash equivalents**	**(10,116,449)**	**78,283,345**
E)	**Cash and cash equivalents at beginning of year**	**211,202,186**	**132,918,842**
F)	**Monetary contribution from merger**	**18,718,084**	**0**
G)	**= (D + E + F) cash and cash equivalents at end of year**	**219,803,822**	**211,202,186**

ADJUSTED NET FINANCIAL POSITION

The adjusted net financial position shown below, which includes IFRS 16 lease liabilities, stood at Euro -1,500.7 million, down compared to the end of 2022 (Euro -616.0 million) mainly due to the debt deriving from the aforementioned reverse merger.

(in Euro)

Description	12.31.2023	12.31.2022
A) Cash and cash equivalents	**219,803,822**	**211,202,186**
B) Current financial receivables	**514,784**	**465,543**
Current financial liabilities	(263,375,486)	(168,050,289)
Current lease liabilities	(24,994,316)	(26,051,088)
C) Current borrowing	**(288,369,801)**	**(194,101,377)**
D) Net current financial position (A+B+C)	**(68,051,195)**	**17,566,353**
E) Non-current financial receivables	**1,608,431**	**1,969,379**
Non-current financial liabilities	(1,300,107,796)	(492,718,089)
Non-current lease liabilities	(134,119,695)	(142,840,257)
F) Non-current borrowing	**(1,434,227,491)**	**(635,558,346)**
G) Adjusted net financial position (D+E+F)	**(1,500,670,255)**	**(616,022,615)**

CENTRALISED TREASURY

The presence of important credit lines, the already consolidated adoption of cash-pooling and the appropriate management of liquid funds have ensured adequate coverage of financial requirements.

The companies adhering to cash pooling managed by the Parent Company have, from time to time, used this instrument to meet their financial commitments when the latter were higher than their own liquidity. The other companies have financed themselves or, in special cases, they benefited from loans granted directly by the Parent Company. In all cases they had easy access to the financial resources managed by the Parent Company, both in-house and from external sources, at rates they would not have been able to obtain independently on the market. The Group's rating and ongoing dialogue and discussion with the various credit institutions made it possible to take advantage of the best conditions offered based on real needs. The above resulted in the optimal allocation of financial resources within the Group and maximised efficiency in managing the working capital, thereby limiting financial expenses.

The trend of cyclical cash inflows, which historically characterises current operations, the securitisation transactions with Banca Intesa and periodic non-recourse factoring transactions have accompanied the recourse to hot money procurement transactions. For the latter, during the year, transactions were finalised, for which a weighted average annual interest rate of 3.801% was paid to the banks against an average exposure of around Euro 34.4 million. Non-recourse factoring transactions, arranged on a monthly basis, amount to a total of approximately Euro 1,023.7 million compared to Euro 787.8 million in 2022. In return for these transfers, the factoring companies were paid an average rate of 1.78% in commissions and interest, which had been 0.60% in 2022.

NET WORKING CAPITAL

Net working capital decreased compared to 2022 by Euro 90.7 million (-99.5%), amounting to Euro 0.5 million.

(in Euro)

Description	12.31.2023	12.31.2022	Change	
			Absolute	%
Current assets				
Customer contract assets	225,200,432	207,513,187	17,687,245	+8.5%
Deferred contract costs	19,249,220	17,023,698	2,225,522	+13.1%
Trade receivables	490,689,016	543,763,318	(53,074,301)	-9.8%
Other current assets	93,373,754	71,725,431	21,648,323	+30.2%
Total	**828,512,422**	**840,025,633**	**(11,513,212)**	**-1.4%**
Current liabilities				
Trade payables	(515,931,353)	(469,928,023)	(46,003,330)	+9.8%
Other current liabilities	(312,100,522)	(278,875,366)	(33,225,156)	+11.9%
Total	**(828,031,875)**	**(748,803,389)**	**(79,228,487)**	**+10.6%**
Net working capital	**480,546**	**91,222,245**	**(90,741,698)**	**-99.5%**

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

The statement of financial position of the Group shows a reduction in the Shareholders' Equity/Fixed assets ratio from 0.6x to 0.3x, due to the effects of the reverse merger of the parent company Centurion Bidco S.p.A. into Engineering Ingegneria Informatica S.p.A. during the year.

(in Euro)

Description	12.31.2023	12.31.2022 Restated	Change	
			Absolute	%
Real Estate Property	35,975,572	32,637,691	3,337,881	+10.2
Right of use and leased assets	154,069,198	161,966,034	(7,896,836)	-4.9
Intangible assets	807,326,750	678,634,865	128,691,885	+19.0
Goodwill	1,204,449,532	594,226,001	610,223,531	+102.7
Equity investments	6,525	1,108,318	(1,101,793)	-99.4
Fixed assets	**2,201,827,577**	**1,468,572,909**	**733,254,668**	**+49.9**
Short-term assets	828,512,422	840,025,633	(11,513,212)	-1.4
Short-term liabilities	(828,031,875)	(748,803,389)	(79,228,487)	+10.6
Net working capital	**480,546**	**91,222,245**	**(90,741,698)**	**-99.5**
Other non-current assets	100,493,880	57,640,982	42,852,898	+74.3
Post-employment benefits	(82,913,117)	(79,465,342)	(3,447,775)	+4.3
Other non-current liabilities	(144,576,739)	(107,708,413)	(36,868,326)	+34.2
Net capital employed	**2,075,312,147**	**1,430,262,381**	**645,049,766**	**+45.1**
Group Shareholders' Equity	581,248,182	824,114,291	(242,866,109)	-29.5
Non-controlling interests shareholders' equity	(6,606,290)	(9,874,525)	3,268,234	-33.1
D - Shareholders' equity	**574,641,892**	**814,239,766**	**(239,597,875)**	**-29.4**
(Cash and cash equivalents)/ borrowing - LT	1,432,619,060	633,588,968	799,030,093	+126.1
(Cash and cash equivalents)/ borrowing - ST	68,051,195	(17,566,353)	85,617,548	-487.4
Net financial (position)/indebtedness	**1,500,670,255**	**616,022,615**	**884,647,641**	**+143.6**
Total sources	**2,075,312,147**	**1,430,262,381**	**645,049,766**	**+45.1**

ADJUSTED CASH FLOW FROM OPERATIONS INCLUDING CHANGES IN FIXED ASSETS AND IFRS 16 EFFECT

The details of the adjusted cash flow from operations as of December 31, 2023 are shown below. It should be noted that, for a correct indication of the flows, the changes were calculated with respect to the values in the consolidated statement of financial position of Centurion Bidco in 2022, as the parent company Centurion Bidco Spa was subject to a reverse merger into Engineering Ingegneria Informatica S.p.A. in 2023.

(in Euro)

Adjusted cash flow	12.31.2023
Adjusted EBITDA	**257,279,745**
Change in net working capital	100,429,758
Nwc adjustments for non-monetary items (*)	(42,056,465)
Change in investments in property, plant and equipment	(12,677,510)
Change in investments in intangible assets	(75,704,960)
Change in investments IFRS 16	(28,126,445)
Total	**199,144,124**

(*) includes provisions for taxes, risks, doubtful debts as well as lay-offs with cash impact in the following year.

RECONCILIATION

Reconciliation between Engineering Ingegneria Informatica S.p.A.'s financial statements as of December 31, 2023 and the Group's consolidated financial statements at the same date is shown below:

(in Euro)

Description	Net profit for the year	Shareholders' equity
Net profit and shareholders' equity of Engineering Ingegneria Informatica S.p.A.	(106,295,158)	528,794,712
Net profit and shareholders' equity of consolidated companies	(23,811,552)	270,288,393
Aggregated total	**(130,106,710)**	**799,083,105**
Elimination of the net book value of equity investments in consolidated subsidiaries and any intercompany dividend	0	(887,445,045)
Final measurement at fair value of assets acquired and liabilities assumed:	(17,301,929)	85,673,199
Recognition of consolidation goodwill	0	576,950,425
Write-downs of equity investments in subsidiaries	19,009,944	19,009,944
Other adjustments	3,581,160	(18,629,736)
Total consolidated net profit and shareholders' equity	**(124,817,535)**	**574,641,892**
of which non-controlling interests net profit/(loss) and shareholders' equity	593,668	(6,606,290)
Group consolidated net profit and shareholders' equity	**(125,411,203)**	**581,248,182**

X. Significant events during the year

The significant events are detailed below:

- on March 28, 2023, Municipia acquired a 46% equity investment, establishing the company Parma Valore Comune S.c.a r.l. (the other shareholders are I.C.A. IMPOSTE COMUNALI AFFINI S.r.l., which holds a 44% equity investment and MT S.p.A., which holds a 10% equity investment). Although the Group does not hold the majority of the Shareholders' Meeting votes, it exercises de facto control over the company by virtue of the designation of the majority of the current directors. Parma Valore Comune is a non-profit company established in order to implement between the consortium members an integration of their respective companies for the purpose of the execution of the corporate purpose. The company's corporate purpose is the execution of integrated services to support the management of local taxes and the spontaneous and compulsory collection of municipal inflows of the Municipality of Parma;

- on April 17, 2023, Municipia, following the award of the tender called by the Municipality of Naples, established a project company called Napoli Obiettivo Valore S.r.l. of which it is the sole shareholder. Napoli Obiettivo Valore will have the task of designing, implementing and managing a technological infrastructure for the Municipality of Naples and will also be the concessionaire of the services of reminder, assessment, recovery of the evasion of local inflows, as well as the compulsory collection of all municipal tax and non-tax inflows, which also include the sanctions deriving from the management of the sanction cycle envisaged by Italian Legislative Decree 285/92 (so-called "Highway Code") in addition to the IMU and the TARI;

- on May 19, 2023, Engineering Ingegneria Informatica S.p.A. acquired the remaining 5% stake of the equity investment in F.D.L. Servizi S.r.l.. As a result of this transaction, Engineering Ingegneria Informatica S.p.A. holds full control of the company;

- with legal effectiveness from June 1, 2023 and with accounting and tax effect from January 1, 2023, the reverse merger by incorporation of the company Centurion Bidco S.p.A. into the company Engineering Ingegneria Informatica S.p.A. was completed;

- on June 30, 2023, the purchase transaction of a technological platform to provide services in the Finance sector was completed;

- On July 26, 2023, Engineering DHUB S.p.A. acquired 100% of the share capital of the company Extra Red S.r.l.;

- on December 27, 2023, Engineering Albania Shpk was established, whose share capital is 100% owned by the subsidiary Engineering DHUB S.p.A.;

- on December 31, 2023, the company OmnitechIT Security AS was liquidated.

XI. Shareholders and treasury shares

SHAREHOLDERS

The whole share capital of Engineering Ingegneria Informatica S.p.A. is held by Centurion Newco S.p.A., as Sole Shareholder. In relation to the provisions of Article 2497-bis, paragraph 5, of the Italian Civil Code, it should be noted that no commercial transactions took place with Centurion Newco S.p.A. during the year.

TREASURY SHARES

At the date of approval of this Financial Report, no treasury shares are owned by the Parent Company.

XII. Subsequent events

On February 28, 2024, the quote seizure order issued on February 8, 2024 by the Judge for Preliminary Investigations at the Court of Milan was served to Engineering. According to this order, the sum of Euro 8,611,311.44 was seized from the Company.

This measure was notified to Engineering in its capacity as third parties concerned as part of criminal proceedings no. 12153/21 RGNR and no. 91722/22 RG. GIP, a case prepared by the Milan Public Prosecutor's Office in order to ascertain alleged facts of computer fraud, pursuant to Article 640 ter, paragraphs 1 and 3 of the Italian Criminal Code, which were also allegedly committed by Engineering employees from 2017 to 2019.

Engineering, currently not under investigation, has filed a request to obtain a copy of the investigative documents on which the measure is based, as well as to file a request for review against the ablative measure.

As soon as the investigative documents have been examined, it will be assessed whether or not to appeal against the seizure or to subsequently submit a request for release from seizure directly to the Milan Public Prosecutor's Office.

XIII. Other information

TRANSACTIONS WITH RELATED PARTIES

Pursuant to IAS 24, enacting provisions concerning transactions with related parties, Engineering Ingegneria Informatica S.p.A. approved, through Board of Directors' resolution of June 23, 2023, a new Procedure for the identification and carrying out of Transactions with Related Parties. During the year, transactions were carried out with related entities under normal market conditions. These transactions relate to trade activities carried out in favour of primary customers which produced profitability in line with the company's profitability parameters. Please refer to the relevant section of the Explanatory Notes for further details.

MAIN RISKS AND UNCERTAINTIES

The Engineering Group adopts specific procedures for the management of risk factors that might affect the Company's results. As in all companies, risk factors which may affect the Group's results exist and for this purpose numerous preventative actions have been put in place. These procedures are the result of a management that has always aimed at maximising value for its shareholders by taking all necessary measures to prevent the risks inherent in the Group activities.

The internal control system and procedures referred to in this document are consistent with applicable guidelines prepared by relevant industry associations and international best practices.

These were fully and transparently implemented and with a sense of responsibility concerning internal and external relations, offering sufficient guarantees for correct and efficient management.

The risk factors described below should be read together with other information present in the financial statements.

EXTERNAL RISKS

A. Risks related to general economic conditions
While the economy is still suffering effects triggered by the Covid-19 pandemic, in particular on prices, the growing problems on the geopolitical front are generating uncertainty and also repercussions on the economy.

The conflict between Russia and Ukraine is still having major consequences at global level not only due to the serious humanitarian crisis that has ensued, but also due to the possible economic effects on global markets, especially in terms of increases in the costs of some commodities such as gas and oil.

Similarly, the conflict in the Middle East and the logistical problems caused by the restrictions on the Suez Canal can have significant impacts on the overall economic performance.

Our Group has no particular direct risks in these countries related to either customers or suppliers.

Thanks to diversification carried out over the years, as regards both changes made to the business model and acquisitions of companies with specific expertise in strategic sectors, the Group is present in every market, by distributing its business volume and minimising risks connected with the crisis of one single market.

B. Risks related to the evolution of IT services
Technological risks are mainly represented by the widening of the digital inclusion barriers, the so-called "digital divide", but also by the exponential rise in cyber attacks that increase the cybersecurity risk.

The Group has always known how to interpret changing customer needs due to considerable investments that allow intense research activity and the development and update of vertical applications that anticipate market demand. Thanks to continuous investments in R&D, the Group is able to mitigate risks related to the evolution in demand, which is treated as business opportunity.

C. Risks related to Cybersecurity
For 2024 as well, the increase in cybersecurity threats is confirmed, in line with the trend of recent years, in particular a general increase in attacks is expected, with the help of the increase in the digitalisation of users and companies, the geopolitical situation related to the Russian-Ukrainian conflict and the resulting energy emergency. The growing demands of the market and regulatory bodies for an increase in Cybersecurity controls are part of this context.

The Engineering Group relies on computer networks and systems to securely process, transmit and store electronic information and to communicate internally and with customers, partners and suppliers. The complexity of this infrastructure and the relevant interconnections continue to grow, even with the use of mobile technologies, social media and cloud-based services, with the subsequent increase in the potential risk of security breaches and cyber attacks.
The Engineering Group continues to invest in the protection of assets through a model based on "continuous" improvement that takes into account the evolution of cyber threats.
In particular, the Group is adopting consolidated security mechanisms to prevent and detect cyber attacks, through appropriate technological, organisational and public-private collaboration solutions.

D. Risks related to competition
The information technology market is very competitive; this is encouraged, among other, by a fragmented context that is affected by deeply rooted local operators that can present offers at more competitive prices. Therefore, some competitors could acquire small market shares and expand their presence in the reference markets.

Increased competition may also lead to lower prices and volumes, higher costs for resources, in particular personnel and, consequently, lower profitability. The Group may not be able to provide customers with quality services at competitive prices.

Any inability to effectively compete would adversely affect activity, operating results, financial conditions and forecasts. Special attention was given by the Group on this issue and it developed a structure made up of specialised resources concerned with "the offer engineering", which allows the Group to develop valid economic proposals that take account of the deep and rapid technological changes, the evolution in professionalism, the expertise to be shared in rendering services and cost analysis.

E. Risks related to regulatory framework developments
The activity performed by the Group is not subject to particular sector regulations.

INTERNAL RISKS

A1. Risks related to the employment of key personnel
The Group has Executives and Managers who play a decisive role in the management of the Group's activities and a management structure capable of ensuring continuity in the management of corporate activities even in the event of the immediate leave of one of the key persons to be adequately replaced.

B1. Risks related to dependence on customers
The Group offers services to around 2,000 medium and large companies operating on all markets (Public Administration, Health, Finance, Insurance, Telco & Media, Industry & Utilities). The breakdown of business is fairly balanced and there are no significant positions relating to turnover concentration on individual customers.

C1. Risks related to contractual responsibilities towards customers
The Group develops solutions with a high technological content and high value and the relative underlying contracts may include the application of penalties for non-compliance with agreed timeframes and quality standards.

The Group has therefore signed insurance policies deemed as an adequate hedging against risks from third-parties and contractual liability, for an annual total ceiling of Euro 15 million and Euro 10 million per claim. In addition to the above coverage, additional policies are taken out for significant economic/financial projects or on customer's request to avoid negative impacts on the Group's economic, equity and financial position.

Special attention was given to the issues related to cyber risks, in relation to which adequate measures were adopted in terms of hedging. If this insurance coverage is not adequate and the Group is deemed liable with respect to uncovered issues, the economic, equity and financial situation of the Group might be negatively affected.

D1. Risks related to international expansion

For a number of years, the Group strategy has looked towards developing the process of internationalisation and economic and financial benefits are expected. The Group companies operate in areas where there are no armed conflicts or border tensions. At present, the exposure towards foreign activities, in the order of 17% of total consolidated revenues, does not subject the Group to risks such as changes to local political and regulatory frameworks, as well as considerable currency fluctuations.

However, these events could negatively affect the Group's growth prospects. This growth strategy is addressed at minimising the specific country risk by possibly differentiating the offer and the investments in more attractive geographic regions from a business point of view. With special reference to the Brazilian market, reference is made to the presence of risks related to the economic and political situation of the country, with possible impacts on Group operations. In particular, as regards exchange rate risks, reference is made to the following paragraph.

With regard to the activities carried out in Argentina, the Group is present through the company EDA with a turnover equal to 0.01% of the Group's consolidated turnover.

E1. Risks associated with significant dependence on third parties

The Group's ability to serve its customers and provide and implement solutions largely depends on third parties suppliers such as subcontractors, equipment component manufacturers, service providers and network providers who meet the Group's expectations in a timely and quality manner. Results may be materially and adversely affected and we may assume significant additional liabilities if one of the suppliers fails to meet its obligations or customer expectations, or if it terminates its relationship with the Group.

In particular, large and complex projects often require that we use subcontractors or that services and solutions integrate or fulfil the software, systems or infrastructure requirements of other suppliers and service providers, including companies with whom we collaborate.

FINANCIAL RISKS

By operating mainly in the Euro area the Group has limited exposure to exchange rate risk from transactions in foreign currency. Specific initiatives were taken and processes followed for commercial purposes in order to ensure the solvency of our clients; therefore, no significant credit risks exist since the financial counterparties are represented by leading customers considered solvent by the market.

A2. Credit risk

Credit risk is defined as the probable financial loss generated by the non-fulfilment by third parties of a payment obligation to the Group. Delays in payments by larger customers, requests for changes to their contractual payment agreements or breaches of payment obligations could adversely affect the Group's business, financial conditions and results of operations.

The Group manages this risk through implementing policies aimed at ensuring the solvency of its clients and limiting the exposure to credit risk of an individual client through evaluation and monitoring of the customer. Specifically, the Group does not have significant concentration of credit risks except in relation to those activities carried out for governmental bodies for which extended payment times are granted based on the payment policy adopted by the public bodies, which often do not fulfil the conditions established by contracts but however do not result in irrecoverable receivables.

With regard to the receivables from the Sicilian Region Administration in particular, also through Sicilia e Servizi S.p.A., reference is made to the contents of paragraph "Trade receivables" in the Explanatory Notes to the financial statements.

B2. Liquidity risk

Liquidity risk is defined as the risk that the Group encounters difficulty to source the funds necessary to satisfy obligations related to financial liabilities. A prudent management of liquidity risk is carried out through monitoring cash flows, the need for financing and any liquidity excesses. A centralised treasury structure within the Group has been present for years, ensuring efficient management of financial resources and coverage of financial needs through the availability of funds obtainable through committed credit lines.

The strategic objective pursued is to balance medium/long-term borrowings with short-term operations, thus making it possible to manage peaks in the period. The difficult economic and financial environment requires particular attention to liquidity management and funding. In this regard, special care is taken by the Group with regard to cash flows from operations and the maintenance of an adequate level of available liquidity. This makes it possible to meet both the needs arising from financial liabilities falling due, and the expected investments.

C2. Exchange rate risk

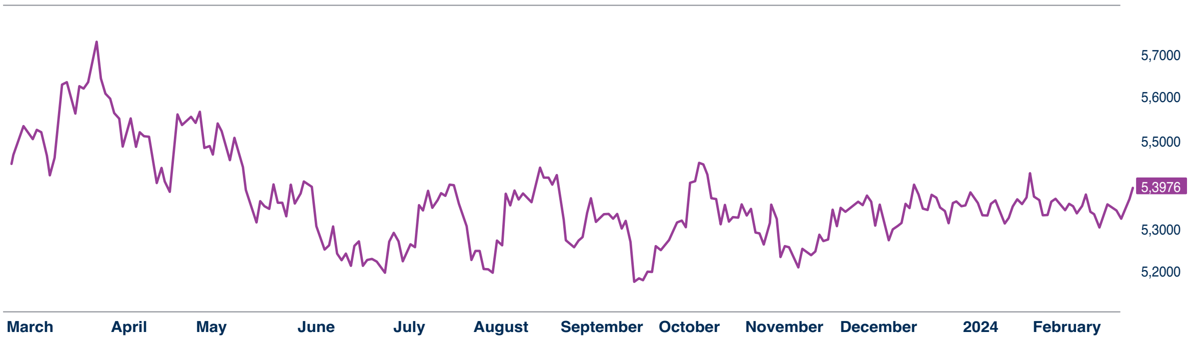
Exchange rate risk is defined as the risk that the value of a financial instrument changes following exchange rate movements. Around 90% of transactions are carried out in the Euro area; therefore, exposure to exchange rate risks deriving from operations in currencies other than the function currency (Euro) is limited.

IFRS 7 requires the Group to introduce simulation and sensitivity analysis processes to value potential losses deriving from unfavourable changes in the sector environment concerning:

- financial assets and liabilities at fair value through profit or loss or at amortised cost;
- investments;
- loans and receivables;
- revenues and margins in foreign currencies.

In particular, the exchange rate risk can be determined on those operations currently carried out on the Brazilian market through Engineering do Brasil S.A..

SYNTHETIC DATA ON THE EURO – REAL EXCHANGE RATE



ECONOMIC AND FINANCIAL RISKS IN BRAZIL

International risks
The main international risk is still the war between Russia and Ukraine, for which there is apparently no date set for a peace agreement, and obviously this causes economic destabilisation in all countries.
Added to this has recently been the growth of tension in the Middle East, with a war scenario that risks spreading beyond the borders of Israel and the Gaza Strip.

National risks
Despite the aforementioned international risks and high global inflation rates, expectations are positive in the Brazilian economy, with growth expected in 2024 thanks to the boost of investments, new employment and reduction in unemployment, thus confirming itself among the 10 largest economies of the world.
Thanks to the tax reform approved by Congress in 2023, the government's commitment to bring the deficit to zero, inflation under control, the stability of the Real and the declining official interest rate, the expectation is that the Brazilian economy will stand out among the world's economies in 2024.

See below the projections of the main economic and exchange rates for the coming years, made by the Central Bank of Brazil:

Main Index projection - Brazil - Central Bank of Brazil	2024	2025	2026
GDP	1.68%	2.00%	2.00%
OFFICIAL INFLATION - IPCA	3.81%	3.52%	3.50%
INTEREST RATE - ANNUAL	9.00%	8.50%	8.50%
USD EXCHANGE RATE PROJECTION	4.93	5.01	5.04
EURO EXCHANGE RATE PROJECTION	5.33	5.41	5.44

D2. Interest rate risk
Exposure to interest rate risk arises from the need to finance the Group's current operating activities. Changes in interest rates can have a negative or positive impact on the Company's economic result, indirectly influencing costs and returns of the operations carried out.

E2. Market risk
Market risk is defined as the risk that the value of a financial instrument may change due to fluctuations in market prices. The Group does not have operations related to this risk, therefore the exposure is nil.

TAX CONSOLIDATION

The “National Tax Consolidation” arrangement is in place, as per Articles 117 et seq. of Italian Presidential Decree no. 917 of December 22, 1986 between the companies Engineering Ingegneria Informatica S.p.A., Engineering D.HUB S.p.A., Municipia S.p.A., Nexen S.p.A. and WebResults S.r.l. with the parent company Centurion Newco S.p.A. as from the 2021 tax period. In addition, starting from the 2022 tax period, the company Overlord Bidco S.p.A. became part of the same consolidation, and starting from the 2023 tax period, the companies Industries Excellence S.p.A., Atlantic Technologies S.p.A., Pragma Management Systems S.r.l., Livebox S.r.l., Digitelematica S.r.l., CConsulting S.r.l., Cybertech S.r.l., BE Shaping Management Consulting S.p.A., Iquii S.r.l., BE Digitech Solutions S.p.A., BE WOW S.r.l., BE Corporate Services S.p.A., BE The Change S.r.l., BE Shaping The Future Management Consulting LTD (Italian Branch), Crispy Bacon S.r.l. became part of the same consolidation.

TAX AUTHORITY RELATIONS

In May 2023, the Lazio Regional Tax Directorate - Large Taxpayers Office - commenced on Engineering Ingegneria Informatica S.p.A. a general tax audit for the purposes of direct taxes, IRAP and VAT relating to the 2019 tax period, an audit which is still in progress. During the audit, a number of findings emerged relating to some financial statement items that have an impact on both previous and subsequent years up to the 2020 tax period; therefore, in December 2023, an invitation to appear was served, issued pursuant to Article 5-ter of Italian Legislative Decree 218/1997 relating to the 2017 tax period with the establishment of a cross-examination which ended in February 2024 with the signing of the deed of acceptance, together with a Minutes Report of Findings relating to the 2018 tax period, again for the same findings. The Company will proceed to define the findings relating to the years 2018-2019 by means of the institute of voluntary tax rectification.

In 2021, the subsidiary Livebox received a notice of challenge from the Inland Revenue Office - Provincial Directorate I of Rome for the purpose of recovering the tax credit used in offsetting in 2015, 2016 and 2017. The Tax Court of First Instance of Rome ruled on the appeal filed by the company, rejecting it and the appeal is pending at present. At the same time as the notice of challenge in question, the company also received payment orders for the same years 2015, 2016 and 2017, issued following the automated control of the tax returns, with a clear duplication of the tax claim against which it filed an appeal. During the 2023 tax period, the company adhered to the Scrapping-quater.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in Euro)

Statement of Financial Position - Assets	Note	12.31.2023	12.31.2022 Restated
A) Non-current assets			
Property, plant and equipment	6	35,975,572	32,637,691
Intangible assets	7	807,326,750	678,634,865
Rights of use	8	154,069,198	161,966,034
Goodwill	9	1,204,449,532	594,226,001
Equity investments	10	6,525	1,108,318
Deferred tax assets	11	92,772,582	52,380,465
Other non-current assets	12	7,721,297	5,260,517
Non-current financial assets	13	1,608,431	1,969,379
Total non-current assets		**2,303,929,888**	**1,528,183,270**
B) Current assets			
Inventory	14	271,984	2,221,073
Customer contract assets	15	224,928,448	205,292,113
Deferred contract costs	16	19,249,220	17,023,698
Trade receivables	17	490,689,016	543,763,318
Other current assets	18	93,373,754	71,725,431
Current financial assets	19	514,784	465,543
Cash and cash equivalents	20	219,803,822	211,202,186
Total current assets		**1,048,831,028**	**1,051,693,363**
Total assets (A + B)		**3,352,760,915**	**2,579,876,633**

(in Euro)

Statement of Financial Position - Liabilities	Note	12.31.2023	12.31.2022 Restated
D) Shareholders' equity			
Share capital	22	34,095,537	34,095,537
Reserves	23	563,463,718	588,020,898
Retained earnings	24	109,100,130	170,291,101
Profit/(loss) for the year		(125,411,203)	31,706,755
Group shareholders' equity		**581,248,182**	**824,114,291**
Capital and reserves of non-controlling interests		(7,199,958)	(6,480,058)
Profit/(loss) for the year of non-controlling interests		593,668	(3,394,467)
Total shareholders' equity	**21**	**574,641,892**	**814,239,766**
E) Non-current liabilities			
Non-current financial liabilities	25	1,300,107,796	492,718,089
Non-current lease liabilities	26	134,119,695	142,840,257
Deferred tax liabilities	27	84,060,196	65,055,152
Non-current provisions for risks and charges	28	4,536,398	4,743,178
Other non-current liabilities	29	55,980,144	37,910,083
Post-employment benefits	30	82,913,117	79,465,342
Total non-current liabilities		**1,661,717,347**	**822,732,101**
F) Current liabilities			
Current financial liabilities	31	263,375,486	168,050,289
Current lease liabilities	32	24,994,316	26,051,088
Current tax payables	33	5,135,721	25,328,570
Current provisions for risks and charges	34	26,335,996	23,107,359
Other current liabilities	35	280,628,806	230,439,437
Trade payables	36	515,931,353	469,928,023
Total current liabilities		**1,116,401,676**	**942,904,765**
G) Total liabilities (E + F)		**2,778,119,024**	**1,765,636,866**
Total liabilities & shareholders' equity (D + G)		**3,352,760,915**	**2,579,876,633**

CONSOLIDATED INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT

(in Euro)

Consolidated Income Statement	Note	12.31.2023	12.31.2022 Restated
A) Total revenues			
Revenues	37	1,683,453,948	1,422,630,044
Other revenues	38	37,635,618	37,336,767
Total revenues		**1,721,089,566**	**1,459,966,811**
B) Operating expenses			
Raw materials and consumables	40	72,269,012	58,339,548
Service costs	41	590,564,910	501,210,492
Personnel costs	42	871,016,680	718,931,619
Amortisation and depreciation	43	116,206,151	72,996,291
Provisions	44	33,609,470	50,465,654
Other costs	45	15,311,690	13,879,390
Total operating expenses	**39**	**1,698,977,913**	**1,415,822,994**
C) Operating profit (A - B)		**22,111,653**	**44,143,817**
Financial income		3,071,749	8,740,632
Financial expenses		157,651,199	26,678,323
D) Net financial income (expenses)	**46**	**(154,579,450)**	**(17,937,691)**
E) Income/(expenses) from investment on acquisitions of NCI	**47**	**2,811,331**	**8,578,148**
F) Profit before taxes (C + D + E)		**(129,656,466)**	**34,784,274**
G) Income taxes - expenses/(income)	48	(4,838,932)	6,471,986
H) Consolidated profit/(loss) for the period (F + G)		**(124,817,534)**	**28,312,287**
I) Profit/(loss) from discontinued operations, net of tax effect		0	0
L) Consolidated profit/(loss) for the year (H + I)		**(124,817,534)**	**28,312,287**
Non-controlling interest		593,668	(3,394,467)
Attributable to shareholders of the parent		(125,411,203)	31,706,755

(in Euro)

Comprehensive Income Statement	Note	12.31.2023	12.31.2022 Restated
L) Income for the year		**(124,817,534)**	**28,312,287**
M) Other comprehensive income statement items			
Actuarial gains/(losses) of employee defined plans		(2,770,227)	(3,500,575)
Tax effect related to other income/(loss) which will not be reclassified in income/(loss) for the year		665,987	819,490
Total other comprehensive income/(loss) which will not be reclassified in income/(loss) for the year, net of tax effect		**(2,104,240)**	**(2,681,084)**
N) Total other comprehensive income/(loss) which will be reclassified in income/(loss) for the year:			
Exchange gains/losses on non-euro accounts		8,199,051	3,046,712
Total other comprehensive income/(loss) which will be reclassified in income/(loss) for the year, net of tax effect		**8,199,051**	**3,046,712**
Total other comprehensive income/(loss), net of tax effect		**6,094,811**	**365,627**
O) Total comprehensive income for the year (L + M + N)		**(118,722,723)**	**28,677,915**
Non-controlling interest		488,397	(3,398,610)
Attributable to shareholders of the parent		(119,211,120)	32,076,525

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in Euro)

	Group shareholders' equity						
Description	**Share capital**	**Reserves**	**Retained earnings**	**Profit for the year**	**Group shareholders' equity**	**Non-controlling interests share-holders' equity**	**Total Group shareholders' equity and non-controll-ing interests shareholders' equity**
Note	**22**	**23**	**24**				**21**
Balance as of 01.01.2022	**34,095,537**	**518,782,304**	**197,969,275**	**48,013,209**	**798,860,324**	**(6,286,919)**	**792,573,405**
Effect of IAS 8 reclassifications			**(45,956,934)**		**(45,956,934)**		**(45,956,934)**
Net profit for the year			-	31,706,755	31,706,755	(3,394,467)	28,312,287
Other net comprehensive items		3,046,712	(2,676,941)		369,771	(4,143)	365,627
Comprehensive income for the year	**-**	**3,046,712**	**(2,676,941)**	**31,706,755**	**32,076,525**	**(3,398,610)**	**28,677,915**
Allocation of the residual result of the previous year to retained earnings		450,000	47,563,209	(48,013,209)	0	-	0
Dividends distribution	-		(17,500,000)	0	(17,500,000)	-	(17,500,000)
Recognition of Put/Call Options for acquisitions and takeovers		11,971,549	(11,971,549)	-	0	-	0
Change in interests in subsidiaries and scope of consolidation				-	0	(188,995)	(188,996)
Reserve for payment for future capital increase		53,770,334		-	53,770,334	-	53,770,334
Other changes			2,864,042	-	2,864,042	-	2,864,042
Transactions with shareholders and other movements	**-**	**66,191,883**	**20,955,701**	**(48,013,209)**	**39,134,376**	**(188,995)**	**38,945,381**
Balance as of 12.31.2022 Restated	**34,095,537**	**588,020,898**	**170,291,101**	**31,706,755**	**824,114,291**	**(9,874,525)**	**814,239,766**
Net profit for the year			0	(125,411,203)	(125,411,203)	593,668	(124,817,535)
Other net comprehensive items		8,199,051	(1,998,969)		6,200,082	(105,271)	6,094,811
Comprehensive income for the year	**0**	**8,199,051**	**(1,998,969)**	**(125,411,203)**	**(119,211,121)**	**488,397**	**(118,722,724)**
Allocation of the residual result of the previous year to retained earnings		0	31,706,755	(31,706,755)	0		0
Change from merger			(118,716,717)		(118,716,717)		(118,716,717)
Recognition of Put/Call Options for acquisitions and takeovers		267,127	(267,127)		0		0
Change in interests in subsidiaries and scope of consolidation					0	(294,137)	(294,137)
Other changes		(33,023,358)	28,085,087		(4,938,271)	3,073,974	(1,864,297)
Transactions with shareholders and other movements	**0**	**(32,756,231)**	**(59,192,002)**	**(31,706,755)**	**(123,654,988)**	**2,779,838**	**(120,875,151)**
Balance as of 12.31.2023	**34,095,537**	**563,463,718**	**109,100,130**	**(125,411,203)**	**581,248,182**	**(6,606,290)**	**574,641,892**

CONSOLIDATED CASH FLOW STATEMENT

(in Euro)

Description	2023	2022
Cash collected from the sales of products/services - third parties	1,987,913,466	1,776,906,287
Cash paid for goods and/services - third parties	(863,678,521)	(752,249,686)
Personnel costs	(856,677,569)	(687,924,433)
Interest received for operating activities	0	167,591
Exchange differences	(419,382)	(1,637,337)
Tax payments and reimbursements	(62,270,424)	(53,671,574)
A) Total cash flow from operating activities	**204,867,570**	**281,590,849**
Sale of property, plant and equipment	69,877	50,599
Purchase of property, plant and equipment	(13,773,250)	(10,148,580)
Purchase of intangible assets	(77,222,540)	(44,545,645)
Collections for sale of non-controlling company shares	106,426	1,596,468
Consideration paid for acquisition of businesses	(10,730,972)	(473,674,092)
Purchase of other investments and securities	(2,539,401)	(441,750)
Sale of other investments and securities	51,612	2,287,871
B) Total cash flow from investing activities	**(104,038,249)**	**(524,875,129)**
New loans	359,152,301	693,901,127
Repayment of loans	(342,062,083)	(363,155,886)
Disbursements for acquisition of non-controlling interests	(7,626,506)	(4,447,246)
Dividends distribution	0	(17,500,000)
Acquisition of non-controlling interest and reserves	30,600	53,770,334
Interest paid for financing activities	(76,881,394)	(15,461,842)
Other funding charges	(15,432,242)	(2,702,073)
Repayment of lease liabilities	(28,126,445)	(22,836,789)
C) Total cash flow from financing activities	**(110,945,770)**	**321,567,625**
D) = (A + B + C) change in cash and cash equivalents	**(10,116,449)**	**78,283,345**
E) Cash and cash equivalents at beginning of year	**211,202,186**	**132,918,842**
F) Monetary contribution from merger	**18,718,084**	**0**
G) = (D + E + F) cash and cash equivalents at end of year	**219,803,822**	**211,202,186**

Notes to the Consolidated Financial Statements

1 General information

Engineering Ingegneria Informatica S.p.A. (hereinafter the “Company” or “Engineering”), together with its subsidiaries (hereinafter “Engineering Group” or the “Group”) is the leading domestic provider of integrated ICT services, products and consultancy. It was established in Padua on June 6, 1980.

With approx. 14,700 employees, and more than 70 offices throughout Italy, Europe, Latin America, the United States and India, the Group generates approx. 17% of revenues abroad and manages IT initiatives in over 20 countries with projects for the Industry, Telecommunications, Banking, Energy & Utilities, Health and Public Administration sectors. It operates in the outsourcing and Cloud Computing market through an integrated network of 3 data centres located in Pont-Saint-Martin (AO), Turin and Vicenza, which manage around 300 customers.

The Group operates in Software and IT Services with a leading position in numerous vertical sectors, due to a wide range of proprietary solutions, from banking compliance (SISBA, ELISE, GRACE), to Billing and CRM for Utilities (Net@SUITE), to integrated diagnostics and administration solutions for Health (AREAS) and mobile platforms for TLC.

The whole share capital of Engineering Ingegneria Informatica S.p.A. is held by Centurion Newco S.p.A., as Sole Shareholder. The Company is subject to management and coordination by Centurion Holdco S.à r.l.

These drafted consolidated financial statements as of December 31, 2023 were approved by the Board of Directors of Engineering Ingegneria Informatica S.p.A. at the meeting on 19 March 2024.

Following the approval of the National Recovery and Resilience Plan (“PNRR”) by the Italian Government and in the light of recent developments in the programme, the Company’s reference market is still subject to a positive impact on demand. The PNRR envisages that numerous financial resources will be allocated to the implementation of the digitalisation of the country’s entire production system.

The other assumptions referring to the development of the macroeconomic scenario (such as, for example, the inflation rate, the GDP of the countries in which the Group operates and the trend in prices), the trend in financial markets and in exchange rates for the currencies to which the Group is exposed for purchases and sales, as well as the related effects on the development of the economic and equity aggregates underlying the Economic and Financial Plan, do not take into consideration the possible effects of the current war between Russia and Ukraine and the conflicts in the Middle East, as these cannot be quantified to date. Moreover, note that the Group has no economic relations with customers in these countries.

With regard to access to the credit market and the trend of interbank interest rates to which the Group is subject for the repayment of financial liabilities, note that the Group’s debt cost is almost entirely tied to fixed rates, with medium/long-term maturities; therefore, any fluctuations have an irrelevant impact. An exception are hot money lines, whose use is limited and related to temporary cash needs, for which the rate refers to the 3-month Euribor depending on financial market trends.

For the purpose of preparing these consolidated financial statements, the recognition and measurement of fair values of assets acquired and liabilities assumed were also completed (within 12 months from the acquisition date) in relation to the acquisition of companies by the Group. As envisaged by IFRS 3, the data emerged were retrospectively disclosed at the acquisition date, with the consequent change and supplement of economic, equity and financial figures already temporarily included in the consolidated financial statements for the year ended December 31, 2022.

1.1 SIGNIFICANT OPERATIONS

- With legal effectiveness from June 1, 2023 and with accounting and tax effect from January 1, 2023, the reverse merger by incorporation of the company Centurion Bidco S.p.A. into the company Engineering Ingegneria Informatica S.p.A. was completed.
- On June 30, 2023, the purchase transaction of a technological platform to provide services in the Finance sector was completed.

1.2 OPERATIONS OF REORGANISATION OF THE GROUP CORPORATE STRUCTURE

Completion of accounting activities connected with acquisitions

BE Shaping the Future S.p.A.

In September 2022, Overlord Bidco S.p.A. acquired 51.2% of the share capital of BE Shaping the Future S.p.A. On December 28, 2022, the Compulsory Takeover Bid promoted pursuant to Articles 102 and 106, paragraph 1, of the Consolidated Law on Finance on the entirety of the shares of BE Shaping the Future S.p.A. was then concluded; thus, Overlord Bidco S.p.A. became the holder of 100% of the share capital of BE Shaping the Future S.p.A.

For the purpose of preparing these consolidated financial statements, the recognition and measurement of fair values of assets acquired and liabilities assumed were completed (within 12 months from the acquisition date) in relation to the acquisition of BE Shaping the Future S.p.A. by Overlord Bidco S.p.A..

The following table shows the book values of assets acquired and liabilities assumed, at the acquisition date, as well as final values related to identified fair values.

As part of the fair value measurement of assets acquired and liabilities assumed in accordance with IFRS 3, a net fair value adjustment of Euro 67.4 million emerged, against the recognition under intangible assets of Order Backlog, Customer Relationship, Technology platforms and Brand of Euro 93.5 million (before deferred taxes of Euro 26.1 million).

The above-mentioned adjustments also reflect a change compared to the initial provisional accounting of the business combination, made the previous year, which resulted in a provisory allocation of Euro 478,1 million as goodwill. This goodwill value will be fiscally non-deductible.

As required by IFRS 3, the goodwill that emerged following the above accounting for the transaction was allocated to the “Finance” CGU

.

The determination of the assets acquired and the liabilities assumed at fair value was carried out through an estimation process based on assumptions deemed reasonable and realistic based on the information that was available at the date of acquisition of control.

As envisaged by IFRS 3, the above-mentioned data were retrospectively disclosed at the acquisition date, with the consequent change and supplement of economic, equity and financial figures already temporarily included in the consolidated financial statements for the year ended 31December 2022.

(in Euro)

Net assets acquired	Provisional fair value of net asset acquired	Fair value adjustments	Fair value of net asset acquired
Property, plant and equipment	2,692,880		2,692,880
Intangible assets	17,512,340	93,549,000	111,061,340
Rights of use	8,854,825		8,854,825
Non-consolidated equity investments	2,986,981		2,986,981
Other non-current assets	975,078		975,078
Non-current financial assets	981,833		981,833
Trade receivables	70,826,410		70,826,410
Current financial assets	515,959		515,959
Cash and cash equivalents	17,292,019		17,292,019
Other current assets	1,660,857		1,660,857
Non-current financial liabilities	(20,551,814)		(20,551,814)
Non-current lease liabilities	(6,270,965)		(6,270,965)
Other non-current liabilities	(28,843,747)	(26,100,171)	(54,943,918)
Current financial liabilities	(24,085,211)		(24,085,211)
Current lease liabilities	(3,444,314)		(3,444,314)
Other current liabilities	(47,671,018)		(47,671,018)
Trade payables	(30,760,711)		(30,760,711)
Total net assets acquired	**(37,328,598)**	**67,448,829**	**30,120,231**
Total amount			**440,773,855**
Goodwill			**410,653,624**
Cash and cash equivalents			17,292,019
Net outflow resulting from the acquisition			**423,481,836**

Atlanti Group

In November 2022, the Parent Company Engineering Ingegneria Informatica S.p.A acquired 100% of the share capital of Atlantic Technologies S.p.A., which in turn holds 100% of the share capital of Atlantic Technologies Europe Ltd.

For the purpose of preparing these consolidated financial statements, the recognition and measurement of fair values of assets acquired and liabilities assumed were completed (within 12 months from the acquisition date) in relation to the acquisition of the Atlantic Group.

The following table shows the book values of assets acquired and liabilities assumed, at the acquisition date, as well as final values related to identified fair values.

As part of the fair value measurement of assets acquired and liabilities assumed in accordance with IFRS 3, a net fair value adjustment of Euro 8.4 million emerged, against the recognition under intangible assets of Order Backlog, Customer Relationship, Technology platforms and Brand of Euro 11.6 million (before deferred taxes of Euro 3.2 million).

The above-mentioned adjustments also reflect a change compared to the initial provisional accounting of the business combination, made the previous year, which resulted in a provisory allocation of Euro 46.8 million as goodwill. This goodwill value will be fiscally non-deductible.
As required by IFRS 3, the goodwill that emerged following the above accounting for the transaction was allocated to the "Industry & Services" CGU.

The determination of the assets acquired and the liabilities assumed at fair value was carried out through an estimation process based on assumptions deemed reasonable and realistic based on the information that was available at the date of acquisition of control.

As envisaged by IFRS 3, the above-mentioned data were retrospectively disclosed at the acquisition date, with the consequent change and supplement of equity and financial figures already temporarily included in the consolidated financial statements for the year ended December 31, 2022.

(in Euro)

Net assets acquired	Provisional fair value of net asset acquired	Fair value adjustments	Fair value of net asset acquired
Property, plant and equipment	237,020		237,020
Intangible assets	209,837	11,623,000	11,832,837
Rights of use	3,636,006		3,636,006
Other non-current assets	205,096		205,096
Non-current financial assets	38,263		38,263
Trade receivables	7,188,088		7,188,088
Current financial assets	777,834		777,834
Cash and cash equivalents	4,494,074		4,494,074
Other current assets	2,765,168		2,765,168
Non-current financial liabilities	(1,959,331)		(1,959,331)
Non-current lease liabilities	(4,227,515)		(4,227,515)
Other non-current liabilities	(371,507)	(3,242,817)	(3,614,324)
Current financial liabilities	(982,663)		(982,663)
Other current liabilities	(6,214,565)		(6,214,565)
Trade payables	(3,187,270)		(3,187,270)
Total net assets acquired	**2,608,536**	**8,380,183**	**10,988,719**
Total amount			**50,928,845**
Goodwill			**39,940,126**
Cash and cash equivalents			4,494,074
Net outflow resulting from the acquisition			**46,434,771**

Acquisitions for the period

Acquisition of Extra Red S.r.l.

On July 26, 2023, the company Extra Red S.r.l. was acquired 100% by Engineering D.HUB S.p.A..

Extra Red S.r.l. is a company that offers high value-added services and projects on market-leading technologies, in partnership with the main IT vendors.

For the purpose of preparing these consolidated financial statements, the transaction was recognised, in accordance with IFRS 3, using the acquisition method, which entailed making a provisional estimate of the fair value of the assets acquired and the liabilities assumed.

The following table shows the overall book values of assets and liabilities acquired and the goodwill provisionally determined as described below.

(in Euro)

Description	Provisional fair value of net assets acquired
Property, plant and equipment	25,575
Rights of use	293,508
Other non-current assets	110,294
Trade receivables	2,184,933
Cash and cash equivalents	1,182,999
Other current assets	350,012
Current financial assets	101,550
Non-current financial liabilities	(436,341)
Non-current lease liabilities	(233,846)
Other non-current liabilities	(1,179,112)
Current financial liabilities	(189,245)
Current lease liabilities	(59,967)
Other current liabilities	(724,586)
Trade payables	(479,240)
Provisional fair value of assets acquired	**946,535**
Share acquired	100,0%
Cost of acquisition	9,089,831
Goodwill	**8,143,296**
Cash and cash equivalents	1,182,999
Net outflow resulting from the acquisition	**7,906,832**

As permitted by IFRS 3, in the consolidated financial statements as of December 31, 2023, the fair value of the assets and liabilities of the company Extra Red S.r.l. were recognised provisionally, entering the entire difference between the purchase cost and the assets acquired, net of the liabilities assumed, under "Goodwill" (Euro 8.1 million). More specifically, it was deemed appropriate to temporarily recognise the book values of the assets and liabilities already recorded in the financial statements of the company Extra Red S.r.l., appropriately adjusted to render them compliant and consistent with the accounting standards and valuation criteria applied in the preparation of these consolidated financial statements, allocating the entire difference with respect to the acquisition cost to goodwill.

As required by IFRS 3, the goodwill that emerged following the above accounting of the transaction was allocated to the "Industry & Services" CGU and was subjected to impairment test on the acquisition date based on the method set out in IAS 36. Furthermore, this goodwill value will be fiscally non-deductible. Based on the valuation activities underway, the following main items will be impacted: intangible assets and deferred tax assets and liabilities and related effects on the income statement.

The full consolidation of this business combination from the acquisition date led to the recognition of revenues and net profit on the consolidated financial statements of the Engineering Group amounting to Euro 1.7 million and Euro -0.1 million, respectively.

If the acquired company had been fully consolidated from January 1, 2023, the consolidated revenues and consolidated net profit of 2023 of the Engineering Group would have been Euro 4.7 million and Euro 0.1 million higher, respectively.

The provisional fair value of receivables acquired is equal to Euro 2.1 million. The consideration paid as of the date of these financial statements was Euro 9.1 million (see paragraph 1.3 below).

1.3 PURCHASE OF EQUITY INVESTMENTS IN SUBSIDIARIES

During the year 2023, the Group paid the amounts due for the acquisition of control of the following companies and business units. The table below shows the details of the main cash payments and cash and cash equivalents acquired:

(in Euro)

12.31.2023	C Consulting S.p.A.	Extra Red S.r.l.	Atlantic Tech. S.p.A.	Total
Cash payments leading to obtaining control		8,212,426		8,212,426
Cash and cash equivalents acquired		(1,182,999)		(1,182,999)
Earn out payment	2,181,348		1,520,197	3,701,545
Cash flow for the purchase of subsidiaries investments, net of cash and cash equivalents	**2,181,348**	**7,029,427**	**1,520,197**	**10,730,972**

1.4 HYPERINFLATION IN ARGENTINA

In 2023, Argentina continued to face economic challenges. This led to inflation of more than 211% during the year, the highest inflationary level in the last 30 years.

In the last month of the year, the Argentines elected a new president, who, since the beginning of his mandate, has implemented severe austerity measures, trying to reduce the current hyperinflation context.

Despite the political and economic scenario in Argentina, the company recorded an operating profit of Euro 0.04 million (Euro 0.4 million in 2022). Total financial income and expenses of Euro -1.8 million (Euro -0.2 million in 2022) was directly affected by inflation in the period and the devaluation of the local currency (Peso) of 374%.

With the extraordinary Shareholders' Meeting held on December 12, 2023, the controlling shareholder of Engi Da Argentina, Engineering Ingegneria Informatica S.p.A., authorised the increase in share capital by capitalisation of receivables from the company.

The change in share capital equal to Euro 0.7 million is due to two factors:

- share capital increase of Euro 0.9 million as per the extraordinary Shareholders' Meeting of December 12, 2023;
- change due to the year-on-year exchange of Euro -0.2 million.

Consistent with the provisions set out in IAS 29 - Financial Reporting in Hyperinflationary Economies, the restatement of the financial statements as of December 31, 2023 as a whole entailed the following:

- with regard to the income statement, costs and revenues have been revalued by applying the change in the general consumer price index to reflect the loss of purchasing power of the local currency as of December 31, 2023. For the purpose of converting the income statement thus redetermined into Euro, the exchange rate as of December 31, 2023 was consistently applied instead of the average exchange rate for the period. With reference to consolidated net sales for the period, the effect of applying the standard resulted in a positive change of Euro 0.06 million as of December 31, 2023;
- with regard to the statement of financial position, the monetary elements have not been restated since already expressed in the current unit of measurement at the end of the period. Conversely, non-monetary assets and liabilities have been revalued to reflect the loss of purchasing power of the local currency that occurred from the date of initial recognition of assets and liabilities to the end of the period;
- the effect determined on the net monetary position for the portion generated during 2023 (total charges of around Euro 0.06 million) was recognised in the income statement under financial expenses.

2 Form, contents and accounting standards

These consolidated financial statements as of December 31, 2023 have been prepared under International Financial Reporting Standards (IFRS), as defined hereinafter, issued by the International Accounting Standards Board (hereinafter IASB) and adopted by the European Commission as per the procedure set down by Article 6 of Regulation (EC) 1606/2002 of the European Parliament and the Council of July 19, 2002. The IFRS Standards also include all International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Standard Interpretations Committee, previously named “Standard Interpretations Committee” (SIC). The IFRS standards have been applied consistently with the periods disclosed herein and, taking account of the best literature on this issue, any future directions and interpretation updates will be reflected in the following financial statements, according to modalities envisaged from time to time by the reference standards.

These consolidated financial statements are expressed in Euro and, in compliance with IAS 1 “Presentation of Financial Statements” include the Consolidated Statement of Financial Position, the Consolidated Income Statement and the Consolidated Comprehensive Income Statement, the Consolidated Statement of changes in shareholders’ equity, the Consolidated Cash Flow Statement and the related Explanatory Notes.

The consolidation was carried out under the line-by-line method, including the non-controlling interests reported in the relevant shareholders’ equity and income statement accounts.

The Group companies adopted the same accounting period as the Parent Company and the standards utilised are the same for the preparation as the last annual financial statements and were applied in a uniform manner.

In the Statement of Financial Position, assets and liabilities are classified according to the “current/non-current” criterion with specific separation of assets and liabilities held-for-sale.

Current assets are those held for sale, transferred or used in the normal business operating cycle of the Company, or in the twelve months following the year-end.

Current liabilities are expected to be settled in the normal operating cycle or within twelve months following the year-end. The Income Statement is classified according to the nature of the costs while the Cash Flow Statement uses the direct method.

The transactions with related parties concern subsidiaries, associated companies and Directors and Executives with strategic responsibilities.

The financial statements are accompanied by the Directors’ Report on Operations prepared by the Board of Directors in compliance with Article 2428 of the Italian Civil Code, which contains more detailed information on Group operations and significant events occurred after the year-end.

For each item of the statements, the corresponding figure of the previous year is disclosed for comparison purposes.

CRITICAL JUDGMENTS IN APPLYING THE ACCOUNTING POLICES

There are no critical judgements made in applying the Group’s accounting policies.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in compliance with IFRS also requires the use of estimates and assumptions in determining the values of the assets and liabilities, costs and revenues and contingent assets and liabilities. The estimates and assumptions are based on the best information available at the reporting date and on prior experience where the book value of assets and liabilities is not easily inferable from other sources.

However, actual results could differ from those estimates. Estimates and assumptions periodically revised and changes are immediately reflected in the income statement.

The items that are mostly influenced by estimates are the calculation of amortisation/depreciation, impairment tests on assets (including measurement of receivables), provisions for allocations, employee benefits, fair value of financial liabilities, deferred tax assets and liabilities and customer contract assets. For a better understanding of the financial statements, the main estimates utilised in the drawing up of the financial statements are shown hereunder and involve the use of subjective opinions, assumptions and estimates related to issues that are uncertain by nature. The changes in conditions underlying the opinions and assumptions might have a significant impact on the following financial years.

The Group has adopted the estimation model relating to the calculation of the expected credit loss, which supports the specific provisions. In particular, on the basis of the historical series recorded, write-down percentages have been defined for overdue credit. These percentages are applied to the ageing brackets regardless of the type of customer and/or segment and are calculated automatically on a monthly basis on the loan portfolio open at that date.

Impairment of assets (Goodwill and Trademark)

As explained in more detail in paragraph "Goodwill" hereof, for the calculation of the value in use of Cash Generating Units, the Group has taken into account, with reference to the specified period, the expected trends resulting from the budget for 2024 and, for subsequent years, the forecasts included in the 2025 - 2028 multi-year plan. The impairment test carried out on the basis of these forecasts did not generate any write-downs.

Purchase Price Allocation (IFRS 3)

As explained in the paragraph "Acquisitions in the period", the recognition of business combination transactions implies the allocation of the payment of acquisition to the assets and liabilities of the acquired company, which are evaluated at fair value. The possible difference between purchase cost and net book value, if positive, is recorded as goodwill; if negative, it is recorded in the income statement.

In the process of assigning amounts to certain asset items, the Group applied estimates to determine their fair value. To determine fair value, the Group used valuation methods, including the discounted cash flow analysis. To calculate the present value of future cash flows, it is necessary to formulate some assumptions regarding uncertain issues, including Management's expectations regarding:

- margins of customer portfolios;
- the probability of renewal of contracts with customers;
- the selection of the discount rate that reflects the risk.

The Group's estimates are based on assumptions deemed reasonable, but uncertain and foreseeable. These assessments require the use of management assumptions, which may not reflect unpredictable events.

Deferred tax assets

The recoverability of deferred tax assets is subject to the achievement of future taxable profits or to the occurrence of the deferred taxation connected to the other deferred tax assets. Significant management assessments are required to determine the amount of deferred tax assets that can be recognised in the financial statements based on the timing and amount of future taxable income.

Trade receivables

The management carefully reviews the outstanding trade receivables, also considering their seniority, collection time and credit risk coverage. The specific and general impairment losses recognised are based on the management's best estimates at the reporting date.

Receivables factored through non-recourse factoring transactions, according to which the final transfer to the transferee was carried out in relation to risks and benefits of factored receivables, were derecognised from the financial statements upon their transfer. Receivables that were instead factored through with recourse factoring transactions were not written off from the financial statements.

In 2023, the Company did not encounter any particular problems with the collection of trade receivables. All market segments do not report any specific problems and most of the customers are large companies with primary creditworthiness.

After evaluating the historical and forward-looking information, the Company decided, however, to use a new credit management procedure, starting from 2022, which combines specific provisions with a generic method based on objective elements. This method also makes it possible to correctly hedge the entire portfolio in proportion to the risk.

In these consolidated financial statements as at December 31, 2023, the Group confirmed and applied the estimation model relating to the calculation of the expected credit loss, which supports the specific provisions, already applied at the end of the year as at December 31, 2022. In particular, on the basis of the historical series recorded, write-down percentages have been defined for overdue credit. These percentages are applied to the ageing brackets regardless of the type of customer and/or segment and are calculated automatically on a monthly basis on the loan portfolio open at that date.

Receivable from Sicilia Digitale S.p.A.

As explained in more detail in paragraph "Trade receivables" of these explanatory notes, receivables from customers include receivables as of December 31, 2023 from Sicilia Digitale S.p.A. (former Sicilia e-Servizi S.p.A. or "SISE"), which amounted to Euro 124.7 million (not including the related doubtful debt provision amounting to Euro 35.9 million and the related doubtful debt provision for interest on arrears equal to Euro 60.5 million), in addition to Euro 14.5 million of customer contract assets (before adjustment of Euro 2.9 million). These amounts were related to the IT activities connected with the building of an integrated IT platform for the Sicilian Region, within specifications and provisions set out in the convention signed between the Sicilian Region, Sicilia Digitale S.p.A. (former Sicilia e-Servizi S.p.A.) and Sicilia e Servizi Venture S.c.a.r.l. in liquidation on May 21, 2007 and expired on December 22, 2013.

(in Euro million)

Description	12.31.2023
Trade receivables and customer contract assets	139.2
Doubtful debt provision	(99.3)
Total	**39.9**

Fair value of options on non-controlling interest

The fair value of liabilities, which represents a reasonable estimate of the exercise price for the options, was determined using the discounted operating cash flow method using the plan of the subsidiary involved.
The exercise prices are determined on the basis of the agreements contained in the option agreements signed by the Group.

Lease term

The Group analysed all the lease agreements, defining the lease term for each of them, given by the "non-cancellable" period together with the effects of any extension or early termination clauses, the exercise of which was deemed reasonably certain. Specifically, for real estate, this evaluation considered the specific facts and circumstances of each asset. As for the other categories of goods, mainly company cars and equipment, the Group has generally deemed it unlikely to exercise any extension or early termination clause in consideration of the practice usually followed by the Group. For the buildings, the Group, in assessing the lease terms, chose, based on business development plans, to consider, in addition to the non-cancellable period, the first renewal period as reasonably certain, not believing that there were facts or circumstances that led to consider additional renewals as reasonably certain.

3 Consolidation scope and principles

3.1 SUBSIDIARIES

The subsidiaries are consolidated from the date on which the Group acquires control and deconsolidated from the date in which control is lost. Control is defined as the ability to directly or indirectly determine the financial and management policies and benefit from their implementation.

Consistently with provisions set out by IFRS 10, a company is controlled with the presence of the following three elements: (a) power on the entity acquired/established; (b) exposure, or rights, to variable returns deriving from involvement with the same; (c) capacity to utilise the power to influence the amount of these returns.

The accounts are consolidated under the line-by-line method, therefore including the entire amount of assets and liabilities and all costs and revenues regardless of the percentage of share capital held. The book value of consolidated equity investments is therefore derecognised against the relative shareholders' equity.

The results of subsidiaries acquired or sold during the year are included in the consolidated income statement from the effective date of acquisition until the date of sale. The operations, the balances as well as the unrealised profits and losses on inter-group transactions are derecognised.

The shares of shareholders' equity and of the non-controlling interest result are included in a separate shareholders' equity account and in a separate line of the consolidated income statement.

3.2 ASSOCIATED COMPANIES

Associated companies are defined as those in which significant influence is exercised. Such influence is presumed where more than 20% of the effective or potentially exercisable voting rights are held at the reporting date.

The acquisition was recognised under the acquisition method described in the following paragraph 4.6. After acquisition, equity investments in associated companies are recorded under the equity method or rather recording the result attributable to shareholders of the parent and of the movements in the reserves respectively to the income statement and shareholders' equity. Non-realised profits and losses on inter-group transactions are derecognised for the relative share.
When the losses attributable to shareholders of the parent in an associated company is equal to or greater than the value of the equity investment held, the Group does not recognise additional losses unless an obligation to recapitalise exists or if payments have been made on behalf of the associated company.

3.3 JOINTLY CONTROLLED COMPANIES

Equity investments in jointly controlled companies, in which the Group exercises joint control with other entities, are initially recognised at cost and subsequently measured using the equity method. Profits or losses pertaining to the Group are recognised in the consolidated financial statements from the date on which the joint control began and until the date on which that influence ceases. The Group recognises its share of assets and liabilities on investments that represent jointly-controlled assets in accordance with IFRS 11.

In assessing the existence of joint control, it is verified whether the parties are bound by a contractual agreement and whether this agreement gives the parties joint control of the same agreement. Specifically, joint control is given by the shared control, on a contractual basis, of an agreement, which exists only when the unanimous consent of all parties sharing control is required for decisions on relevant activities.

3.4 JOINT ARRANGEMENTS

Pursuant to provisions set forth by IFRS 11, equity investments in joint ventures and in joint operations are recorded under the equity method applied as described in the previous note. A joint venture is a joint operation where parties have rights on contractually agreed assets and obligations for agreed liabilities.

3.5 CONSOLIDATION SCOPE

The consolidated financial statements include the financial statements of the Parent Company and those companies in which the Parent Company holds control based on the provisions of IFRS 10. The financial statements of the Group's companies are prepared as of the same date and refer to a financial year of equal length.

The consolidated companies as of 31 December 2023 are listed hereunder:

Company	Registered office	Share capital	Percentage of share capital held		
			Direct	Indirect	Total
Engineering Sardegna S.r.l.	Cagliari	1,000,000 Euro	100.00%		100.00%
Municipia S.p.A.	Trento	13,000,000 Euro	100.00%		100.00%
Napoli obiettivo Valore S.r.l.	Rome	1,387,062 Euro		100.00%	100.00%
In Valmalenco S.B. S.r.l.	Rome	95,000 Euro		60.00%	60.00%
Parma Valore Comune S.c.a r.l.	Parma	3,250 Euro		46.00%	46.00%
Engineering International Belgium S.A.	Brussels	61,500 Euro	100.00%		100.00%
Engineering D.HUB S.p.A.	Pont Saint-Martin	2,000,000 Euro	100.00%		100.00%
Cybertech S.r.l.	Rome	10,000 Euro		100.00%	100.00%
Omnitechit Secur s.l. (*)	Madrid	3,000 Euro		100.00%	100.00%
Omnitechit GmbH (*)	Geilenkirchen (Germany)	25,000 Euro		100.00%	100.00%
BW digitronik A.G. (*)	Ulster (Switzerland)	400,000 Chf		100.00%	100.00%
Securetech Nordic A.b. (*)	Stockholm	50,000 Sek		100.00%	100.00%
Omnisecure d.o.o. (*)	Belgrade	2,466,177 Rsd		60.00%	60.00%
Pragma Management System S.r.l.	Sommacampagna	100,000 Euro		51.00%	51.00%
Nexen S.p.A.	Padua	1,500,000 Euro	100.00%		100.00%
Engineering software lab d.o.o.	Belgrade	452,000 Rsd	100.00%		100.00%
Nexera S.p.A.	Naples	678,750 Euro	60.00%		60.00%
F.D.L. Servizi S.r.l.	Breno	20,800 Euro	100.00%		100.00%
Engi da Argentina S.A.	Buenos Aires	865,469,200 Ar$	98.81%	1.19%	100.00%
Engineering do Brasil S.A.	Sao Paulo (Brazil)	51,630,020 Reais	100.00%		100.00%
Engineering Ingegneria Informatica Spain S.L.	Madrid	100,000 Euro	100.00%		100.00%
IT-Soft USA Inc.	Chicago	260,800 Usd	94.34%		94.34%
Engineering Mexico Informatica S. de R.L.	Monterrey (Mexico)	2,015,140 Mxn	10.00%	84.91%	94.91%
Movilitas India LLP	Delhi	7,070,707 Inr		94.40%	94.40%
Industries Excellence Limited	London	100 Gbp		94.34%	94.34%
Movilitas Cloud KFT	Budapest	3,000,000 Huf		94.34%	94.34%
Industries Excellence GmbH	Mannheim	50,000 Euro		94.34%	94.34%
Naxxos BV	Gent	2,702,440 Euro		94.34%	94.34%
Industries eXcellence BV	Steenokkerzeel	911,706 Euro		94.34%	94.34%
Industries eXcellence SASU	Lyon	30,000 Euro		94.34%	94.34%
Movilitas Cloud BV	Steenokkerzeel	18,550 Euro		94.34%	94.34%
Engineering Albania Shpk	Tirana	100 All		100.00%	100.00%
Industries Excellence S.p.A.	Milan	50,000 Euro	100.00%		100.00%
WebResults S.r.l.	Treviolo	10,000 Euro	100.00%		100.00%
Sicilia e-Servizi Venture S.c.a.r.l. (*)	Palermo	300,000 Euro	65.00%		65.00%
Livebox S.r.l.	Rome	100,000 Euro	100.00%		100.00%
Atlantic Technologies S.p.A.	Milan	50,000 Euro	100.00%		100.00%

Company	Registered office	Share capital	Percentage of share capital held		
			Direct	Indirect	Total
Atlantic Technologies Europe S.p.A.	London	1,000 Gbp		100.00%	100.00%
Digitelematica S.r.l.	Lomazzo	100,000 Euro	100.00%		100.00%
C Consulting S.p.A.	Genoa	174,395 Euro	100.00%		100.00%
Overlord Bidco S.p.A.	Milan	50,000 Euro	100.00%		100.00%
Be Shaping the Future Management Consulting S.p.A.	Rome	120,000 Euro		100.00%	100.00%
Be Shaping the Future Corporate Services S.p.A.	Rome	450,000 Euro		100.00%	100.00%
Be DigiTech Solutions S.p.A.	Rome	7,548,441 Euro		100.00%	100.00%
Be The Change S.r.l.	Milan	10,000 Euro		100.00%	100.00%
Iquii S.r.l.	Rome	10,000 Euro		100.00%	100.00%
Be World of Wonders S.r.l	Rome	10,000 Euro		100.00%	100.00%
Be Think Solve Execute RO S.r.l.	Bucharest	22,000 Ron		100.00%	100.00%
Be Shaping the Future sp z.o.o	Warsaw	1,000,000 Pln		100.00%	100.00%
Be Ukraine LLC	Kiev	20,116 Uah		100.00%	100.00%
Be Shaping the Future Management Consulting Ltd	London	91,898 Gbp		100.00%	100.00%
Be Shaping The Future - Performance, Transformation, Digital GmbH	Munich	102,258 Euro		100.00%	100.00%
Be Shaping The Future GmbH	Vienna	35,000 Euro		100.00%	100.00%
Be Shaping The Future AG	Zurich	100,000 Chf		100.00%	100.00%
Be Shaping the Future SARL	Luxembourg	12,000 Euro		100.00%	100.00%
Be Shaping the Future Czech Republic s.r.o.	Prague	120,000 Czk		100.00%	100.00%
Payments and Business Advisors S.l.	Madrid	3,000 Euro		100.00%	100.00%
Firstwaters GmbH	Frankfurt	40,000 Euro		85.71%	85.71%
Firstwaters GmbH	Vienna	125,000 Euro		85.71%	85.71%
Be Shaping the Future Management Consulting AG	Zurich	100,000 Chf		70.00%	70.00%
Paystrat Solutions SL (Pyngo)	Madrid	10,265 Euro		65.26%	65.26%
Quantum Leap S.r.l.	Rome	21,276 Euro		60.00%	60.00%
Synapsy S.r.l	Milan	10,000 Euro		51.00%	51.00%
Crispy Bacon S.r.l.	Marostica	12,000 Euro		51.00%	51.00%
Crispy Bacon Shpk	Tirana	10,000 All		45.90%	45.90%
Engineering Its Ag (*)	Berlin	50,000 Euro	100.00%		100.00%
Extra Red S.r.l.	Pontedera (Italy)	17,386 Euro		100.00%	100.00%
Engineering Its Schweiz A.g. (*)	Zurich	100,000 Cfh		100.00%	100.00%

(*) In liquidation

Changes in the consolidation scope compared to 31 December 2022, relate to transactions carried out during the period as summarised below:

- on April 17, 2023, Municipia, following the award of the tender called by the Municipality of Naples, established a project company called Napoli Obiettivo Valore S.r.l. of which it is the sole shareholder. Napoli Obiettivo Valore has the task of designing, implementing and managing a technological infrastructure for the Municipality of Naples and is also the concessionaire of the services of reminder, assessment, recovery of the evasion of local inflows, as well as the compulsory collection of all municipal tax and non-tax inflows, which also include the sanctions deriving from the management of the sanction cycle envisaged by Italian Legislative Decree 285/92 (so-called "Highway Code") in addition to the IMU and the TARI;

- on March 28, 2023, Municipia acquired a 46% equity investment in the company Parma Valore Comune S.c.a r.l. (the other shareholders are I.C.A. Imposte Comunali Affini S.r.l., which holds a 44% equity investment and MT S.p.A., which holds a 10% equity investment). Although the Group does not hold the majority of the shareholders' meeting votes, it exercises de facto control over the company by virtue of the designation of the majority of the current directors. Parma Valore Comune is a non-profit company established in order to implement between the consortium members an integration of their respective companies for the purpose of the execution of the corporate purpose. The company's corporate purpose is the execution of integrated services to support the management of local taxes and the spontaneous and compulsory collection of municipal inflows of the Municipality of Parma;

- on May 19, 2023, Engineering Ingegneria Informatica S.p.A. acquired the remaining 5% stake of the equity investment in F.D.L. Servizi S.r.l.. As a result of this transaction, Engineering Ingegneria Informatica S.p.A. holds full control of the company;
- On July 26, 2023, Engineering DHUB S.p.A. acquired 100% of the share capital of the company Extra Red S.r.l.;
- On December 27, 2023, Engineering Albania Shpk was established, whose share capital is 100% owned by the subsidiary Engineering DHUB S.p.A.;
- On December 31, 2023, the company OmnitechIT Security AS was liquidated.
- During the year, the following companies changed their names:

  - Plusure S.p.A. in Industries Excellence S.p.A.
  - Movilitas Belgium BV in Industries eXcellence BV
  - Movilitas France SAS in Industries eXcellence SASU

Non-controlling interest disclosure

As required by IFRS 12, a summary of the main financial indicators of companies with significant non-controlling interests is provided below. It should be noted that the non-controlling interests in these subgroups of companies are considered relevant in relation to the contribution made to the consolidated financial statements of the Engineering Group.

(in Euro)

Company	Share held by non-controlling holders		Profit / (loss) held by non-controlling holders		Equity held by non-controlling holders	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022
Sicilia e-Servizi Venture S.c.a.r.l.	35.0%	35.0%	(397,678)	(3,687,566)	(13,028,350)	(9,340,784)
Nexera S.p.A.	40.0%	40.0%	(144,427)	(109,190)	230,601	347,970
Pragma S.r.l.	49.0%	49.0%	158,366	27,704	149,810	155,659
In Valmalenco S.B. S.r.l.	40.0%	40.0%	40,942	14,800	52,800	26,600
Parma Valore Comune S.c.a r.l.	54.0%	N/A	(11,159)		(61,783)	
Omnisecure d.o.o.	40.0%	40.0%	(13,773)	4,933	83,053	69,893
Be Group	N/A	N/A	707,335	188,287	3,073,974	(257,478)
Other non-controlling interests	N/A	N/A	254,062	166,565	2,299,939	2,518,083
Total			**593,668**	**(3,394,467)**	**(7,199,958)**	**(6,480,058)**

The table below represents the balances before intercompany eliminations:

(in Euro)

Description	Sicilia e-Servizi Venture S.c.a.r.l.		Nexera S.p.A.		Pragma S.r.l.		In Valmalenco S.B. S.r.l.		Parma Valore Comune S.c.a r.l.		Omnisecure d.o.o.		Be Shaping Group	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022
Non-current assets	0	0	1,816,789	2,517,970	194,369	192,074	534,850	366,000	672,680		0	31	136,873,449	
Current assets	41,298,667	42,252,205	2,997,101	3,311,910	4,928,782	4,398,151	654,201	290,891	3,840,117		221,157	255,573	89,447,560	
Non-current liabilities	328	328	1,455,635	1,891,242	798,990	571,360	63,554		1,284,491		0	20,044	48,515,695	
Current liabilities	79,658,420	79,475,735	3,142,820	3,341,687	3,695,230	3,644,656	891,141	553,391	3,363,385		47,957	48,496	95,724,618	
Group Shareholders' Equity	(24,195,507)	(17,347,171)	345,901	521,956	155,924	162,012	79,200	39,900	(52,630)		124,568	104,839	79,006,723	
Non-controlling interest Shareholders' Equity	(13,028,350)	(9,340,784)	230,601	347,970	149,810	155,659	52,800	26,600	(61,783)		83,053	69,893	3,073,974	
Revenues	6,773	4,784	2,511,196	3,022,232	4,862,205	4,356,719	471,591	224,391	2,622,427			480,165	254,082,001	
Expenses	(1,142,997)	(10,540,686)	(2,872,263)	(3,295,206)	(4,539,009)	(4,300,181)	(369,235)	(187,391)	(2,643,092)		(34,432)	(467,833)	(240,470,613)	
Profit/(Loss) for the year	(1,136,224)	(10,535,902)	(361,067)	(272,975)	323,196	56,538	102,356	37,000	(20,665)		(34,432)	12,333	13,611,388	
Group Profit/(Loss) for the year	(738,546)	(6,848,337)	(216,640)	(163,785)	164,830	28,834	61,414	22,200	(9,506)		(20,659)	7,400	707,335	
Profit/(Loss) for the year of non-controlling interest	(397,678)	(3,687,566)	(144,427)	(109,190)	158,366	27,704	40,942	14,800	(11,159)		(13,773)	4,933	12,904,053	
Cash flow from operating activities	(107,902)	(35,105)	300,874	(240,170)	236,182	639,243	47,239		(847,846)		15,876	53,398	3,932,080	
Cash flow from investing activities			(4,008)	692,467	(12,794)	(72,130)			(6,204)				(6,185,388)	
Cash flow from financing activities	179,863	(159)	(137,158)	(535,817)	(47,392)	(57,848)	19,895	66,500	1,003,081		(3,669)	(17)	(22,192,707)	
Total Cash Flows	**71,961**	**(35,264)**	**159,709**	**(83,521)**	**175,996**	**509,265**	**67,135**	**66,500**	**149,031**		**12,207**	**53,381**	**(24,446,014)**	

The company Parma Valore Comune S.c.a r.l. was established by Municipia S.p.A. on March 28, 2023 for the details of which see the previous paragraph.

4 Accounting principles

These Consolidated Financial Statements have been prepared on a going concern basis, as the Directors have assessed financial, management or other indicators that could report critical issues and positively concluded regarding the Group's ability to meet its obligations in the foreseeable future, also on account of the considerations expressed in the "Outlook 2024" section above. A description of how the Group manages financial risks, including liquidity and capital risks, is provided in Note 4.27.

These financial statements were prepared using measurement criteria based on historical cost, with the exception of the measurement at fair value of the derivative financial instrument hedging the variable interest rate risk relating to an existing loan.

Where not specified, the significant changes reported in these explanatory notes principally relate to the changes in the consolidation scope indicated above.
The accounting policies adopted in the preparation of these consolidated financial statements are described below.

4.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include assets with long-term use held for the production or supply of goods and services, to be used under lease or for administrative purposes. This definition does not include property held principally or exclusively for rental purposes or for invested capital appreciation or for both of these reasons ("Investment property").

Property, plant and equipment are recognised at acquisition cost including any directly attributable costs. The acquisition cost is the fair value of the price paid and any other cost directly related and necessary for the correct functioning of the asset with regard to the use for which it was acquired. The capitalisation of costs relative to the expansion, modernisation or improvement of the structural elements whether owned or leased is solely made within the limits established to be separately classified as assets or part of an asset. Financial expenses incurred for the acquisition of tangible fixed assets are never capitalised.

Land, both with and without civil and industrial buildings, is recorded separately and is not depreciated as it has an indefinite useful life.

Property, plant and equipment are recorded net of the relative accumulated depreciation and any impairment. The amount to be depreciated is represented by the carrying amount gross of depreciation and net of write-downs. Given the uniformity of the assets included in the various categories, the useful life by category is as follows (except in specific cases):

Category	Useful life
Land	Indefinite
Buildings	33 years
Plant and machinery	3 – 6 years
EDP	3 – 6 years
Furniture, office machinery and equipment	6 – 8 years
Motor vehicles	4 years

Property, plant and equipment are depreciated on a straight-line basis over the useful estimated life of the asset which is reassessed and re-defined at least at the end of each financial year in order to take any changes into account.
The book value of a tangible fixed asset is recognised within the value limits that this asset may recover through use. Wherever indicators show that difficulties may exist in the recovery of the net book value, an impairment test is carried out.
Depreciation starts when the asset is available and ready for use.
At the time of sale, or when there are no expected future economic benefits from the use of an asset, it is derecognised from the financial statements and any loss or gain (calculated as the difference between sale price and the book value) is recorded to the income statement.

4.2 LEASING

Accounting for the lessee:
The Group assesses whether a contract is or contains a lease, at inception of the contract.
At the date of initial recognition, the lessee will recognise the asset (a right of use) covered by the contract at the same value attributed to the related financial liability, adding other components of direct costs and any advance fees. The lessee shall determine the duration of the lease, which shall begin on the date on which the asset is available for use, to which shall be added any periods covered by an option to extend/resolve the lease, if the lessee is reasonably certain to exercise/not to exercise that option.

The liability relating to the lease contract is recognised at the present value of the lease payments due, discounted using the interest rate implicit in the lease contract or, if it is not available, the Company uses its incremental borrowing rate, i.e. the interest rate that it is prepared to pay to finance itself in order to obtain the right to use an asset with the same characteristics as the lease contract.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less any lease-related incentives (e.g. rent-free periods);
- variable lease payments that depend on the interest rate (initially measured using the interest rate at the commencement date);
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if envisaged in the contract.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The liability is subsequently restated to take account of any new valuations or changes in the lease or revision of substantially fixed payments, it is reduced as a result of payments and is increased to reflect interest. Variable payments that do not depend on indices or rates and are therefore not reflected in the liability relating to the lease contract must be recorded in the income statement when the instalment is paid.

The Group restates the value of the lease liabilities (and adjusts the value of the corresponding right of use) if there is:

- a change in the duration of the lease or there is a change in the assessment of the exercise of the option right; in this case, the lease liability is recalculated by discounting the new lease payments at the revised discount rate;
- a change in the value of the lease payments following changes in the indices or rates, in such cases the lease liability is recalculated by discounting the new lease payments at the initial discount rate (unless the payments due under the leases change as a result of interest rate fluctuations, in which case a revised discount rate must be used);
- a lease agreement has been modified and the modification is not included in the case studies for the separate recognition of the lease agreement. In such cases, the lease liability is recalculated by discounting the new lease payments at the revised interest rate.

The Group did not detect any of the aforementioned changes in the period.

The right of use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right of use is depreciated on a systematic basis over the term of the lease contract. If the lease provides for the transfer of ownership or a redemption option whose exercise is considered reasonably certain at the end of the contract, the right of use is depreciated over the useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

A provision for risks is made in compliance with the provisions of IAS 37 in the event that the Group is obliged to bear the costs for dismantling and removing the leased asset, restoring the site where the asset is leased or restoring the asset under the conditions required by the terms of the contract. These costs are included in the value of the Right of use.

The right of use is subject to the impairment process provided for by IAS 36 in case of indicators of a loss in value.

This value will also change as a result of new valuations or changes in the liability relating to the lease contract.

In the consolidated cash flow statement, the Group divides the total amount paid between the principal portion (recognised in the cash flow deriving from financial activity) and the interest portion (recognised in the cash flow deriving from financial activity).

Cases of exclusion from the application of IFRS 16
The Group has decided not to recognise assets for the right of use and liabilities related to:

- short term leases (equal to or less than one year);
- leasing of low value assets (identified below Euro 5,000).

Therefore, the Group recognises the payments due relating to the aforementioned leases as a cost on a straight-line basis over the lease term.

Lease accounting for the lessor
If the lease has the characteristics of a loan, the lessor recognises under financial receivables the amount of the lease payments to be received and distributes the gross collections so as to obtain a constant rate of return based on the net investment method.

If, on the other hand, the lease has the characteristics of an operating lease, the lessor will continue to keep the asset under its fixed assets and will record the collections as income on a straight-line basis over the lease term. The costs incurred to obtain the contract are considered as accessory charges to the leased asset.

4.3 INTANGIBLE ASSETS

The intangible assets, all with definite useful life with the exception of the trademark, are recognised where identifiable and are likely to produce future economic benefits for the Group.

Intangible assets are initially recognised at acquisition or production cost. The acquisition cost is the fair value of the price paid to acquire the asset and any other direct costs incurred to prepare the asset for use. For intangible assets generated internally, the generation of the asset is broken down into the periods of research (non-capitalised) and the period of development (capitalised). Where the two periods are indistinguishable, the entire project is considered as research and is recorded directly to the income statement.
Realised assets are amortised from the time of use or when they are sold. Until that date they are classified under assets in progress.
Financial expenses incurred to acquire an intangible fixed asset are never capitalised.

After initial recognition, intangible assets are recognised on a cost basis, net of accumulated amortisation and any impairment. Amortisation is applied on the straight-line basis over the period of expected use. Given the homogeneity of the assets included within financial statement categories, with the exception of specific significant cases, the useful lives per category are as follows:

Category	Useful life
Development costs	1 – 5 years
Rights, patents and licenses	1 – 7 years
Engineering Trademark	Indefinite
Concessions, licenses and trademarks	1 – 10 years
Customer Relationship/Customer list	1 – 9 years

The amortisation criteria as well as useful lives and residual values are reassessed and re-defined at least at the end of each financial year in order to take any significant changes into account.
The book value of an intangible asset is maintained in the accounts as long as there is evidence that this value may be recovered through usage. Wherever evidence indicates that difficulties may exist in the recovery of the net book value, an impairment test is carried out.

Software
Costs directly associated with information technology products, created internally or acquired from third parties are capitalised as intangible assets when the following conditions are met:

- the technical feasibility and intention to complete the product in order that the latter may be available for use or sale;
- the capacity to use or sell the product;
- a definition of the manner by which the product will generate probable and future economic benefits (the existence of a market for the product, or its internal use);
- the availability of adequate technical, financial and other resources for the purposes of completing the development and the use/sale of the product;
- the capacity to reliably estimate the cost attributable to intangible assets during development of the product.

Expenses for substantial updating of products are capitalised as improvements and added to the original cost of the software. Development costs that improve product performance or upgrade the product to regulatory requirements are reflected in projects created for customers and are thus recorded during the financial year in which they are incurred.

Rights, patents and licenses
Costs associated with the purchase of rights, concessions, patents, licenses and trademarks are capitalised under intangible fixed assets. The cost comprises the fair value of the price paid to acquire the right and any other direct costs incurred for its adaptation or for implementation within the operating or productive context of the entity. The period of amortisation does not exceed the lower between the useful life and the duration of the legal/contractual rights.

4.4 GOODWILL

Goodwill is the excess of an acquisition cost in comparison to the company share of the fair value of the identifiable assets and liabilities at the acquisition date.
Goodwill from the acquisition of companies for payment is not amortised and is subject to an impairment test at least once a year. For this purpose, goodwill is allocated to one or more Cash Generating Units (CGU).
Potential reductions in value emerging from the impairment test are not reversed in subsequent periods.
In the case of the sale of assets (or part of an asset) of a CGU, any goodwill associated is included in the book value of the asset in order to determine the profit or loss from sale in proportion to the value of the CGU sold.

Goodwill relating to associated companies or other companies is included in the book value of these companies.
At each period-end, goodwill is subject to an impairment test and is adjusted for any loss in value. Any impairment is booked directly to the Income Statement.

For this purpose and in line with acquisitions of previous years, the different Cash Generating Units have been identified, which respect the independence criteria in the organisational structure and the independent capacity to generate cash flow and are then measured using impairment test.

A Current Value is determined for the relevant asset using a Discounted Cash Flow Model (DCF) based on the end of year account situation for each CGU. The Current Value is compared with the net book value and goodwill recorded in the financial statements to determine whether it is necessary to write-down the investment and record a loss in the financial statements.

4.5 LOSS IN VALUE OF AN ASSET (IMPAIRMENT)
An impairment is established wherever the book value of an asset is greater than the recoverable value. Where indicators of an impairment exist, an estimate of the recoverable value of the asset is made (impairment test) and any write-down is applied. An impairment test is carried out at least annually for indefinite useful life assets, irrespective of the existence of such indicators.

The recoverable value of an asset is recorded at the greater of its fair value, net of sales costs, and its usage value. The recoverable value is calculated for each individual asset, unless it is not capable of generating cash flows from continuous use sufficiently independent of cash flows generated from other assets or groups of assets, in which case the test is carried out at the level of the smallest independent Cash Generating Unit (CGU) which comprises the relevant assets.

4.6 BUSINESS COMBINATIONS

In IFRS 3, business combinations are defined as "a transaction or other event in which a purchaser obtains control of one or more businesses".
A business combination can be created through various procedures based on legal, fiscal or other motives. It may also involve the acquisition by an entity of share capital of another entity, acquisition of the net assets of another entity, assuming of the liabilities of another entity or the acquisition of part of the net assets of another entity which, combined, establish one or more company activities. The combination may be realised through issue of instruments representing share capital, the transfer of cash or other liquid assets or other assets, or by a combination of the above. The operation may take place between shareholders of combining entities or between an entity and shareholders of another entity. It may entail the incorporation of a new entity that controls the entities taking part in the combination or net assets transferred or the restructuring of one or more of the participating entities.

The business combinations are recorded under the acquisition method. This method considers that the acquisition price must be reflected in the value of the assets of the entity acquired and this allocation must be at fair value (of the assets and of the liabilities) and not of their book value. The difference (if positive) comprises the goodwill.

The changes in non-controlling interest of the parent company in a subsidiary, which does not lead to loss of control, are recognised as equity transactions. In this event, the book values of the equity investments must be adjusted to reflect the changes in their relative shareholdings in the subsidiaries. Any difference between the adjusted value of the non-controlling interests and the fair value of the amount paid or received is directly recorded to shareholders' equity and allocated to shareholders of the Parent Company.

4.7 OTHER EQUITY INVESTMENTS

Acquisitions are recorded at the fair value of the investment plus any directly attributable costs.
A significant and prolonged decrease in equity investment fair value below the initial booked cost is considered an objective indication of value loss.

Associated companies
Associated companies are defined as those in which significant influence is exercised. Such influence is presumed where more than 20% of the effective or potentially exercisable voting rights are held at the reporting date.

Jointly controlled companies
Equity investments in jointly controlled companies, in which the Group exercises joint control with other entities, are initially recognised at cost and subsequently measured using the equity method. Profits or losses pertaining to the Group are recognised in the Consolidated Financial Statements from the date on which the joint control began and until the date on which that influence ceases. The Group recognises its share of assets and liabilities on investments that represent jointly-controlled assets in accordance with IFRS 11.

In assessing the existence of joint control, it is verified whether the parties are bound by a contractual agreement and whether this agreement gives the parties joint control of the same agreement. Specifically, joint control is given by the shared control, on a contractual basis, of an agreement, which exists only when the unanimous consent of all parties sharing control is required for decisions on relevant activities.

4.8 OTHER NON-CURRENT ASSETS

Financial receivables with a due date beyond 12 months and equity investments in other companies are recorded under other non-current assets.

Investments in other companies refer to equity investments other than subsidiaries, associates and joint ventures and they are recorded at fair value through other comprehensive income.
A significant and prolonged decrease in equity investment fair value below the initial booked cost is considered an objective indication of value loss.

4.9 INVENTORY

Inventory is goods held for sale within the normal course of business or used or to be used in the productive processes for sale or services.
Inventory is measured at the lower between purchase cost and the net realisable value. The net realisable value is the sale price estimated for normal activity, net of completion costs and sale expenses. The purchase cost is inclusive of all directly attributable costs and indirect costs and is determined according to the weighted average cost method.

Any write-down is derecognised in subsequent years if the reason for the write-down no longer exists.

4.10 CUSTOMER CONTRACT ASSETS

Customer contract assets are represented by specific projects in the course of completion based on long-term contracts.

If the result of a project in course can be reliably estimated, the contractual revenues and costs are recorded based on the percentage of completion method, so as to attribute the revenues and profits over the entire duration of the contract.

If the result of a project in course of completion cannot be reliably estimated, the contractual revenues are recorded for the amount of costs incurred if it is probable that such costs are recoverable.

The sum of costs incurred and the result on each project is compared with the invoices issued on account at the date of the preparation of the accounts. If the costs incurred in addition to the profits recorded (deducting any losses) are greater than the invoices issued on account, the difference is recorded under current assets in the item “Customer contract assets”. If the invoices on account are greater than the costs incurred plus the profits (deducting the losses), the difference is classified under current liabilities in the account “Trade payables”.

4.11 DEFERRED CONTRACT COSTS

4.11.a Incremental costs for obtaining a contract

IFRS 15 allows for the capitalisation of costs for obtaining a contract, provided that they are considered “incremental” and recoverable through the future economic benefits of the contract. All costs incurred as a result of the acquisition of the contract are considered as incremental costs. Costs, on the other hand, which have been incurred independently of the acquisition of the contract, and therefore they cannot be classified as incremental, are recorded in the income statement as they are not related to the stage of completion (not a cost-to-cost component).

Incremental costs are suspended and recorded under a specific item of current assets (Deferred contract costs) and systematically released together with the transfer of control of the goods/services to the customer.

4.11.b Costs of fulfilling a contract

IFRS 15 provides for the capitalisation of costs for the fulfilment of the contract, i.e. those costs that meet all of the following criteria:

- relate directly to the contract;
- generate and improve resources that will be used to meet the contractual performance obligation in the future;
- are recoverable through future economic benefits of the contract.

Usually, this type of cost is represented by pre-operating costs, which are not explicitly recognised within contracts with customers and are remunerated through the contract overall margin. In this case, in compliance with the three conditions mentioned above, pre-operating costs are systematically suspended and released, corresponding to the transfer of control of the goods and/or services to the customer.

In addition to the above, new provisions set out in IFRS 15 define all the costs that, for their type and nature, cannot be used for the course of the contract as, despite the fact that they are specifically referable to the contract and considered as recoverable, they do not generate or improve the resources that will be used to fulfil the contract performance obligation, or contribute to transfer the control of goods and/or services to customers.

4.12 TRADE RECEIVABLES

Trade receivables are held as part of a business model whose objective is to collect contractual cash flows consisting solely of payments of principal and interest on the amount of principal to be refunded. Consequently, they are initially recognised at transaction price, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method (i.e. the rate that equalise the current value of expected cash flows and the carrying amount at the time of initial recognition), suitably adjusted to take account of any write-downs, by recording a doubtful debt provision. Trade receivables are included in current assets, with the exception of those falling due more than twelve months after the reporting date, which are classified as non-current assets.

At each reporting date, financial assets, with the exception of those measured at fair value with a contra-entry recognised in the income statement, are analysed to assess the existence of any possible impairment indicators.

IFRS 9 requires the application of a model based on expected credit losses. The Company applies the simplified approach to estimate expected losses along the receivable useful life and takes into account its historical experience of credit losses, adjusted to reflect current conditions and estimates of future economic conditions. The model of expected credit losses requires the immediate recognition of expected losses over the useful life of the receivable, since it is not necessary for a trigger event to occur for the recognition of losses.

For trade receivables recorded at amortised cost, when an impairment has been identified, its value is measured as the difference between the asset book value and the present value of expected future cash flows, discounted at the original effective interest rate. This value is recognised in the income statement.

Receivables sold through non-recourse factoring transactions, following the definitive transfer to the transferee of the risks and benefits of factored receivables, were derecognised from the financial statements upon their transfer. Receivables that were instead factored through with recourse factoring transactions were not written off from the financial statements.

As already indicated in the paragraph “Use of estimates and assumptions”, in 2023 the Group confirmed the estimation model relating to the calculation of the expected credit loss, which supports the specific provisions. In particular, on the basis of the historical series recorded, write-down percentages have been defined for overdue credit. These percentages are applied to the ageing brackets regardless of the type of customer and/or segment and are calculated automatically on a monthly basis on the loan portfolio open at that date.

4.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank deposits on demand, other short-term financial assets with original expiry not greater than 3 months and current account overdrafts. The latter, in the preparation of the Statement of Financial Position, are included under “financial liabilities”. Cash and cash equivalents are recognised at fair value.

4.14 DISCONTINUED OPERATIONS

A discontinued operation is a company component that has been sold or is reclassified as held for sale and represents an important independent operation or geographical area of operation or a subsidiary acquired solely for the purpose of resale. An operating activity is classified as discontinued at the moment of the sale or when the conditions have been satisfied for classification in the category “held for sale”, if prior. When an operation is classified as sold, the separate income statement and the comparative comprehensive income statement are re-determined as if the operation were discontinued at the beginning of the comparative period.

4.15 SHARE CAPITAL

Share capital consists of fully paid-up and subscribed capital. Treasury shares are recorded as a reduction of the share capital for the nominal value of the shares while the excess of the book value compared to the nominal value is recorded as a reduction of the other reserves. No profit (loss) is recorded to the income statement for the purchase, sale or cancellation of equity instruments held.

4.16 RESERVES

The reserves consist of capital reserves for specific purpose.

4.17 RETAINED EARNINGS/(LOSSES CARRIED FORWARD)

The item “Retained earnings/(losses carried forward)” includes the net profit of the current and previous periods which was neither distributed nor allocated to reserves (in the case of profits) or recapitalised (in the case of losses). This item also includes the transfers from other equity reserves when those reserves are no longer required as well as the effects of the recording of changes to accounting policies and material errors.

4.18 FINANCIAL LIABILITIES

Financial liabilities, differently from the derivative instruments, are initially recorded at the fair value of collected sums, adjusted for any directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest criteria.

4.19 TREATMENT OF THE PUT OPTIONS ON SUBSIDIARY SHARES

IAS 32 establishes that a contract that contains an obligation for an entity to acquire shares in cash or against other financial assets, gives rise to a financial liability for the current value of the option exercise price.
Therefore, the liability must be recognised unless the entity has the unconditional right to avoid the delivery of cash or other financial instruments upon the exercise of the put option on subsidiary shares.
The Group:

(i) recorded, as a contra-entry of Equity reserves, the payables resulting from the obligation and any following changes in the same liability that are not dependent to the mere elapsing of time (unwinding of exercise price discount);
(ii) recorded the latter to the Income Statement.

4.20 EMPLOYEE BENEFITS

Short-term employee benefits
Short-term employee benefits are recorded to the income statement in the period in which the work is carried out. The Company records a liability for the amount that it expects will have to be paid in the form of profit-sharing and incentive plans when it has a current, legal or implicit obligation to make such payments as a consequence of past events and for which the obligation can be reliably estimated.

Post-employment benefits
Post-employment benefits are recorded as costs when the Company has committed, in a demonstrable way and without a realistic possibility of withdrawal, to a formal detailed plan that provides for the termination of employment before the normal retirement date or following an offer prepared to encourage voluntary redundancy. In the case of an offer prepared by the Company to encourage voluntary redundancy, the post-employment benefits are recorded in the income statement as a cost if the offer is likely to be accepted, and if the number of employees, expected to accept the offer, can be reliably estimated. Benefits owed after twelve months following the closing date of the financial year are discounted.

Defined benefit plans
Post-employment benefits represent a plan of defined benefits which are certain in terms of their existence and sum but uncertain in terms of the vesting of the post-employment benefits accrued as of December 31, 2006. The liability is determined as the current value of the benefit obligation defined at the date of reporting, in compliance with Italian regulations in force, and adjusted in order to take actuarial gains/losses into account. The amount of the defined obligation is calculated and certified annually by an independent actuary based on the “Projected Unit Credit” method.
Actuarial profits and losses are recognised in the comprehensive income statement and recorded under shareholders’ equity on an accrual basis.

Defined contribution plans
As from January 1, 2007, the Group companies participated in defined contribution pension plans by means of the payment of contributions to publicly or privately managed programmes; the latter may be mandatory, contractual or voluntary. Payment of the contributions fulfils the Company’s obligation to its employees. Contributions thus constitute costs for the period in which they are due.

4.21 PROVISIONS FOR RISKS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

According to IAS 37 provisions for risks concern the probable liabilities of uncertain amount and/or maturity relating to past events whose fulfilment will necessitate the use of resources.
Provisions are recognised when: a) there is a current legal or implicit obligation, which originates from a past event; b) it is probable that fulfilment of the obligation will be onerous; c) the amount of the obligation can be reliably estimated. The amount represents the best estimates in relation to resources required for fulfilling the obligation, including legal defence charges. Where the effect of the current amount of the payment is significant, the amount of the provision is represented by the value of resources considered necessary to satisfy the obligation on maturity discounted at a nominal rate without risks. The contingent assets and liabilities (possible assets and liabilities or not recorded as the amount may not be reliably estimated) are not recognised in the financial statements. However, information is provided in this regard.

4.22 REVENUES AND COSTS

Revenues
The Group recognises revenues deriving from contracts with customers and the related effects on accounts through the following steps:

a) identification of the contract;
b) identification of the performance obligations in the contract;
c) determination of the transaction price;
d) allocation of the transaction price to each identified performance obligation;
e) recognition of revenues when the performance obligation is met.

Therefore, the amount that the Company recognises as revenue must reflect the consideration to which it is entitled in transfer of goods and/or services to customers. These amounts shall be recognised when the underlying contractual performance obligations have been fulfilled, or when the Group has transferred control of the goods or services to the customer, in the following ways:

a) over time;
b) at a point in time.

The table below shows the main types of products and services that the Group provides to its customers and the related methods of recognition:

Fulfilment of revenues	Type of goods and services			
	Deliverable-based contracts	**Resource-based contracts**	**Service-based contracts**	**Assistance- and Maintenance-based contracts**
At a point in time	n/a	n/a	Assets relating to the provision of services whose acceptance by the customer is conditional on the occurrence of specific events, including the resale of hardware and software. Revenues are recognised on the basis of specific events, such as delivery/installation.	n/a
Over time	Turnkey contracts with annual or multi-year durations. Revenues are recognised on the basis of the proportion of costs accrued to total contract costs to contract revenues.	Consultancy services rendered on demand. Revenues are recognised according to days worked for the tariff rate.	n/a	Service delivery activities in general with periodic and constant progress. Revenue is calculated based on the duration and value of the period (monthly, quarterly, half-yearly). A characteristic of this type of order is the absence of a learning curve, so the cost incurred in providing the service to the customer remains unchanged throughout the duration of the contract.

Deliverable-based contracts
Deliverable-based contracts typically include fixed price projects (e.g.: system integration or design and development of customised IT systems and related processes, the engineering and automation of industrial production processes and the distribution and storage of energy and water, online ticketing).
Contract terms typically range from 1 to 2 years.
Contract prices might be subject to incentives and penalties, based on achievement of specified performance targets or level of benefits delivered to the customer.

For deliverable-based contracts, revenue is generally recognised over time, because at least one of the following conditions is met:

(i) the Group's performance enhances or creates an asset that the customer controls as the Group performs; or
(ii) the Group builds an asset that has no alternative use (e.g. it is customer-specific) and the Group has an enforceable right to payment for performance to date in case of termination by the customer.

The Group applies the "cost-to-cost" method to measure progress to completion.
The percentage of completion is based on costs incurred to date relative to the total estimate of cost at completion of the contract. Estimates of total contract costs are revised when new elements arise and changes in estimates and related percentage of completion are recorded in the income statement.
The related costs on deliverable-based contracts are recorded as incurred.
The Group earns contractually the right to bill upon achievement of specified milestones or upon customer acceptance of work performed.
The difference between the revenue recognised and the billing already carried out to certify the progress of the work is recorded as Activities deriving from contracts with customers.
Any up-front fees (non-refundable) received by the customers are recognised over the duration of the service.

Resource-based contracts
This type of contracts generally includes IT consultancy or operational activities on IT systems.
Revenue from Resource-based contracts is recognised based on working hours (or days spent) finalised for the fulfilment of the service.
Each performance obligation is satisfied over time as the client continuously receives and consumes the benefits of the services provided by the Group.
The amount to be billed is representative of the value of the service delivered to the customer and therefore, applying the right-to-bill practical expedient, revenue is recognised over time based on the working hours (working days) spent valued on the basis of defined rates.

Service-based contracts
The Group supplies goods (e.g. software) and services (e.g. installation, tax collection etc.) to customers.
These revenues are recognised at a point in time, when the control of the goods have passed to the customer and when all the benefits deriving from the performance have been transferred to the customer.
In particular, as far as Public administration and tax collection are concerned, the revenue is recognised when the evidence of the collection by the Group has been provided (e.g. tax has been paid by the tax payer).
The direct costs charged to the tax collection activity which are considered recoverable through the fees that are reasonably expected to be collected over the duration of the contract are recognised, up to the moment the obligation is fulfilled, among the “Deferred contract costs”.
Any up-front fees (non-refundable) received by the customer are recognised over the duration of the service.

Assistance- and maintenance-based contracts
This type of contract generally includes assistance and maintenance services, innovative cloud services, and licensing granted as a service, therefore on a right-to-access basis.
Each performance obligation is satisfied over time as the client continuously receives and consumes the benefits of the services provided by the Group.
The amount to be invoiced is representative of the service provided monthly/quarterly to the customer.
Any up-front fees (non-refundable) received by the customer are recognised over the duration of the service.

Costs
Interest is recorded at the effective rate based on the accruals principle.
Costs relating to the acquisition of new knowledge or discoveries, to the study of alternative products or processes, of new techniques or models, to the design and construction of prototypes or incurred for other scientific research activities or technological development are generally considered current costs and recorded to the income statement in the year in which they are incurred. These costs are almost entirely attributable to personnel costs.

Dividends
Dividends are recognised at the date of endorsement of the resolution by the Shareholders’ Meeting, unless the sale of shares is reasonably certain before the coupon detachment date.

4.23 GRANTS

Grants are recognised when there is reasonable certainty that they will be received and that the conditions required for obtaining them are met.
When grants are related to cost components, they are recorded as revenues, and systematically allocated to different periods in order to offset the costs to which they relate.
When the grants relate to an asset, for example a plant, they are recorded in the income statement under revenues rather than as an adjusted item of the book value of the asset for which it was obtained. Subsequently the useful life of the asset for which it was granted is taken into account using the deferral technique.
Public grants drawn down as compensation of expenses and costs already incurred or with the intention to provide immediate financial aid to the entity without which there would be future costs, are recorded as income in the year in which they become payable.

4.24 DEFERRED AND CURRENT TAXES

Current income taxes for the financial year are calculated based on an estimate of taxable income in compliance with tax law provisions.

Deferred taxes are recognised with reference to the temporary differences between the book value of the assets and liabilities recorded in the financial statements and the corresponding values recognised for tax purposes.
Deferred tax assets are recognised for tax losses, tax credits not used and carried forward, as well as the deductible temporary differences, as far as there is a probable future taxable income for which the assets can be used. The value of deferred tax assets is revised at the closing date of each financial year, and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.25 TRANSLATION OF ACCOUNTS IN FOREIGN CURRENCIES

Functional and presentation currency
The financial statements items are valued utilising the currency of the primary economic environment in which the entity operates (“functional currency”).

The functional currency of the Parent Company is the Euro, which is the presentation currency of the consolidated financial statements.

Operations and balances
Currency operations are translated into the presentation currency by using the exchange rate effective on the transaction date. Exchange gains and losses from the settlement of these transactions and the translation of monetary assets and liabilities into foreign currencies at the date of preparation of the accounts are recorded in the income statement.

Conversion of financial statements of foreign operations
A foreign operation is an entity that is a subsidiary, associated company or joint venture of a reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity. The statement of financial position and income statement figures expressed in the functional currency of foreign operations are converted into the presentation currency of the consolidated financial statements at the exchange rate at year-end for assets and liabilities and at the exchange rate in force at the date of the related transactions for revenues and costs in the income statement or the comprehensive income statement. These latter are converted at the average exchange rate in the period when such approximates the exchange rate at the date of the respective operations. Exchange differences deriving from such conversions and from the conversion of the opening shareholders’ equity at the closing exchange rate are recognised in the comprehensive income statement. The total amount of the exchange differences is presented as a separate shareholders’ equity item until the divestment of the foreign operation.

4.26 CHANGES IN ACCOUNTING STANDARDS, ERRORS AND CHANGE OF ESTIMATES

Changes in accounting standards
Accounting standards are changed from one year to the next only when the change is required by a standard or if it contributes to providing more reliable and significant information about the effects of transactions on financial standing, as well as on the economic results, or cash flows, of the entity. Changes in accounting policies are accounted for retrospectively with the effect recorded in shareholders’ equity for the first of the financial years presented. The comparative information is restated accordingly. The prospective approach is made only when it is impractical to reconstruct the comparative information. The application of a new or amended accounting standard is accounted for in accordance with the requirements of the standard itself. If the standard does not provide for transition procedures, the change is booked in accordance with the method described in the previous paragraph.

Correction of errors from previous periods
In the case of significant errors, the same method that is used for changes in accounting standards illustrated in the previous paragraph is applied. In the case of non-significant errors, these are accounted for in the income statement in the period in which they are noted.

Changes in accounting estimates
Changes in accounting estimates are recognised and are booked to the income statement in the period in which the change occurs, so long as the change only affects this period; where the change also affects future periods, the changes are recorded in both the period in which the change occurs and in the future period.

4.27 FINANCIAL RISK AND CAPITAL MANAGEMENT

As in all businesses, risk factors, which may affect the Group results, exist and therefore preventive actions have been taken. These procedures concern the commitment and responsibilities undertaken and are subject to maximum transparency and correctness. The Company's risk management policies aim at identifying and analysing risks to which the Company is exposed, establishing appropriate limits and controls and monitoring risks with respect to those limits. These policies and the related systems are regularly revised to reflect any variations in market conditions and Group activities.
The Company's activities are exposed to the following risks: market risk (defined as exchange and interest rate risks), credit risk and liquidity risk.

The Board of Directors provides for a high level of capital management policies in order to maintain trust among investors, creditors and the market, allowing for future development. The Board also monitors capital returns, understood as the result from operations compared with total shareholders' equity. Furthermore, the Board of Directors monitors the level of dividends to be distributed to holders of ordinary shares.

4.27.1 Credit risk

Credit risk represents the Company's exposure to the risk of potential losses resulting from the non-performance of obligations undertaken by the counterparties.
The allocations for doubtful debts provisions carried out by Group companies reflect the expected credit losses.
The Group manages credit risk mainly by having relationships with counterparties with a high creditworthiness and does not present significant concentrations of credit risk. Maintaining effective credit risk management is a strategic objective for the Company and in this sense, the type of business and the payment instruments activated guarantee a limited credit risk overall.
The Group recognises a doubtful debt provision for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.
The Group always recognises lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Maximum credit risk exposure is examined in more detail in paragraph "Trade receivables" hereof.

4.27.2 Liquidity risk

Liquidity risk is understood as the difficulty of fulfilling obligations associated with financial liabilities settled in cash or through another financial asset.
The difficult economic and financial context of the markets requires particular attention to be paid to the management of liquidity risk and in this sense to actions aimed at generating financial resources through operational management and maintaining an adequate level of available liquidity. The Group therefore plans to meet the requirements deriving from financial payables falling due and expected investments through cash flows from operations, available liquidity and centralised management of the Group's treasury.
The Group believes that it has access to sufficient sources of financing to meet its planned financial needs, taking into account its cash and cash equivalents, its ability to generate cash flows, its ability to find sources of financing in the bond market and the availability of credit lines from banks.

A detailed analysis of the due dates for financial liabilities is contained in paragraphs 20 and 25 hereof.

4.27.3 Market risk

The strategy followed for this type of risk is aimed at mitigating interest rate and exchange rate risks and optimising the cost of debt.
These risks are managed in accordance with the principles of prudence and in line with best market practices.

The main objectives set out in the policy are as follows:

- to pursue the defence of the long-term plan scenario from the effects caused by exposure to exchange rate and interest rate risks, by identifying the optimal combination of fixed and variable rates;
- to pursue a potential reduction of the Group's debt cost;
- to manage transactions in derivative financial instruments, taking into account the economic and equity impacts that these transactions may have, including in relation to their classification and accounting.

The exposure to interest rate risk arises from the need to finance operations and M&A investments and using available liquidity. Fluctuations in market interest rates can have a negative or positive impact on the Group's economic result, indirectly influencing the costs and returns of financing and investment transactions. The interest rate risk to which the Group is exposed derives from bank loans. The Group constantly monitors the trend in interest rates to mitigate this risk and, when deemed appropriate, possibly makes use of derivative instruments designated as "cash flow hedges". The use of such instruments is governed by written procedures consistent with the Group's risk management strategies, which do not include derivative instruments for trading purposes.

4.28 RELATED PARTIES

Engineering Ingegneria Informatica S.p.A. approved a new procedure for the identification and carrying out of Transactions with Related Parties through Board of Directors' resolution of June 23, 2023. During the financial year the Company carried out transactions with a number of related parties.

All balances with related parties were determined under normal market conditions. The general conditions governing transactions with executives with strategic responsibilities and their related parties do not appear to be any more favourable than those applied, or which may have been reasonably applied, in the event of similar transactions under normal market conditions with executives without strategic responsibilities of the same entities.

4.29 NEW IFRS AND IFRIC INTERPRETATIONS

For the purposes of drafting the Group's consolidated financial statements, the international accounting standards (IFRS) approved by the European Commission and effective on December 31, 2022 were applied.

Accounting standards, amendments and IFRS interpretations applied as of January 1, 2023
The following accounting principles, amendments and IFRS interpretations were applied for the first time by the Group as from January 1, 2023:

- On May 7, 2021, the IASB published the **"Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"**. The document clarifies how deferred tax relating to transactions that, on the date of first registration, may generate assets and liabilities of an equal amount, such as leases and dismantling obligations should be recognised. The amendments were applied starting from January 1, 2023.
  The adoption of this standard and related amendment had no impact on the Group's consolidated financial statements.

- On February 12, 2021, the IASB published two amendments: **"Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2"** and **"Definition of Accounting Estimates - Amendments to IAS 8"**. The amendments regarding IAS 1 require an entity to disclose the relevant information on the accounting standards applied by the Group. The purpose of the amendments is to improve the disclosure of accounting policies applied by the Group, in order to provide more useful information to investors and to other primary users of financial statements as well as to help companies distinguish the changes in accounting estimates from changes in the accounting policy. The amendments were applied starting from January 1, 2023. The adoption of this standard and related amendment had no impact on the Group's consolidated financial statements.

- On May 23, 2023, the IASB published the **"Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules"**. The document introduces a temporary exception to the obligations of recognition and report of deferred tax assets and liabilities relating to the Model Rules of Pillar Two (whose rule is in force in Italy as of December 31, 2023, but applicable as from January 1, 2024) and provides for specific report obligations for the entity concerned by the related International Tax Reform.
  The document provides for the immediate application of the temporary exception, while the report obligations are applicable only to annual financial statements starting on January 1, 2023 (or at a later date) but not to interim financial statements with a closing date prior to December 31, 2023.

  In this regard, IAS 12 - as recently amended - envisages that, for the periods in which the Pillar 2 legislation is enacted (or in substance issued) but not yet in force, a group subject to such legislation must disclose known or reasonably estimated information that can help financial statements users to understand the tax exposure of the group deriving from Pillar 2.

  In particular, since the Group falls within the scope of application and meets the size requirements of the Pillar 2 model rules, pursuant to paragraphs 88C and 88D of IAS 12 it is required to provide information on its tax exposure under Pillar 2 to the end of 2023.

  An assessment of the potential tax exposure of Pillar 2 was carried out based on the most recent tax returns, "country-by-country-reporting" and financial statements of the Group's constituent entities. Based on this assessment, the Group does not expect any significant tax exposure to Pillar 2 in the jurisdictions in which it will operate in the next year.

  Finally, it is not yet clear whether the Pillar 2 legislation will create temporary differences and whether (and to what extent) it will require the remeasurement of deferred tax assets and liabilities. In this regard, the amended IAS 12 introduces a temporary exception based on which the groups do not recognise and therefore do not provide information on deferred tax assets and liabilities relating to the rules of the Pillar 2 model.
  The Group applied the temporary exception as of December 31, 2023.

IFRS accounting standards, amendments and interpretations endorsed by the European Union, not yet applied mandatorily and not adopted in advance by the Group as of December 31, 2023

The following IFRS accounting standards, amendments and interpretations have been endorsed by the European Union but are not yet mandatorily applicable and have not been early adopted by the Group as of December 31, 2023:

- On January 23, 2020, the IASB published the **"Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"** and on October 31, 2022 published the **"Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"**. These amendments aim to clarify how payables and other short or long-term liabilities should be classified. In addition, the amendments also improve the information that an entity must provide when its right to defer the settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The amendments are applicable as from January 1, 2024 but earlier application is permitted. Directors are currently assessing the possible impact of this amendment on the Group's consolidated financial statements.

- On September 22, 2022, the IASB published the **"Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback"**. The document requires the seller-lessee to assess the lease liability deriving from a sale & leaseback transaction so as not to recognise an income or a loss that refers to the retained right of use. The amendments will be applied as from January 1, 2024 but earlier application is permitted. Directors are currently assessing the possible impact of this amendment on the Group's consolidated financial statements.

Accounting standards, amendments and IFRS interpretations not yet approved by the European Union as of December 31, 2023

At the reporting date, the competent Bodies of the European Union had not yet completed the approval process required for the adoption of the amendments and principles below.

- On May 25, 2023, the IASB published the **"Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements"**. The document requires an entity to provide additional information on reverse factoring agreements that allow financial statements users to assess how financial agreements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such agreements on the entity's exposure to liquidity risk. The amendments will be applied as from January 1, 2024 but earlier application is permitted. No significant effect on the Group's consolidated financial statements is expected by the Directors from the adoption of this amendment.

- On August 15, 2023, the IASB published the **"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability"**. The document requires an entity to apply a methodology to be applied consistently in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the report to be provided in the explanatory notes. The amendment will be applied as from January 1, 2025 but earlier application is permitted. Directors are currently assessing the possible impact of this amendment.

4.30 SEASONALITY OF GROUP TRANSACTIONS

The activities of the Group are not subject to seasonality directly related to the type of business involved.

5 Segment information

The management considers the Group as six operating segments under IFRS 8.

Information reported to Group's Chief Executive (the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segment performance is focused on the skills and reference market and reflect the business model which is currently split in 6 industries:

- Finance: refers to the IT services provided to banks, insurance companies and financial institutions;
- Public Administration: refers to the IT services provided to central and local public administrations;
- Health: refers to the IT services provided to healthcare;
- Industry & Services: refers to the IT services provided to large and medium-sized corporations;
- Telco & Media: refers to the IT services provided to telecommunication companies and other media corporations;
- Energy & Utilities: refers to the IT services provided to players in the energy and utilities markets.

The accounting policies of operating segments are the same as the Group's accounting policies described in note 4.

Adjusted EBITDA represents, for the Group, the Alternative Performance Measure for the purpose of resource allocation and assessment of segment performance, as well as of targets. Direct revenues and costs are allocated in relation to the related industry. Other revenues and costs of central structures, not specifically attributable to a segment, have been attributed in relation to their net revenues, that represent the most appropriate driver to allocate them.

During the 2023 financial year, some clusters of customers were allocated to different operating segments and consequently some assignments of orders were redefined. Therefore, the data for the correspondent period of 2022 were restated with the same criteria (pro-forma data), for better comparability.

The following is an analysis of the Group's revenue by operating segment:

(in Euro million)

Description	2023		2022 pro-forma		2022		DELTA 2023 vs 2022 pro-forma		DELTA 2023 vs 2022	
Total revenues										
Finance	436.1	25.9%	291.7	20.5%	291.7	20.5%	144.4	+49.5%	144.4	+49.5%
Public Administration	378.9	22.5%	353.6	24.9%	314.9	22.1%	25.3	+7.2%	64.0	+20.3%
Health	181.9	10.8%	117.0	8.2%	117.0	8.2%	64.9	+55.4%	64.9	+55.4%
Industry & Services	365.2	21.7%	336.1	23.6%	374.9	26.3%	29.0	+8.6%	(9.7)	-2.6%
Telco & Media	99.3	5.9%	115.1	8.1%	115.1	8.1%	(15.8)	-13.7%	(15.8)	-13.7%
Energy & Utilities	222.0	13.2%	209.0	14.7%	209.0	14.7%	13.0	+6.2%	13.0	+6.2%
Total revenues	**1,683.5**	**100.0%**	**1,422.6**	**100.0%**	**1,422.6**	**100.0%**	**260.8**	**+18.3%**	**260.8**	**+18.3%**
Other revenues	37.6		37.3		37.3		0.3		0.3	
Total revenues	**1,721.1**		**1,460.0**		**1,460.0**		**261.1**	**+17.9%**	**261.1**	**+17.9%**

There are not any intersegment revenues.

The main services offered by the Group are indicated in note 37. It is noted that adjusted EBITDA is not identified as accounting measure within the IFRS standards adopted by the European Union. As a consequence, the calculation criterion adopted by the Group might not be consistent with criteria adopted by other groups. Therefore, the balance obtained might not be comparable with the one calculated by the latter.

Below is an analysis of the Group's adjusted EBITDA by operating segment.

(in Euro million)

Description	2023		2022 pro-forma		2022		DELTA 2023 vs 2022 pro-forma		DELTA 2023 vs 2022	
Adjusted EBITDA										
Finance	83.5	32.4%	57.2	27.4%	57.2	27.4%	26.3	+45.9%	26.3	+45.9%
% of revenues	19.1%		19.6%		19.6%					
Public Administration	46.9	18.2%	47.1	22.6%	43.5	20.8%	(0.3)	-0.5%	3.4	+7.9%
% of revenues	12.4%		13.3%		13.8%					
Health	48.4	18.8%	25.7	12.3%	25.7	12.3%	22.8	+88.7%	22.8	+88.7%
% of revenues	26.6%		21.9%		21.9%					
Industry & Services	46.2	18.0%	38.5	18.4%	42.2	20.2%	7.7	+20.1%	4.0	+9.6%
% of revenues	12.6%		11.4%		11.2%					
Telco & Media	6.7	2.6%	11.5	5.5%	11.5	5.5%	(4.8)	-42.0%	(4.8)	-42.0%
% of revenues	6.7%		10.0%		10.0%					
Energy & Utilities	25.7	10.0%	28.6	13.7%	28.6	13.7%	(2.9)	-10.2%	(2.9)	-10.2%
% of revenues	11.6%		13.7%		13.7%					
Total adjusted EBITDA	**257.3**	**100.0%**	**208.6**	**100.0%**	**208.6**	**100.0%**	**48.8**	**+23.4%**	**48.8**	**23.4%**
% of revenues	15.3%		14.7%		14.7%					

For the purposes of monitoring operating segment performance and allocating resources between sectors, the Group monitors intangible assets and goodwill attributable to each single asset.

The following is an analysis of the Group's intangible assets and goodwill by operating segment:

(in Euro)

Description	12.31.2023					12.31.2022				
	Customer List	Intangible assets	Total intangible assets	Goodwill	Total	Customer List	Intangible assets	Total intangible assets	Goodwill	Total
Finance	84,425,085	0	**84,425,085**	705,196,187	**789,621,272**	97,044,850	0	97,044,850	465,749,248	562,794,098
Public Administration	395,913	0	**395,913**	137,905,047	**138,300,959**	710,364	0	710,364	21,932,723	22,643,087
Health	0	0	**0**	68,516,236	**68,516,236**	0	0	0	10,796,515	10,796,515
Industry & Services	16,377,931	0	**16,377,931**	133,435,665	**149,813,596**	29,743,587	0	29,743,587	71,408,838	101,152,425
Telco & Media	0	0	**0**	56,801,815	**56,801,815**	0	0	0	10,292,146	10,292,146
Energy & Utilities	0	0	**0**	102,594,581	**102,594,581**	0	0	0	14,046,531	14,046,531
Total operating sectors	**101,198,928**	**0**	**101,198,928**	**1,204,449,531**	**1,305,648,460**	**127,498,801**	**0**	**127,498,801**	**594,226,001**	**721,724,802**
Unallocated assets	**0**	**706,127,822**	**706,127,822**	**0**	**706,127,822**	**0**	**551,136,064**	**551,136,064**	**0**	**551,136,064**
Total	**101,198,928**	**706,127,822**	**807,326,751**	**1,204,449,531**	**2,011,776,282**	**127,498,801**	**551,136,064**	**678,634,866**	**594,226,001**	**1,272,860,866**

Consolidated statement of financial position

A) Non-current assets

6 Property, plant and equipment

(in Euro)

Description	12.31.2023	12.31.2022	Change
Property, plant and equipment	35,975,572	32,637,691	3,337,881

(Importi in euro)

Description	Land and buildings	Plant and machinery	Ind. and Comm. Equipment	Other assets	Assets in progress	Leasehold improvements	Total
Historical cost as of 12.31.2022	8,937,385	10,485,054	28,247,973	15,651,634	0	1,083,537	64,405,582
Acc. depreciation as of 12.31.2022	2,011,964	6,068,883	14,388,064	8,889,798	0	409,181	31,767,891
Balance as of 12.31.2022	**6,925,421**	**4,416,170**	**13,859,908**	**6,761,836**	**0**	**674,355**	**32,637,691**
Historical cost as of 12.31.2023	8,995,703	13,030,414	35,604,918	14,223,503	7,370	1,445,658	73,307,565
Acc. depreciation as of 12.31.2023	2,363,393	6,775,371	20,179,214	7,553,718	0	460,297	37,331,994
Balance as of 12.31.2023	**6,632,309**	**6,255,043**	**15,425,704**	**6,669,785**	**7,370**	**985,360**	**35,975,572**

The changes in property, plant and equipment in the year were as follows:

(in Euro)

Description	Land and buildings	Plant and machinery	Ind. and comm. equipment	Other assets	Assets in progress	Leasehold improvements	Total
Balance as of 01.01.2022	**7,275,118**	**4,233,590**	**10,036,554**	**3,886,933**	**0**	**272,791**	**25,704,985**
Business combination	0	143,297	50,550	2,298,192	0	472,983	2,965,022
Exchange difference effect	(67,891)	631	27,844	22,238	0	34,522	17,344
Increase	62,000	1,075,291	9,108,298	2,070,154	0	13,955	12,329,699
Disposal	0	(40,173)	(572,679)	(360,185)	0	(65,863)	(1,038,900)
Depreciation	(343,806)	(996,465)	(4,790,660)	(1,155,495)	0	(54,033)	(7,340,460)
Balance as of 12.31.2022	**6,925,421**	**4,416,170**	**13,859,908**	**6,761,836**	**0**	**674,355**	**32,637,691**
Business combination	0	0	24,631	944	0	0	25,575
Increase	124,034	3,344,938	10,485,943	4,972,368	7,370	373,115	19,307,769
Disposal	(65,716)	(271,380)	(3,171,108)	(3,147,631)	0	(0)	(6,655,835)
Depreciation	(351,429)	(1,234,686)	(5,773,671)	(1,917,733)	0	(62,110)	(9,339,629)
Balance as of 12.31.2023	**6,632,309**	**6,255,043**	**15,425,704**	**6,669,785**	**7,370**	**985,360**	**35,975,571**

All property, plant and equipment are operational and effectively utilised in company operations and there are no obsolete assets requiring replacement in the short-term, which were not depreciated.

The increases are substantially due to purchases of assets made during the year, while the decreases relate to the disposal of obsolete assets and reclassifications envisaged by accounting standards.

- “Plant and machinery” increases are due to the installation of air conditioning, telecommunications and safety systems in a number of Group offices.
- The increase in “Industrial and commercial equipment” relates to the purchase of computers for internal use while the decrease is due to the disposal and/or donation of obsolete computers.
- The increase in “Other assets” refers to the purchase of furniture and fittings.

7 Intangible assets

(in Euro)

Description	12.31.2023	12.31.2022	Change
Intangible assets	807,326,750	678,634,865	128,691,885

(in Euro)

Description	Develop-ment costs	Industrial patents and intellectual property	Concessions, licenses and trademarks	Assets in progress	Customer relationship/ customer list	Other assets	Total
Historical cost as of 12.31.2022	72,574,455	58,576,166	461,995,700	19,327,592	226,262,992	96,394,980	935,131,885
Acc. amortisation as of 12.31.2022	27,488,699	44,382,247	299,540	0	98,764,191	85,562,343	256,497,020
Balance as of 12.31.2022	**45,085,756**	**14,193,919**	**461,696,160**	**19,327,592**	**127,498,801**	**10,832,637**	**678,634,865**
Historical cost as of 12.31.2023	78,152,838	128,091,478	524,266,270	63,054,492	338,975,318	97,986,051	1,230,526,447
Acc. amortisation as of 12.31.2023	39,936,540	61,637,869	1,151,425	0	237,776,390	82,697,472	423,199,696
Balance as of 12.31.2023	**38,216,298**	**66,453,609**	**523,114,844**	**63,054,492**	**101,198,928**	**15,288,579**	**807,326,750**

The changes in intangible assets are detailed as follows:

(in Euro)

Description	Develop-ment costs	Industrial patents and intellectual property	Concessions, licenses and trademarks	Assets in progress	Customer relationship/ customer list	Other assets	Total
Balance as of 01.01.2022	**28,373,788**	**7,862,273**	**453,348,778**	**3,016,592**	**49,974,099**	**11,604,551**	**554,180,081**
Business combination	31,569	3,884,353	11	6,017,303	0	7,788,940	17,722,176
Exchange difference effect	(48,321)	75,881	365	56,919	146,512	(1,200,894)	(969,537)
Increase	24,077,574	12,132,688	8,554,000	12,329,904	93,196,309	3,797,890	154,088,364
Reclassification	2,093,126			(2,093,126)			0
Disposal	(606,805)	0	0	0	1,258,873	(1,258,873)	(606,804)
Depreciation	(8,835,175)	(9,761,276)	(206,995)	0	(17,076,991)	(9,898,977)	(45,779,414)
Balance as of 12.31.2022	**45,085,756**	**14,193,919**	**461,696,160**	**19,327,592**	**127,498,801**	**10,832,637**	**678,634,865**
Business combination	0	0	62,371,638	0	17,761,000	0	80,132,638
Increase	6,240,823	70,391,156	17,522	44,129,732	0	11,643,877	132,423,109
Disposal	(597,026)	(2,082,353)	(58,673)	(402,831)	(994,323)	(1,396,842)	(5,532,048)
Depreciation	(12,513,255)	(16,049,114)	(911,802)	0	(43,066,550)	(5,791,093)	(78,331,814)
Balance as of 12.31.2023	**38,216,298**	**66,453,609**	**523,114,844**	**63,054,492**	**101,198,928**	**15,288,579**	**807,326,750**

The item “Business combination” of Euro 80.1 million, is attributable to the reverse merger by incorporation of the company Centurion Bidco S.p.A. into Engineering Ingegneria Informatica S.p.A..

Intangible assets reported a total increase of Euro 132.4 million, mainly due to these facts:

- the increase in the item “Development costs” refers to internal products, reclassified from assets in progress, in use from 2023 with the consequent start of their amortisation:
  - In the PAC PAL area:
    - “Municipia Technological Platforms” project, developed internally for Euro 2.8 million which will be amortised over 5 years starting from January 1, 2024;
  - In the Industry area:
    - “DHUOD” project of Euro 2.3 million, which will be amortised over 5 years;
    - development and technological improvement on the modules of the XLayers Suite for Euro 0.9 million, which will be amortised over 5 years;

- “Industrial patents and intellectual property rights” increased by Euro 70.5 million. The increase in question essentially refers to the purchase of software programs and the purchase transaction of a technological platform, completed on June 30, 2023 with an estimated useful life of 10 years. For the latter case, the discounted value of the agreed consideration was recognised (equal to approximately Euro 51 million), and amortised during the period.

- “Assets in progress” increased by Euro 44.1 million due to internal investments in new solutions:

  - In the Health area:
    - projects in the area of Telemedicine, CUP, 118, Transfusion, Telemonitoring, Compliance with the MDR (Medical Device Regulation), LIS (Analysis laboratory management) Flow Manager: developments.

  - In the Energy & Utilities area:
    - projects relating to Net@SIAL Extension Modules - Net@2D Extension Modules - Project Preparation Net@SaaS MultiCloud - Transition activities on Oracle Public Cloud - Cloud Containerisation Project - Net@2D/Net@SIAL - Implementation of vDesk infrastructure x Net@ video-desk.

  - In the Industry area:
    - “Digital Enabler and DiVE” integration projects, (Save Project and Lapelling Project, Evolution for Deep Dive Assessment), EngDataForm - Cloud Data & Analytics Ready to Use, Mistral (Manning Information System for Transportation And Logistic, Ipse Collaboration Suite; ChatBotutique3D).

  - In the Finance area:
    - Grace projects; Subject registry (Regulatory Platform); Customisation of the technological platform to provide services in the Finance segment;

  - In the Public Administration area:
    - development/adjustments projects on a series of software solutions that are used on some of the domains on which the Public Administration operates; PAC area in the field of Defence and Innovation; Digital Dashboard Welfare Area; PAL Area; Innovation Area;

  - Corporate
    - projects: Enhancement Controlling Model for the implementation of an Enterprise Performance Management system to support Planning&Forecast, Closing Management, Corporate reporting processes, integrated with the transactional systems with Consolidated Financial Statements (Statutory), “Governance Risk & Compliance” Project, Workday Platform Implementation, Digitise Initiatives.

The item “Concessions, licenses and trademarks” as of December 31, 2023 includes:

- Euro 515.4 million at the fair value of the Engineering brand. This value was recognised in 2017, in the amount of Euro 453 million, upon completion of allocation of the purchase price for the acquisition of control of Engineering Ingegneria Informatica S.p.A. and its subsidiaries, by Mic Bidco S.p.A. and subsequent reverse merger of Mic Bidco S.p.A. and in 2023 upon the allocation of Euro 62.4 million for the reverse merger of Centurion Bidco S.p.A. into Engineering Ingegneria Informatica S.p.A.;
- the Trademark amounted to Euro 5.8 million following the completion of the accounting activities (Purchase Price Allocation) linked to the acquisition of the Be Shaping S.p.A. Group, which took place in 2022;
- the Trademark amounted to Euro 1.7 million following the completion of the accounting activities (Purchase Price Allocation) linked to the acquisition of the Atlantic Group, which took place in 2022.

(in Euro)

Description	12.31.2022	Change in consolidation scope	Write-downs	12.31.2023
Gross value - Engineering Trademark	453,039,362	62,371,638	0	515,411,000
Acc. impairment losses	-	-	-	-
Net value - Engineering Trademark	**453,039,362**	**62,371,638**	**0**	**515,411,000**

The Engineering brand trademark, amounting to Euro 515.4 million, is a right, which is legally protected through the registration at the competent authorities. By reason of the fact that this right has no legal, contract, competitive or economic term which limits its useful life, the same is classified as an indefinite life intangible asset and therefore it is not amortised but it is subject to assessment of any losses in value when tested for impairment, as provided for by IAS 36.

The impairment test carried out as of December 31, 2023 had confirmed that there was no need to write down the value of the Engineering trademark as recorded in the consolidated financial statements.
The essential parameters relating to the impairment test of the Engineering trademark correspond to what is illustrated in paragraph “Goodwill” with reference to the Group’s aggregate development plan and WACC.

The increase in the item “Customer Relationship/Customer list” is mainly due to the identification and measurement of the fair values, pursuant to IFRS 3, of the assets and liabilities of the following companies and to the allocation process, at the acquisition date of control, of the consideration paid for the acquisition of control of the BE Shaping the Future Group and the Atlantic Group. The 2022 economic, equity and financial figures were also amended retrospectively.

8 Rights of use

(in Euro)

Description	12.31.2023	12.31.2022	Change
Rights of use	154,069,198	161,966,034	(7,896,836)

(in Euro)

Description	Land and buildings IFRS 16	Plant and machinery IFRS 16	Industrial and commercial equipment IFRS 16	Other assets IFRS 16	Total
Historical cost as of 12.31.2022	208,172,527	669,996	9,056,798	22,503,206	240,402,528
Acc. depreciation as of 12.31.2022	59,050,488	207,011	6,421,001	12,757,994	78,436,494
Balance as of 12.31.2022	**149,122,040**	**462,985**	**2,635,797**	**9,745,212**	**161,966,034**
Historical cost as of 12.31.2023	207,901,746	724,896	10,688,217	25,244,804	244,559,663
Acc. depreciation as of 12.31.2023	71,167,153	312,327	7,235,405	11,775,580	90,490,465
Balance as of 12.31.2023	**136,734,593**	**412,569**	**3,452,812**	**13,469,224**	**154,069,198**

(in Euro)

Description	Land and buildings IFRS 16	Plant and machinery IFRS 16	Industrial and commercial equipment IFRS 16	Other assets IFRS 16	Total
Balance as of 01.01.2022	**126,727,499**	**104,415**	**3,379,058**	**6,071,599**	**136,282,572**
Business combination	11,620,162	0	59,794	1,699,206	13,379,163
Exchange difference effect	128,441	0	(118,059)	56,075	66,457
Increase	40,382,800	491,695	2,403,844	6,634,644	49,912,983
Disposal	(13,056,131)	(2,744)	0	(298,960)	(13,357,835)
Depreciation	(16,680,732)	(130,380)	(3,088,841)	(4,417,354)	(24,317,306)
Balance as of 12.31.2022	**149,122,040**	**462,985**	**2,635,797**	**9,745,212**	**161,966,034**
Business combination	251,704	0	0	41,805	293,508
Increase	11,973,740	120,309	5,062,154	11,039,192	28,195,395
Disposal	(4,840,940)	(2,501)	(1,293,715)	(1,713,876)	(7,851,032)
Depreciation	(19,771,949)	(168,225)	(2,951,424)	(5,643,109)	(28,534,708)
Balance as of 12.31.2023	**136,734,593**	**412,569**	**3,452,812**	**13,469,224**	**154,069,198**

The Group has several assets including buildings, cars and IT equipment identified as leases. The average life is 2, 3 and 6 years, respectively.

The lease contracts do not have any further significant extension option respect to lease term considered to determine the lease liability. Lease contracts do not have any significant variable lease payments, any restrictions nor covenants and no sale and leaseback transactions were occurred during the period.

Increases related to the item "Buildings IFRS 16" (lease payments for real estate properties), amounting to around Euro 12.0 million, refer to new rental contracts or renewals signed in 2023. While the related decrease of Euro 4.8 million is mainly attributable to the early termination of the lease contract for a company office.

Increases in the item "Industrial and commercial equipment IFRS 16", equal to approximately Euro 5.1 million, refer to hardware leases.

"Other assets IFRS 16" refer to cars under operating lease, assigned to employees.

The following table highlights the impact of rights of use on the income statement.

(in Euro)

Description	12.31.2023
Depreciation of rights of use	(28,534,708)
Interest expenses on leasing	(1,661,257)
Expenses of short-term lease agreements	(2,701,412)
Expenses of lease agreements with a value < 5 thousand Euro	(6,250,860)
Impact on P&L	**(39,148,236)**

9 Goodwill

(in Euro)

Description	12.31.2023	12.31.2022	Change
Goodwill	1,204,449,532	594,226,001	610,223,531

Changes in goodwill, compared to the previous year, divided by Cash Generating Units, is as follows.

(in Euro)

Description	12.31.2022 restated	Business combination	12.31.2023
Goodwill - Finance	465,749,248	239,446,939	705,196,187
Goodwill - Public Administration	21,932,723	115,972,324	137,905,047
Goodwill - Health	10,796,515	57,719,721	68,516,236
Goodwill - Industry & Services	71,408,838	62,026,827	133,435,665
Goodwill - Telco & Media	10,292,146	46,509,669	56,801,815
Goodwill - Energy & Utilities	14,046,531	88,548,051	102,594,581
Total	**594,226,001**	**610,223,531**	**1,204,449,532**

The value of goodwill as of December 31, 2023 recorded in the Engineering Group's Consolidated Statement of Financial Position amounts to Euro 1,204.4 million.

As provided for by IFRS 3, following the completion of accounting activities connected to measurement at fair value of assets acquired and liabilities assumed and the consequent retrospective adjustment of amounts, goodwill as of December 31, 2022 (Euro 670.0 million) was restated for an amount equal to Euro 594.2 million.

In particular, the retrospective change is attributable to the identification and measurement of the fair values, pursuant to IFRS 3, of the assets and liabilities of the Company:

- BE Shaping the Future Group, which resulted in goodwill as of December 31, 2023 of Euro 410.6 million compared to goodwill of Euro 478.1 million as of December 31, 2022;
- Atlantic Group, which resulted in goodwill as of December 31, 2023 of Euro 39.9 million compared to goodwill of Euro 48.3 million as of December 31, 2022.

The increase with respect to the financial statements as of December 31, 2022 is due to:

- an increase of Euro 600.6 million relating to the reverse merger by incorporation of the company Centurion Bidco S.p.A. into Engineering Ingegneria Informatica S.p.A.. As a result of this merger, the value of the goodwill as of December 31, 2022 recognised for the consolidated company Centurion Bidco S.p.A. was in fact fully incorporated on January 1, 2023 in the consolidation of the Engineering Group;
- an increase of Euro 8.1 million for the provisional allocation of the goodwill relating to the company Extra Red S.r.l..

The analysis was performed to determine the goodwill recoverable value, which was allocated to the Cash Generating Units (CGUs) to which it is related.

CGU is defined as an asset or small group of assets that generate incoming cash flows that are widely independent from the incoming cash flows resulting from other assets or group of assets. The CGUs were determined based on the market segments and the single operating investees, consistently with the corporate Management view in terms of monitoring of results and economic-financial planning.

The impairment test carried out on December 31, 2023 on the goodwill allocated to the Cash Generating Units (CGUs) to which it relates confirmed that there was no need to make any write-downs to the value of goodwill as recorded in the financial statements.
Based on the impairment test carried out according to the requirements of IAS 36 described above and according to special modalities described hereunder, the aggregate value of the goodwill tested for impairment was deemed as adequately supported in terms of expected economic results and related cash flows.

There is no evidence at the present date for the Company to proceed with any impairment.

For the identification of the recoverable value – the "value in use" of the CGUs – obtained through discounting, of the cash flows (DCF Model) extrapolated from the business plans drawn up by the Management of the divisions, the following elements were considered:

a) estimates of future cash flows generated by the entity;
b) expected possible changes in these cash flows in terms of the amount and time periods;
c) cost of money, comprising the current market risk-free rate of interest;
d) cost to assume the risk related to implicit uncertainty in the management of the CGU;
e) other risk factors related to operating on a market with specific characteristics that vary over time.

Hereunder are the main basic assumptions, used for impairment testing for every CGUs.

CGUs	G-rate 2022	G-rate 2023	WACC 2022	WACC 2023
Finance	2.00%	2.16%	8.25%	9.02%
Public Administration & Municipalities	2.00%	2.16%	8.25%	9.02%
Healthcare	2.00%	2.16%	8.25%	9.02%
Industry & Services	2.00%	2.16%	8.25%	9.02%
Energy & Utilities	2.00%	2.16%	8.25%	9.02%
Telco & Media	2.00%	2.16%	8.25%	9.02%

The parameters utilised for discounting the cash flows and the Terminal Value under the DCF model illustrated above were as follows:

- Risk-free rate equal to the 2023 average of the yield on government bonds with a ten-year maturity in which the Group mainly operates (source: Marketwatch) and equal to 4.26%.
- Equity Risk Premium equal to the higher return expected from the capital market (equity) compared to an investment in risk-free debt securities. The benchmark rate used for the valuations is equal to the average figure of the last five years (source: Damodaran) and equal to 4.94%.
- Debt cost equal to the average cost of companies belonging to the sector comparable to the reference sector (“Software - System & Application”; source: Damodaran) or approx. 6.42%.
- Beta Unlevered and debt ratio (D/E) respectively equal to the average of the last five years (source: Damodaran) of the companies belonging to the sector comparable to the reference sector (“Software - System & Application”). The Beta Levered, equal to 1.05, was therefore determined on the basis of the parameters mentioned above and the theoretical tax rate of reference.
- LTG (Long Term Growth) equal to the long-term inflation-weighted growth rate for the countries in which the Group operates, equal to 2.16%.

For a WACC of 9.02% for tests prepared on Engineering Group’s consolidated financial statements.

A comparison with the financial model of the impairment test of last year shows a WACC 2023 higher than the WACC 2022 for all CGUs. The reasons for this increase are attributable to the following factors:

1. Higher risk-free rate in 2023 (4.26% vs. 3.12% in 2022);
2. Highest debt cost in 2023 (6.42% vs. 6.00% in 2022).

Breakdown WACC

We also subjected the tested values to different WACCs to identify the value defined as breakdown, i.e. the rate at which the book value, equal to the Net Capital Employed of each CGU including the allocated Goodwill, would be par to the recoverable value.

Below is a summary table that shows the breakdown WACC for each CGU based on the analyses carried out:

CGUs	Goodwill (€m)	Break-even WACC
Finance	705.2	11.5%
Public Administration & Municipalities	137.9	14.5%
Healthcare	68.5	12.4%
Industry & Services	133.4	13.7%
Energy & Utilities	102.6	12.4%
Telco & Media	56.8	11.4%
Total	**1,204.4**	

10 Other equity investments

Equity investment in associated companies accounted for at fair value

The book value and portions of shareholders’ equity related to investments in associated companies are shown hereunder. The data is taken from statutory financial statements approved by the Boards of the related companies.

(in Euro)

Description	12.31.2023	12.31.2022	Change
Equity investments	6,525	1,108,318	(1,101,793)

(in Euro)

Description	Value as of 12.31.2022	Initial change from merger	Business combination	Exchange difference effect	Increase	Decrease	Write-downs	Value as of 12.31.2023
In associated companies	1,108,318					(1,101,793)		6,525
Total	**1,108,318**		**0**	**0**	**0**	**(1,101,793)**	**0**	**6,525**

b) Associated companies

Equity investments in associated companies are detailed as follows:

(in Euro)

	Town	Assets	Liabilities	Share capital	Share-holders' equity	Revenues	Net profit/ (loss)	Value as of 12.31.2022	%
SI Lab – Calabria S.c.a.r.l.	Rende	281,417	245,471	10,000	35,946	7,712	(713)	8,293	24
SI Lab – Sicilia S.c.a.r.l.	Palermo	47,347	6,444	30,000	40,903	14,753	1,668	3,525	24
Consorzio Sanimed Group	Terni	n/a	n/a	n/a	n/a	n/a	n/a	3,000	25
Dream of Ordinary Madness Entertainment S.r.l.	Milano	n/a	n/a	n/a	n/a	n/a	n/a	1,093,500	25
Total								**1,108,318**	

(in Euro)

	Town	Assets	Liabilities	Share capital	Share-holders' equity	Revenues	Net profit/ (loss)	Value as of 12.31.2023	%
SI Lab – Sicilia S.c.a.r.l.	Palermo	44,568	1,732	30,000	42,836	14,750	1,932	3,525	24
Consorzio Sanimed Group	Terni	n/a	n/a	n/a	n/a	n/a	n/a	3,000	25
Total								**6,525**	

The decrease compared to 2022 is essentially related to the sale of the non-controlling interest of 25% of the company Dream of Ordinary Madness Entertainment S.r.l. held by the subsidiary Be The Change S.r.l..

11 Deferred tax assets

Deferred tax assets were recognised among Assets both in the current period and in the previous period in so far, as their realisation as tax income is considered probable in the year in which these deferred tax assets will be reversed in the income statement. These concern the temporary differences between the book values and the recognised tax values of some financial statement items.

(in Euro)

Description	12.31.2023	12.31.2022	Change
Deferred tax assets	92,772,582	52,380,465	40,392,118

Deferred tax assets are calculated at the current rates and recorded in the entries shown in the table hereunder:

(in Euro)

Description	12.31.2023		12.31.2022	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Property, plant and equipment - IAS depreciation	12,815,352	2,709,922	7,397,108	1,621,462
Goodwill	1,890,265	462,593	2,117,154	510,963
Other current liabilities - Directors' fees	1,443,028	346,327	450,712	108,171
Doubtful debt provision	50,775,602	12,348,887	64,066,605	15,535,608
Provision for risks	46,676,144	13,652,104	29,987,358	8,805,724
Current provision for risks and charges - Leaving incentives	0	0	2,500,000	600,000
Interest (property lease)	269,252	63,730	1,029,825	248,410
Right of use	258,950	52,360	694	167
Tax losses	118,705,373	26,004,670	58,911,824	12,372,908
Adjustments for IFRS (FTA)	235,660	55,779	362,505	87,443
Adjustments for IAS 19 employee benefits	28,550,122	6,848,266	26,570,859	6,371,967
Adjustments for IFRS 15	3,143,858	847,343	2,377,322	663,273
Goodwill, exemptions pursuant to Law Decree 104/2020	11,525,340	3,215,570	11,770,560	3,283,986
Interest expense surplus not transferred - Tax consolidation	94,385,094	22,652,423	0	0
Other	15,098,647	3,512,610	7,145,550	2,170,384
Total	**385,772,688**	**92,772,582**	**214,688,077**	**52,380,465**

The residual prior tax losses as of December 31, 2023 at the consolidated level amounted to approximately Euro 118.7 million and gave rise to a provision for deferred tax assets of approximately Euro 26.0 million, considering that all the conditions for their recognition had been met, i.e. the going concern basis and their future recoverability. Based on the approved multi-year plan, the Directors believe to recover them starting from the 2025 financial year.

Deferred tax assets not recognised, relating to additional surplus interest expense accrued in 2023, amounted to Euro 12.1 million at that date. It was decided not to record them as they can be recovered beyond the explicit horizon of the plan.

The following tables provide details of tax assets.

(in Euro)

Description	Doubtful debt provision	Goodwill, exemptions pursuant to Law Decree 104/2020	Adjustments for IFRS	Other temporary differences	Total
Balance as of 01.01.2022	**10,558,947**	**3,352,403**	**5,133,212**	**14,532,006**	**33,576,568**
Impact on the income statement	4,976,661	(68,416)	271,554	12,656,898	17,836,696
Impact on the comprehensive income statement			967,201		967,201
Balance as of 12.31.2022	**15,535,608**	**3,283,986**	**6,371,967**	**27,188,904**	**52,380,465**
Change from merger				17,298,724	17,298,724
Impact on the income statement	(3,186,721)	(68,416)	(189,688)	25,872,232	22,427,406
Impact on the comprehensive income statement			665,987		665,987
Balance as of 12.31.2023	**12,348,887**	**3,215,570**	**6,848,266**	**70,359,860**	**92,772,582**

12 Other non-current assets

(in Euro)

Description	12.31.2023	12.31.2022	Change
Other non-current assets	7,721,297	5,260,517	2,460,780

As better detailed below, the item “Other non-current assets” recorded a positive change in the balance for the period of Euro 2.5 million, broken down as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Investments in other companies	6,968,146	4,803,580	2,164,566
Others	753,152	456,938	296,214
Total	**7,721,297**	**5,260,517**	**2,460,780**

a) Investments in other companies

Changes in the investments in companies other than subsidiaries

The changes in investments in companies other than subsidiaries are broken down as follows:

(in Euro)

	Value as of 12.31.2022	Increase	Write-downs	Value as of 12.31.2023
Eastwest European Institute S.r.l.	60,000			60,000
Talent Garden S.r.l.	1,299,921			1,299,921
YOLO Group S.p.A.	500,000			500,000
Mevaluate S.r.l.	400			400
Engagigo S.r.l	2,160			2,160
WolksBank Magdeburg eG	1,000			1,000
B.ca Popolare di Credito e Servizi	7,747			7,747
B.Ca Cred. Cooperativo Roma	1,033			1,033
Global Riviera	1,314		(1,314)	0
Tecnoalimenti S.c.p.a.	65,832			65,832
Dhitech Distretto Tecnologico High-Tech S.c.a.r.l.	237,404			237,404
Distretto Tecnol.Micro E Nanosistemi S.c.r.l.	34,683			34,683
Wimatica S.c.a.r.l. (Da Esel)	6,000			6,000
Consorzio Cefriel	191,595			191,595
Consorzio Abi Lab	1,000			1,000
Partecipazione Ce.R.T.A.	360			360
Partecipazione in Novito Acque S.r.l.	100,000			100,000
Consorzio Arechi Ricerca	5,000			5,000
EHEALTHNET S.c.a.r.l.	10,800			10,800
Distretto Tecnologico Campania Bioscience S.c.a.r.l.	20,000			20,000
CAF ITALIA 2000 S.r.l	260			260
M2Q S.c.a.r.l.	3,000			3,000
sedApta S.r.l.	750,000			750,000
ISTELLA S.r.l.	1,000,000			1,000,000
PALANTIR DIGITAL MEDIA S.r.l.	500			500
DITECFER S.c.ar.l.	3,000			3,000
SIIT S.C.P.A	30,963			30,963
Consorzio VESO	5,000			5,000
A.I. TECH S.r.l.	4,001			4,001
FIDIMPRESA/RETE FIDI LIGURIA	8,064			8,064
Fondaz. I.T.S. M. Gaet.ag. Innnov. Academy	10,000			10,000
Agritech Centro Naz. Ricerca per le Tecn. Agric.	50,000			50,000
Fondazione Centro Nazionale di Ricerca in High P.	250,000			250,000
Fondaz. ICT Campus Its Academy	14,500			14,500
Fondazione Nest	20,000	15,000		35,000
Fondazione Heal Italia	20,000			20,000
Fondazione Return	20,000			20,000
Fondazione Changes	10,000			10,000
Fondazione Dare	25,000			25,000
SPV PNT Italia S.r.l.		2,150,880		2,150,880
Seta S.r.l.	33,041			33,041
Total	**4,803,580**	**2,165,880**	**(1,314)**	**6,968,146**

With reference to the increase in the equity investment in PNT Italia S.r.l. of Euro 2.2 million, it should be noted that this is a jointly controlled equity investment. This is a SPV company and operates in the telemedicine sector.

In this regard, it should be noted that even in the presence of an equity investment of more than 50% of the share capital, the directors have decided to exercise control jointly on the basis of the company's governance rules.

b) Other

(in Euro)

Description	12.31.2023	12.31.2022	Change
Other	753,152	456,938	296,214
Total	**753,152**	**456,938**	**296,214**

C) Current assets

13 Non-current financial assets

(in Euro)

Description	12.31.2023	12.31.2022	Change
Non-current financial assets	1,608,431	1,969,379	(360,947)

The balance of non-current financial assets consists mainly of security deposits on rented real estate properties and sundry utilities.

14 Inventory

(in Euro)

Description	12.31.2023	12.31.2022	Change
Inventory	271,984	2,221,073	(1,949,090)

Inventory includes goods and product usage licences purchased and held for resale.

15 Customer contract assets

(in Euro)

Description	12.31.2023	12.31.2022	Change
Customer contract assets	224,928,448	205,292,113	19,636,334

Customer contract assets, recorded net of the doubtful debt provision of Euro 14.1 million, show the following changes:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Initial customer contract assets	205,292,113	208,758,748	(3,466,634)
Exchange difference	9,877	863,256	(853,380)
Business combination	373,015	10,008,798	(9,635,783)
Adjustments and changes in customer contract assets	(1,409,127)	(43,518,404)	42,109,277
Amount of costs incurred plus recognised profits	620,266,592	580,038,782	40,227,810
Invoicing actual progress in customer contract assets	(599,604,022)	(550,859,066)	(48,744,956)
Total	**224,928,448**	**205,292,113**	**19,636,334**

Customer contract assets represent ongoing projects relating to multi-year contracts and include, inter alia, adjustments for projects for which critical issues have emerged in terms of possible realisable value, the relevant amount representing the best estimate based on information in our possession.

There were no significant changes in the contractual conditions and the Company was not subject to penalties for non-fulfilment of contractual obligations or withdrawal by customers.

The Group also applies the simplified approach of IFRS 9 to measure the expected credit loss on trade receivables and customer contract assets. Customer contact assets refer to invoices to be issued for contracts in progress and have substantially the same risk characteristics as trade receivables for the same type of contracts. The Group has therefore concluded that the expected credit loss for unexpired trade receivables represents a reasonable approximation of the losses on customer contract assets. The allocation for the period related to ECL is included under item “Adjustments and changes in customer contracts assets”.

For further information on the ways to calculate the ECL, reference is made to the following paragraph “Trade receivables”.

16 Deferred contract costs

(in Euro)

Description	12.31.2023	12.31.2022	Change
Deferred contract costs	19,249,220	17,023,698	2,225,522

During 2023, the Group recognised deferred contract costs in relation to the fulfilment of the contract represented by the so-called transition and start-up costs for Euro 3.4 million. These are costs directly associated with the performance of the services offered and, in particular, refer to the costs incurred for the taking over of orders (transition costs) or costs for specific training of personnel preparatory to the execution of a particular order (start-up costs). These costs are realised in the normal operating cycle.

The Group has also recorded contract costs in relation to the fulfilment of the contract for Euro 12.6 million. These are direct costs charged to orders, which include the purchase of materials from third parties, outside labour and the cost of employees.

The portions of cost released pertaining to 2023, determined based on the ratio between the revenues accrued for the activities carried out at the reporting date and the total estimated revenues until the end of the contracts, amount to Euro 3.9 million for the transition costs and start-up costs and Euro 9.9 million for the costs for the fulfilment of the contract.

17 Trade receivables

The book value of trade receivables and other receivables is shown at amortised cost and the value approximates the fair value. The value refers to receivables from banking institutes, utilities, industry, services, public administration and companies operating in the telecommunications market.

Trade receivables are all due within twelve months.

(in Euro)

Description	12.31.2023	12.31.2022	Change
Trade receivables	490,689,016	543,763,318	(53,074,301)

The breakdown is as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Customers	468,419,131	518,155,646	(49,736,516)
Parent companies	197,776	0	197,776
Others	22,072,110	25,607,671	(3,535,562)
Total	**490,689,016**	**543,763,318**	**(53,074,301)**

The diversification of the sectors in which the Group's customers operate (Public Administration, Finance, Health, Industry & Services, Telco & Media, Energy & Utilities) constitutes an element mitigating the potential risk of credit solvency.

a) From customers

(in Euro)

Description	12.31.2023	12.31.2022	Change
Receivables on invoices issued	333,019,463	420,628,300	(87,608,837)
Invoices to be issued	262,345,612	231,823,106	30,522,506
Credit notes to be issued	(1,433,947)	(972,985)	(460,962)
Doubtful debt provision	(65,162,236)	(81,170,705)	16,008,469
Provision for interest in arrears	(61,378,092)	(53,218,328)	(8,159,764)
Others	1,028,330	1,066,258	(37,928)
Total	**468,419,131**	**518,155,646**	**(49,736,516)**

The item "Receivables from customers" is equal to Euro 468.4 million, net of a doubtful debt provision amounting to Euro 65.2 million, deemed appropriate and sufficient to cover any future losses, in addition to allocations made as doubtful debt provision for interest on arrears (Euro 61.4 million) to fully cover any possible future losses related to the aforesaid entry.

The change in the item "Invoices to be issued" is mainly attributable to the normal trend of accrued revenues and invoices issued, as well as some reclassifications related to the application of IFRS 15.

The closing balance of the doubtful debt provision for trade receivables is reconciled with the opening balance as shown below:

(in Euro)

Trade receivables	12.31.2023
Doubtful debt provision as of 12.31.2022	(81,170,705)
Provision for the period	(9,639,629)
Use of the fund	25,648,098
Doubtful debt provision as of 12.31.2023	**(65,162,236)**

With regard to the doubtful debt provision, it should be noted that in addition to specific provisions, the Group applies the simplified approach of IFRS 9 to measure the expected credit loss on all trade receivables and customer contract assets.

In particular, on the basis of the historical series recorded, write-down percentages have been defined for overdue credit. These percentages are applied to the ageing brackets regardless of the type of customer and/or segment and are calculated automatically on a monthly basis on the loan portfolio open at that date.

According to the model described above, it is specified that the doubtful debt provision includes the expected credit loss for a total of Euro 23.6 million.

Information on credit risk in respect of total Customer contract assets, Trade receivables from third parties, Deferred contract costs and Inventory is provided below.

On this basis, the doubtful debt provision to be subject to collective impairment as December 31, 2023, was determined as follows.

The following table shows the reconciled balance of receivables for invoices issued, divided by "overdue" and "not overdue".

(in Euro)

Customer contract assets, trade receivables from third parties, deferred contract costs, inventory	Not expired	Days falling due					Total as of 12.31.2022
		30	60	90	120	over 120	
Public Administration	210,239,919	6,372,540	7,013,913	1,618,200	1,173,644	51,000,840	277,419,055
Health	60,013,051	1,246,348	1,251,699	503,261	567,453	13,709,960	77,291,772
Finance	101,571,195	2,638,553	2,204,209	912,611	821,991	5,738,113	113,886,672
Industry & Services	106,867,071	12,770,749	4,842,836	4,125,927	2,603,634	26,938,044	158,148,261
Energy & Utilities	73,621,102	2,817,433	550,000	695,394	2,598,210	3,947,707	84,229,846
Telco & Media	48,875,301	5,202,099	129,877	95,870	5,908	3,015,541	57,324,597
Total net receivables	601,187,640	31,047,722	15,992,534	7,951,262	7,770,840	104,350,204	768,300,202
ECL rate	1.71%	0.62%	1.68%	3.63%	4.78%	10.38%	3.00%
of which: doubtful debt provision - Expected credit loss	**10,488,119**	**193,927**	**273,159**	**299,476**	**389,988**	**12,084,982**	**23,729,651**

(in Euro)

Customer contract assets, trade receivables from third parties, deferred contract costs, inventory	Not expired	Days falling due					Total as of 12.31.2023
		30	60	90	120	over 120	
Public Administration	288,910,189	3,030,557	4,577,657	2,860,018	2,920,366	17,520,833	319,819,619
Health	73,581,803	1,603,070	2,080,661	494,279	321,378	2,481,371	80,562,562
Finance	110,600,727	8,312,586	1,496,025	320,128	413,806	4,521,989	125,665,261
Industry & Services	79,562,981	6,756,102	2,515,494	2,244,737	1,122,552	5,130,886	97,332,752
Energy & Utilities	69,112,408	1,904,091	624,528	648,512	1,329,163	968,270	74,586,973
Telco & Media	34,963,521	834,248	4,468	1,085	19,702	1,348,476	37,171,501
Total net receivables	656,731,630	22,440,654	11,298,833	6,568,758	6,126,966	31,971,825	735,138,667
ECL rate	1.73%	0.77%	1.85%	5.20%	6.24%	25.33%	3.11%
of which: doubtful debt provision - Expected credit loss	**11,594,712**	**173,911**	**212,452**	**360,160**	**407,616**	**10,847,135**	**23,595,985**

It should be noted, for the sole purpose of clarity, that the amounts overdue relate exclusively to invoices issued and not to the other categories of receivables.

To the ECL doubtful debt provision indicated above (Euro 23.6 million), there are added specific doubtful debt provisions for an amount of Euro 55.6 million. The total Net receivables (Euro 735.1 million) shown in the table above are therefore shown net of the total doubtful debt provision for a total of Euro 79.2 million.

The diversification of the sectors in which the Group's customers operate (Public Administration, Finance, Health, Industry & Services, Telco & Media, Energy & Utilities) constitutes an element mitigating the potential risk of credit solvency.

It is also noted that, as of December 31, 2023, the Group factored trade receivables for the total amount of Euro 1,023.7 million (Euro 787.8 million as of 31 December 2022). The transfer was non-recourse, so risks and benefits related to receivables were transferred to the transferee; receivables were therefore derecognised from the Assets in the Consolidated Statement of Financial Position, according to the consideration received by factoring companies.

Lastly, it should be noted that receivables include the exposure as of December 31, 2023, with respect to Sicilia Digitale S.p.A. and amount to Euro 124.7 million (gross of the related doubtful debt provision amounting to Euro 35.9 million and of the doubtful debt provision for interest on arrears amounting to Euro 60.5 million) in addition to Euro 14.5 million of customer contracts assets (including adjustment of Euro 2.9 million), resulted from the IT activities connected with the building of an integrated IT platform for the Sicilian Region within specifications and provisions set out in the convention signed between the Sicilian Region Administration, Sicilia Digitale S.p.A. (former Sicilia e-Servizi S.p.A.) and Sicilia e-Servizi Venture S.c.a.r.l. in liquidation on May 21, 2007 and expired on December 22, 2013.

Given the non-payments of Società Mista Sicilia e-Servizi S.p.A., now Sicilia Digitale S.p.A. ("Sicilia Digitale"), on June 26, 2013, Sicilia e-Servizi Venture S.c.a.r.l. ("SISEV") filed a petition for a payment order before the Court of Palermo against Sicilia Digitale and obtained the payment order for Euro 30,052 thousand (in addition to interests, expenses and remunerations, VAT and CPA).

As regards the judgment of opposition to the payment order, filed by Sicilia Digitale, the competent Judge ordered office technical experts to evaluate, inter alia, the actual services rendered by SISEV in favour of Sicilia Digitale. With judgment of August 30, 2018, the Judge, based on the assessments of the technical expertise, sentenced Sicilia Digitale to the payment, in favour of SISEV, of Euro 19,509 thousand, in addition to interest. Sicilia Digitale appealed to the Court of Appeal of Palermo, requesting the complete reform of the judgment. Following the hearing of June 9, 2023, the case was withheld in judgment.
Pending the settlement of the appeal, the amount recognised by the first instance judgement was fully recovered.

In addition to what has just been described, on February 18, 2016, SISEV sent a writ of summons for Sicilia Digitale and the Sicilian Region Administration to obtain the payment of the entire amount of its receivables (around Euro 79.7 million, including the works recognised in the financial statements to complete the amount already requested with an appeal for a payment order), which were not the object of the first proceeding. Both the defendants, namely the Sicilian Region Administration and Sicilia Digitale, appeared and alleged several exceptions. The competent Judge ordered a technical expertise at the outcome of which the office technical expert (i) highlighted a receivable assessed from SISEV for only Euro 4.2 million against a claim of Euro 79.7 million and (ii) provided the Judge, as a possible alternative assessment criterion, with a second calculation certifying a total receivable of Euro 26.2 million from SISEV. Considering the report to be seriously omissive and erroneous, SISEV filed a new request for the renewal of the technical expertise. The request was rejected by the Judge.

On September 4, 2020, the Civil Court of Palermo issued judgment no. 3343/2020, rejecting in full (i) the judicial claim proposed by SISEV, therefore excluding the existence of any receivable from the defendants and (ii) all the counterclaims brought by the defendants.

With writ of summons served on November 23, 2020, SISEV challenged judgment no. 3343/2020 before the Court of Appeal of Palermo. The first hearing was held on March 19, 2021; lifting the reserve assumed in said hearing, the Judge adjourned the hearing to October 21, 2022 and then to January 12, 2024 for the specification of the conclusion, reserving the right to make any decision on the request for the renewal of the expertise to an overall examination of merit. The hearing for the specification of the conclusions was postponed to November 22, 2024 as by official rule.

Please note that, as part of the proceedings, no specific critical issues or formal claims related to the correct execution of services and good quality of products delivered by SISEV were highlighted by Sicilia Digitale S.p.A. and/or the Sicilian Region Administration. Moreover, the above-mentioned claims do not seem suited to stop the aggregate claims of SISEV.

In light of the above, also following the assessment of the external lawyer appointed, it is believed that the outcome of the appeal may be positive, except for the determination on appeal of the actual receivables of SISEV.

The Directors, considering the legitimacy of the credit lines and the correct performance of the services rendered, and assessing the appraisal delivered by the office technical experts, within the first instance procedure, as seriously omissive and erroneous, stated, also based on the opinion of the lawyer in charge, that SISEV receivables from Sicilia Digitale S.p.A. are collectable. Moreover, the above-mentioned claims do not seem prima facie suited to stop the aggregate claims of SISEV.

In any case, considering the continuous change of institutional counterparts and the legal dispute underway, considering the above-mentioned claims filed by Sicilia Digitale S.p.A. and the Sicilian Region Administration, having regard, also, to the rationale of the said settlement reached between its Shareholders and Sicilia Digitale S.p.A., as of December 31, 2023, the Company recognised the statutory interest pertaining to the period considered (Euro 8.2 million) in the income statement under financial income, in addition to the amount already recognised until December 31, 2022 (for a total amount of Euro 60.5 million), and accrued an allocation to doubtful debt provision for interest on arrears amounting to Euro 8.2 million, in addition to the previous year's provision, for a total doubtful debt provision of Euro 96.4 million, which includes the total impairment of the statutory interest shown above and recognised in the financial statements and, for the remaining portion, the write-down of the nominal value of the receivable.

It should be noted that financial income is shown in the income statement net of the allocation to doubtful debt provision for interest on arrears.

b) Others

(in Euro)

Description	12.31.2023	12.31.2022	Change
Commercial prepaid expenses	3,403,080	1,287,539	2,115,541
Other prepaid expenses	18,669,030	24,320,133	(5,651,103)
Total	**22,072,110**	**25,607,671**	**(3,535,562)**

The item "Others" refers to advances for fee-based activities mainly related to software package maintenance, rentals, sureties and insurance.

18 Other current assets

(in Euro)

Description	12.31.2023	12.31.2022	Change
Other current assets	93,373,754	71,725,431	21,648,323

Other current assets are broken down as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Other assets and tax receivables	36,712,309	21,008,926	15,703,384
Others	56,661,445	50,716,505	5,944,940
Total	**93,373,754**	**71,725,431**	**21,648,323**

a) Other assets and tax receivables

The item is broken down as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Tax receivables	35,761,686	20,099,259	15,662,427
Social security institutions	748,746	549,973	198,774
Other	201,877	359,694	(157,817)
Total	**36,712,309**	**21,008,926**	**15,703,384**

Tax receivables substantially relate to:

- Euro 3.9 million relating to the advance for IRES;
- Euro 1.5 million relating to the advance for IRAP;
- Euro 3.7 million relating to receivables for taxes paid abroad;
- Euro 19.5 million relating to receivables from the Inland Revenue Office for recoverable VAT;
- Euro 2.4 million in tax refunds receivable.

b) Others

The item “Others” includes:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Applied research grants	33,566,220	28,903,022	4,663,198
Prepaid expenses	4,828,492	3,313,645	1,514,847
Receivables for tax consolidation with related parties	13,068,719	12,670,889	397,830
Others	5,198,015	5,828,950	(630,935)
Total	**56,661,445**	**50,716,505**	**5,944,940**

Receivables for applied research grants are receivables yet to be collected, relating to projects financed by national public authorities and by the European Union, and that show no risks of non-payment.

The item “Receivables for tax consolidation with related parties” includes the receivable of the Group from the parent company Centurion Newco S.p.A. having joined the national tax consolidation with the same.

19 Current financial assets

(in Euro)

Description	12.31.2023	12.31.2022	Change
Current financial assets	514,784	465,543	49,241

The item “Current financial assets” essentially relates to the financial receivable relating to deferrals of factoring interest for transfers carried out by December 31, 2023 and the accumulation plan with banks.

20 Cash and cash equivalents

(in Euro)

Description	12.31.2023	12.31.2022	Change
Cash and cash equivalents	219,803,822	211,202,186	8,601,636

As of December 31, 2023, the item "Cash and cash equivalents" amounted to Euro 219.8 million, an increase of Euro 8.6 million compared to December 31, 2022, and corresponding to cash and cash equivalents related to current accounts and cash equivalents readily convertible into cash. For further information, please refer to the Cash Flow Statement.
The balance includes cash and cash equivalents and bank current accounts. Bank and postal deposits are remunerated at interest rates in line with the market.

Cash and cash equivalents consist of the following:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Bank and postal deposits	219,734,227	211,179,418	8,554,809
Cash and cash equivalents	69,595	22,768	46,826
Total	**219,803,822**	**211,202,186**	**8,601,636**

D) Shareholders' equity

21 Information on Shareholders' equity

(in Euro)

Description	12.31.2023	12.31.2022 Restated	Change
Shareholders' equity	574,641,892	814,239,766	(239,597,875)

The changes are shown in the table below and are mainly attributable, in addition to the result for the year, to the reverse merger with Centurion Bidco S.p.A. effective from January 1, 2023:

(in Euro)

Shareholders' equity	12.31.2023	12.31.2022 Restated
Share capital	34,095,537	34,095,537
Total share capital	**34,095,537**	**34,095,537**
Legal reserve	6,825,000	6,825,000
Share premium reserve	30,650,262	30,650,262
Merger reserve	0	33,023,358
Exchange translation reserve IAS 21	3,778,754	(4,420,296)
Other reserves	522,209,701	521,942,574
Total reserves	**563,463,718**	**588,020,898**
Prior years' undistributed profits	130,614,775	189,701,506
IAS 19 actuarial gains/(losses)	(21,514,645)	(19,410,405)
Retained earnings/(Losses carried forward)	**109,100,130**	**170,291,101**
Profit/(loss) for the period	**(125,411,203)**	**31,706,755**
Total Group shareholders' equity	**581,248,182**	**824,114,291**
Capital and reserves of non-controlling interests	(7,199,958)	(6,480,058)
Profit/(loss) for the year of non-controlling interests	593,668	(3,394,467)
Total shareholders' equity	**574,641,892**	**814,239,766**

22 Share capital

The subscribed and fully paid-up share capital is Euro 34,095,537, divided into 13,003,677 shares each without nominal value.

23 Reserves

In relation to the possible utilisation and distribution of reserves, the following should be noted:

- **Legal reserve:**
  the legal reserve of Euro 6,825,000 is available for the covering of losses but is not distributable.

- **Share premium reserve:**
  the share premium reserve, amounting to Euro 30,650,262, is available and distributable, after covering negative reserves.
  The reserve is available and distributable, after covering negative reserves.

- **Merger reserve:**
  the merger reserve of Euro 33,023,358 was reclassified to retained earnings. The reserve is available and distributable.

- **Other reserves:**
  other reserves (positive) of Euro 522,209,701, consist mainly of the items below:
  - special Egov research reserve, of Euro 72,000, is neither available nor distributable;
  - special Erp Light research reserve, of Euro 168,000, is neither available nor distributable;
  - special research reserve applied to the PIA Project, of Euro 1,080,000, is neither available nor distributable;
  - forward contract reserve, amounting to Euro (2,703,790) on subsidiaries' shares (i.e. Non-Controlling Interest) whose debt contra-entry is shown in paragraph "Other non-current liabilities";
  - reserve of Euro 53,770,334 attributable to the payment for future share capital increase by the parent company, which took place during 2022;
  - exemption reserve under Italian Law Decree 104/2020 of Euro 471,414,528. This reserve was established for the application of the realignment procedure for all misalignments arising in the financial statements as of December 31, 2019 resulting from Schedule RV of the corporate tax return form UNICO SC, and in particular with regard to trademarks, goodwill and other intangible assets, as provided for in Italian Law Decree no. 104 of August 14, 2020.
    This reserve is neither available nor distributable.

- **Currency translation reserve:**
  at the reporting date, it amounted to Euro 3,778,754 and is neither available nor distributable.

24 Retained earnings/(losses carried forward)

Retained earnings are equal to Euro 109,100,130 and include:

- **Prior years' undistributed profits:**
  at the reporting date, they amounted to Euro 130,614,775 and are available and distributable.
  Changes in the item are substantially as follows:
  - increase of Euro 31,706,755 for the allocation of profits gained in 2022;
  - increase of Euro 33,023,358 due to the reclassification of reserves;
  - decrease of Euro 118,716,717 due to the reverse merger by incorporation of the company Centurion Bidco S.p.A. into Engineering Ingegneria Informatica S.p.A..

- **Actuarial gains/(losses) reserve - IAS 19:**
  at the reporting date, they amounted to Euro (21,514,645) and are neither available nor distributable.

E) Non-current liabilities

25 Non-current financial liabilities

(in Euro)

Description	12.31.2023	12.31.2022	Change
Non-current financial liabilities	1,300,107,796	492,718,089	807,389,707

Non-current financial liabilities relate to “Bank loans” and “Other non-current financial liabilities”, broken down as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Bank loans	336,990,568	492,582,295	(155,591,727)
Other non-current financial liabilities	963,117,228	135,794	962,981,434
Total	**1,300,107,796**	**492,718,089**	**807,389,707**

The bank loans as of December 31, 2023 is shown in the table below, including the portion due within 12 months, with indication of the lender and the interest rate.

(in Euro)

Lender						Of which over 12 months				
	Year of maturity	Interest rate	Total	Within 1 year	Over 1 year	From 12 to 24 months	From 24 to 36 months	From 36 to 48 months	From 48 to 60 months	of which over 5 years
MISE SAFE AI	2028	0.16	90,935	18,129	72,807	18,158	18,187	18,216	18,245	
MISE-SMART AND SAFE	2026	0.8	224,080	89,096	134,985	89,810	45,175			
MIUR I-LEARNTV	2025	0.25	73,875	36,891	36,984	36,984				
BPM COVID19 LOAN	2026	5.966	171,419	59,114	112,305	62,739	49,566			
INTESA COVID19 LOAN	2026	6.304	317,142	124,969	192,173	127,478	64,695			
SANPAOLO N.0IC1010726807 - LOAN	2026	0.0393	501,899	170,143	331,756	186,595	145,161			
BPM N.04588561 - LOAN	2024	0.02	17,484	17,484	0					
BPM N.04929146 - LOAN	2027	0.0275	156,814	49,893	106,921	50,831	51,737	4,354		
CHASE BANK	2024	4.73	4,977,375	4,977,375	0					
SANTANDER	2024	5.5	8,617	8,617	0					
Banco BPM no. 04765860	2025	4.866	1,257,086	671,793	585,293	585,293				
Banca Intesa No. 10711208 - Loan	2026	3.893	209,324	78,186	131,138	71,120	60,019			
Banca Intesa No. 10710450 - Loan	2026	3.893	121,028	42,100	78,928	42,769	36,159			
Banca Intesa No. 10710027 - Loan	2026	3.893	216,728	70,147	146,580	79,428	67,153			
MISE FINDUSTRY	2029	0.18	737,020	122,285	614,735	122,505	122,726	122,947	123,168	123,390
MISE/MCC SUMMIT	2028	0.17	292,685	64,848	227,838	64,958	65,069	65,179	32,631	0
MISE / MCC ProtectID	2029	0.18	773,882	128,401	645,481	128,632	128,864	129,096	129,328	129,561
BANCO BPM 10 million 5463921	2025	4.852	5,130,544	2,503,425	2,627,119	2,627,119				
BANCO BPM 15 million 4840419	2024	6.18	1,896,001	1,875,000	21,001	21,001				
MISE Scream	2031	0.13	120,894	16,051	104,843	16,072	16,093	16,114	16,135	40,429
BNP RCF loan	2024	6.956 (3-month Libor + 3%)	20,000,000	20,000,000						
BNP RCF loan	2024	6.956 (3-month Libor + 3%)	20,000,000	20,000,000						
BNP RCF loan	2024	6.932 (3-month Libor + 3%)	20,000,000	20,000,000						
BNP RCF loan	2024	6.923 (3-month Libor + 3%)	20,000,000	20,000,000						
Centurion NEWCO (PIK) loan	2028	13.0	280,738,413		280,738,413				280,738,413	
BANCO BPM former Centurion Bidco loan	2026	9.136	38,016,870		38,016,870			38,016,870		
Bpm	2025	1.05% Fixed	2,989,919	1,487,121	1,502,798	1,502,798				
Credit Agricole	2025	0.80% Fixed	2,207,180	1,257,465	949,715	949,715				
Unicredit	2025	1.25% + 3-month Euribor	1,163,046	773,543	389,504	389,504				
Banco Desio	2026	1.25% Fixed	3,517,537	1,408,544	2,108,992	1,389,173	719,820			
Intesa San Paolo	2028	1.05% + 6-month Euribor	9,000,000	2,000,000	7,000,000	2,000,000	2,000,000	2,000,000	1,000,000	
Banca Reale	2027	1.5% + 3-month Euribor	161,382	47,991	113,391	50,676	53,510	9,205		
Total			**435,089,180**	**98,098,612**	**336,990,568**	**10,613,354**	**3,643,933**	**40,381,980**	**282,057,921**	**293,380**

The Group's main long-term financial payables include parent company commitments for loans with maturity over 12 months, mainly attributable to the Parent Company and equal to Euro 323.0 million.

The portion due within 12 months was reclassified under current financial liabilities.

Some information and characteristics of the existing loans, disclosed at the value initially granted, are shown hereunder:

- loans by BNP Paribas amount to a total of Euro 80 million, consisting of no. 04 RCF of Euro 20 million each:

- Loans disbursed by Banco BPM:
  - on October 8, 2020 for Euro 38.4 million and a duration of six years;
  - on October 13, 2020 for Euro 15 million and duration of four years;
  - on December 22, 2021 for Euro 10 million and duration of four years;

- the loans granted by MISE (Summit, Findustry, ProtectID and Scream) are at a subsidised fixed rate and are linked to the implementation of research and technological development projects. The Summit loan was disbursed on October 23, 2019, Findustry on June 3, 2021. In addition to these, there are those disbursed in the first half year of 2023: the Protect ID loan had a first disbursement on February 10, 2023 and finally the Scream loan had a first disbursement on March 14, 2023;

- PIK loan granted by the parent company Centurion NewCo S.p.A.:
  - on July 22, 2020 for Euro 266 million and a duration of eight years.

The item "Other non-current financial liabilities" is as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Security deposits	115,750	115,750	0
Amounts due for finance lease	0	20,044	(20,044)
Financial instruments	963,001,478	0	963,001,478
Total	**963,117,228**	**135,794**	**962,981,434**

The breakdown of the item "Financial instruments" net of amortised cost is shown below:

(in Euro)

Lender	Year of maturity	Interest rate	Within 1 year	From 12 to 24 months	From 24 to 36 months	From 36 to 48 months	From 48 to 60 months	Over 5 years	Total
Eng.Ing.Inf. 5.875% 30.09.2026 (XS2241098909)	2026	5.88%				597,145,887			597,145,887
Eng.Ing.Inf. 11.125% 15.05.2028 Reg S (XS2620212386)	2028	11.13%					365,855,591		365,855,591
Total			**0**	**0**	**0**	**597,145,887**	**365,855,591**	**0**	**963,001,478**

The information on the financial instruments shown above is as follows:

Listed fixed-rate bonds:

- on October 8, 2020 for Euro 605 million and a duration of six years;
- on May 17, 2023 for Euro 385 million and a duration of five years.

The following table represents the changes in Financial liabilities:

(in Euro)

Description	December 2021	Acquisitions	Cash flows		Non-monetary changes		December 2022
			New loans - third parties	Repayment of loans - third parties	Reclassifica-tions	Other changes	
Non-current financial liabilities	133,158,741	22,552,766	365,528,000	(25,303,422)	(1,902,075)	(1,315,921)	492,718,089
Non-current lease liabilities	122,061,287	10,234,853	0	(154,337)	(5,881,001)	16,579,454	142,840,258
Current financial liabilities	106,739,076	25,590,351	328,373,127	(337,852,464)	1,902,075	43,298,123	168,050,289
Current lease liabilities	20,836,919	4,036,190	0	(22,682,452)	5,881,001	17,979,431	26,051,088
Total	**382,796,023**	**62,414,161**	**693,901,127**	**(385,992,674)**	**0**	**76,541,087**	**829,659,723**

(in Euro)

Description	December 2022	Acquisitions	Cash flows		Non-monetary changes		December 2023
			New loans - third parties	Repayment of loans - third parties	Reclassifica-tions	Other changes	
Non-current financial liabilities	492,718,089	550,998	1,166,469	(6,752,601)	(6,595,525)	819,020,367	1,300,107,797
Non-current lease liabilities	142,840,257	34,450	0	(847,380)	(6,321,685)	(1,585,948)	134,119,695
Current financial liabilities	168,050,289	187,594	357,985,832	(335,309,482)	6,595,525	65,865,729	263,375,485
Current lease liabilities	26,051,089	25,052	0	(27,279,065)	6,321,685	19,875,554	24,994,316
Total	**829,659,724**	**798,094**	**359,152,301**	**(370,188,528)**	**(0)**	**903,175,702**	**1,722,597,292**

The item “Other changes” in non-monetary changes in Non-current financial liabilities is mainly attributable to loans/bonds acquired as a result of the reverse merger by incorporation of the company Centurion Bidco S.p.A. into Engineering Ingegneria Informatica S.p.A., net of the cancellation of pre-existing loans prior to the merger with the merged entity.

26 Non-current lease liabilities

(in Euro)

Description	12.31.2023	12.31.2022	Change
Non-current lease liabilities	134,119,695	142,840,257	(8,720,562)

The table below shows the breakdown of lease liabilities into current and non-current payables:

(in Euro)

Description	Within 1 year	From 12 to 24 months	From 24 to 36 months	From 36 to 48 months	From 48 to 60 months	of which over 5 years	Total
Amounts due for financial leases (former IAS 17)	267,639	40,381	8,265				316,285
Payables for lease offices and branches	17,846,974	18,593,156	18,587,165	17,750,026	11,652,778	55,807,294	140,237,393
Payables for vehicle financing	4,235,425	3,858,706	3,444,796	1,652,941	90,246	27,030	13,309,143
Payables for hardware and software lease	2,479,669	1,723,904	656,899	71,422	51,685	17,403	5,000,981
Other lease liabilities	164,609	34,648	27,865	15,293	7,792		250,208
Total	**24,994,316**	**24,250,795**	**22,724,990**	**19,489,682**	**11,802,501**	**55,851,727**	**159,114,010**

With regard to the portion due within 12 months of lease liabilities, amounting to Euro 24.9 million, please refer to the paragraph on Current lease liabilities.

Lease liabilities are monitored within the Group’s treasury function.

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27 Deferred tax liabilities

(in Euro)

Description	12.31.2023	12.31.2022	Change
Deferred tax liabilities	84,060,196	65,055,152	19,005,044

Deferred tax liabilities have been calculated on the following items:

(in Euro)

Description	12.31.2023		12.31.2022	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Goodwill	30,736,195	8,784,221	18,505,525	5,163,042
Trademark	96,167,452	27,062,211	25,541,108	7,385,667
Other revenues - research grants	3,076,855	745,643	2,045,255	498,059
Other revenues - research grants taxed in 5 years	67,993,940	16,318,546	62,942,696	15,106,247
Capital grants	297,663	71,439	299,199	71,808
Property, plant and equipment/Intangible assets	4,787,589	1,475,958	1,714,568	478,290
Intangible assets	0	0	529,431	147,711
IFRS - IAS 8 adjustments	1,031	328	1,031	328
Customer relationship - allocation of goodwill	81,972,350	25,584,541	98,310,170	30,668,582
Other	14,682,318	4,017,310	17,698,431	5,535,419
Total	**299,715,393**	**84,060,196**	**227,587,413**	**65,055,152**

The following table shows details of deferred tax liabilities recognised in the income statement.

(in Euro)

Description	Doubtful debt provision	Trademark	Allocation of goodwill	R&D grants	Other temporary differences	Total
Balance as of 01.01.2022	**0**	**2,527,904**	**4,204,346**	**15,693,489**	**7,041,838**	**29,467,576**
Impact on the income statement	0	4,857,763	26,464,237	(89,183)	4,354,758	35,587,575
Impact on the comprehensive income statement						0
Balance as of 12.31.2022	**0**	**7,385,667**	**30,668,582**	**15,604,306**	**11,396,596**	**65,055,152**
Change from merger		17,401,687	4,955,319		6,487,333	28,844,339
Impact on the income statement	0	**2,274,857**	**(10,039,360)**	1,459,883	**(3,534,674)**	(9,839,295)
Impact on the comprehensive income statement						0
Balance as of 12.31.2023	**0**	**27,062,211**	**25,584,541**	**17,064,189**	**14,349,255**	**84,060,196**

28 Non-current provisions for risks and charges

(in Euro)

Description	12.31.2023	12.31.2022	Change
Non-current provisions for risks and charges	4,536,398	4,743,178	(206,780)

The provision for risks, which amounts to Euro 4.5 million, mainly includes provisions for pending disputes with third-parties customers.

Changes are detailed below:

(in Euro)

Description	
Balance as of 01.01.2022	**3,495,074**
Exchange difference effect	399,225
Increase	867,041
Decrease	(420,837)
Business combination	402,675
Balance as of 12.31.2022	**4,743,178**
Increase	17,123
Decrease	(223,903)
Balance as of 12.31.2023	**4,536,398**

29 Other non-current liabilities

(in Euro)

Description	12.31.2023	12.31.2022	Change
Other non-current liabilities	55,980,144	37,910,083	18,070,062

The balance as of December 31, 2023 of Euro 56.0 million includes:

- Euro 14.8 million euro for the valuation of the payable - on the basis of the provisions of IAS 32 - for sale options granted to non-controlling shareholders (i.e. put option contract). The fair value of the liability, which represents a reasonable estimate of the exercise price of the option, was determined on the basis of the exercise conditions indicated in the relative contract using the metrics inferred from the multi-year plans of the subsidiaries involved;
- Euro 1.3 million for the payable for a non-competition agreement signed with the top management and consultants;
- approximately Euro 2.2 million for earn-outs to be paid in subsequent years;
- Euro 33.9 million for non-current payable relating to the purchase of the technological platform formalised on 30 June 2023;
- Euro 2.1 million for the payable beyond the year relating to taxes to be paid following the tax regularisation of the remuneration paid to top management;
- Euro 1.4 million for the portion due beyond 12 months of the payable to the Inland Revenue Office following the facilitated settlement ("Scrapping-quater") of previous tax payables.

30 Post-employment benefits

(in Euro)

Description	12.31.2023	12.31.2022	Change
Post-employment benefits	82,913,117	79,465,342	3,447,775

Due to the introduction of Italian Law no. 296 of December 27, 2006 and subsequent decrees and regulations issued at the beginning of 2007, post-employment benefits from January 1, 2007 changed from a "defined benefit plan" to a "defined contribution plan" as a consequence of the application of differing accounting treatment of post-employment benefits accrued before or after December 31, 2006.
Post-employment benefits, accrued after January 1, 2007, represent a "defined contribution plan". Periodically, the Company pays post-employment benefits accrued to a separate entity (e.g. INPS and/or Fund) and with payment of the contributions it fulfils the obligation to its employees. For accounting purposes, it is included under other contributions, therefore the post-employment benefit matured is recorded as a cost in the period with the payable recognised under short-term payables.

Post-employment benefits accrued up to December 31, 2006 continue to represent a “defined benefit plan” which is more certain in terms of their existence and sum, but uncertain in terms of manifestation.
The total amount of the benefit obligation is calculated and certified on an annual basis by an independent actuary by using the “Projected Unit Credit” method.

A summary of the actuarial assumptions adopted in measuring post-employment benefits is provided below:

Financial Assumptions:

- future annual rates of inflation were set according to the average rates of inflation in Italy in recent years, based on ISTAT data;
- future annual revaluation rates of existing provisions and subsequent payments fixed, as established by regulations at 75% of the inflation rate + 1.50% net of taxes;
- the annual discount rates were established as variable from 1.3678% to 2.5836% and were deducted adopting a rate curve combining the effective yield rates movements of the Euro Bonds of primary companies with AA rating or higher.

Demographic assumptions:

- to evaluate length of employment with the Company, the “Tavola di permanenza nella posizione di attivo” RG48 (a table for company service length prepared by the Italian Treasury Department based on data for those born in 1948) was used, selected, projected and separated by gender, supplemented with the probability of additional reasons for leaving (resignations, advances which are a financial-based cause for leaving, measurable in terms of cancellation probability, and other).

The following table show the absolute and relative changes in liabilities measured according to IAS 19 (DBO), while assuming a 10% negative or positive change in the revaluation and/or discounting rates.

(in Euro)

EII Group		Discounting				
		-10%		100%		+10%
	-10%	**82,540,008**	1,649,971	**80,890,037**	-1,583,641	**79,306,396**
		-2,089,411	-373,109	-2,023,080	-3,606,721	-1,948,458
Infl.	100%	**84,629,418**	1,716,302	**82,913,117**	-1,658,262	**81,254,854**
		2,188,906	3,905,207	2,105,993	373,109	2,031,371
	+10%	**86,818,324**	1,799,215	**85,019,110**	-1,732,884	**83,286,226**

EII Group		Discounting				
		-10%		100%		+10%
	-10%	**+99.55%**	+1.99%	**+97.56%**	-1.91%	**+95.65%**
		-2.52%	-0.45%	-2.44%	-4.35%	-2.35%
Infl.	100%	**+102.07%**	+2.07%	**+100.00%**	-2.00%	**+98.00%**
		+2.64%	+4.71%	+2.54%	+0.45%	+2.45%
	+10%	**+104.71%**	+2.17%	**+102.54%**	-2.09%	**+100.45%**

Actuarial gains and losses are recognised under Shareholders’ equity on an accrual basis.

Changes are detailed below:

(in Euro)

Description	
Balance as of 01.01.2022	**71,630,985**
Provisions	31,308,197
Amounts paid to social security institutions + INPS	(30,569,083)
Actuarial losses/(gains)	4,030,005
Benefits paid	(5,290,737)
Post-empl. benefits on acquisition of Group business units/subsidiaries	468,917
Transfer payables of Group business units/subsidiaries	(146,236)
Post-empl. benefits, consolidated companies	8,033,295
Balance as of 12.31.2022	**79,465,342**
Provisions	39,241,583
Amounts paid to social security institutions + INPS	(33,972,185)
Actuarial losses/(gains)	2,770,227
Benefits paid	(6,324,462)
Post-empl. benefits on acquisition of Group business units/subsidiaries	1,439,465
Transfer payables of Group business units/subsidiaries	(1,436,053)
Post-empl. benefits, consolidated companies	1,729,199
Balance as of 12.31.2023	**82,913,117**

F) Current liabilities

31 Current financial liabilities

(in Euro)

Description	12.31.2023	12.31.2022	Change
Current financial liabilities	263,375,486	168,050,289	95,325,197

Current financial liabilities relate to Payables to lenders, banks and other current financial liabilities as reported below:

(in Euro)

Description	31.12.2023	31.12.2022	Change
Bank loans	131,656,780	98,220,870	33,435,910
Bank overdraft	9,994,502	11,464,228	(1,469,725)
Other current financial liabilities	106,517,540	58,281,858	48,235,682
Parent Companies	15,206,664	83,333	15,123,331
Total	**263,375,486**	**168,050,289**	**95,325,197**

Bank loans

As of December 31, 2023, bank loans totalled Euro 131.7 million, Euro 98.1 million of which relates to the short-term portion of bank loans, the details of which are shown in the table “Non-current financial liabilities” herein and Euro 33.6 million of which relates to short-term loans with a duration lower than six months.

Bank overdrafts

(in Euro)

Description	12.31.2023	12.31.2022	Change
Bank overdrafts	9,994,502	11,464,228	(1,469,725)
Total	**9,994,502**	**11,464,228**	**(1,469,725)**

Other current financial liabilities

(in Euro)

Description	12.31.2023	12.31.2022	Change
Other payables and Grants to be repaid	106,517,540	58,281,858	48,235,682
Total	**106,517,540**	**58,281,858**	**48,235,682**

“Other grants” refer to the following:

- Euro 20.3 million for collections received for research projects to be reversed to other partner subjects;
- Euro 57.0 million for collections received from customers for invoices transferred to factoring companies;
- Euro 27.1 million for interest to be paid for loans/bonds;
- Euro 0.9 million of collections to be repaid to customers of the company Municipia, following the collections of taxes on their behalf.

Financial liabilities to parent companies refer exclusively to interest accrued for loans granted by the parent company Centurion Newco.

32 Current lease liabilities

(in Euro)

Description	12.31.2023	12.31.2022	Change
Current lease liabilities	24,994,316	26,051,088	(1,056,772)

“Current lease liabilities” relate to the short-term portion of leases described in paragraph “Non-current lease liabilities”.

33 Current tax payables

(in Euro)

Description	12.31.2023	12.31.2022	Change
Current tax payables	5,135,721	25,328,570	(20,192,849)

The balance as of December 31, 2023 primarily includes current tax payables.

The breakdown is as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
IRES	2,323,430	20,061,723	(17,738,293)
IRAP	873,683	225,316	648,368
Substitute tax	0	32,382	(32,382)
Other tax payables	1,938,607	5,009,149	(3,070,542)
Total	**5,135,721**	**25,328,570**	**(20,192,849)**

The tax payable as of December 31, 2023 was decreased by the advanced amounts paid for IRES and IRAP taxes.

34 Current provisions for risks and charges

(in Euro)

Description	12.31.2023	12.31.2022	Change
Current provisions for risks and charges	26,335,996	23,107,359	3,228,637

Current provisions for risks and charges are broken down as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Provision for risks and charges	6,911,049	18,824,820	(11,913,770)
Provision for losses on projects	19,424,946	4,282,539	15,142,407
Total	**26,335,996**	**23,107,359**	**3,228,637**

The provision for current risks and charges is mainly broken down as follows:

The item "Provision for risks and charges" includes:

- Euro 5.2 million, relating to provisions for legal disputes and to the risk of penalties with contracts with customers;
- Euro 1.3 million for tax risks.

The item "Provision for losses on projects" refers to the risks for probable future losses on some existing projects.

The changes in the current provisions for risks and charges during the years in question are as follows:

(in Euro)

Description	
Balance as of 01.01.2022	**18,048,435**
Exchange difference effect	17,012
Increase	11,323,649
Decrease	(15,605,594)
Business combination	9,323,857
Balance as of 12.31.2022	**23,107,359**
Increase	20,017,707
Decrease	(17,685,004)
Business combination	895,933
Balance as of 12.31.2023	**26,335,996**

35 Other current liabilities

(in Euro)

Description	12.31.2023	12.31.2022	Change
Other current liabilities	280,628,806	230,439,437	50,189,368

This item is broken down as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Directors and Statutory Auditors	760,941	716,382	44,559
Consultants	1,925	5,010	(3,086)
Withholding taxes	1,333,561	1,071,534	262,027
Tax payables	27,111,430	32,266,103	(5,154,673)
Due to RTI partners	1,377,343	364,841	1,012,502
Payables for tax consolidation with related parties	9,862,728	2,330,636	7,532,092
Social security institutions	37,789,744	31,598,975	6,190,769
Others	49,807,763	25,677,537	24,130,226
Employees	134,114,947	111,443,399	22,671,548
Partners for research projects	13,611,517	13,154,543	456,974
Accrued m/l loan interest	268,589	152,754	115,834
Other accruals	13,036	62,218	(49,181)
Other deferred income	4,575,282	11,595,505	(7,020,223)
Total	**280,628,806**	**230,439,437**	**50,189,368**

The item "Others" includes the short-term payable of Euro 22.6 million, relating to the purchase of the technological platform, described above. The item also includes the earn-outs recorded and still to be paid in relation to the companies C Consulting S.p.A., Nexera S.p.A., Industries Excellence S.p.A. and Atlantic Technologies S.p.A..

Tax payables are broken down as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
VAT	8,203,113	14,023,137	(5,820,024)
Suspended VAT	668,085	1,182,904	(514,819)
IRPEF	17,354,890	16,521,033	833,858
Other	885,342	539,030	346,312
Total	**27,111,430**	**32,266,103**	**(5,154,673)**

36 Trade payables

(in Euro)

Description	12.31.2023	12.31.2022	Change
Trade payables	515,931,353	469,928,023	46,003,330

Trade payables refer to current payables due to suppliers for goods and services.

The balance as of 31 December 2023 is broken down as follows:

(in Euro)

Description	12.31.2023	12.12.2022	Change
Suppliers	413,897,728	387,129,204	26,768,523
Parent Companies	4,272	130,835	(126,563)
Others	102,029,353	82,667,984	19,361,370
Total	**515,931,353**	**469,928,023**	**46,003,330**

a) Suppliers

(in Euro)

Description	12.31.2023	12.31.2022	Change
Due to suppliers	290,039,277	258,698,539	31,340,738
Due to foreign suppliers	11,228,039	10,371,075	856,964
Invoices to be received	114,456,787	119,210,414	(4,753,627)
Credit notes to be received	(1,826,375)	(1,150,824)	(675,551)
Total	**413,897,728**	**387,129,204**	**26,768,523**

b) Payables due to parent companies

(in Euro)

Description	12.31.2023	12.31.2022	Change
Invoices to be received	4,272	4,272	0
Invoices received	0	126,563	(126,563)
Total	**4,272**	**130,835**	**(126,563)**

c) Others

(in Euro)

Description	12.31.2023	12.31.2022	Change
Advances for future work	102,029,353	82,667,984	19,361,370
Total	**102,029,353**	**82,667,984**	**19,361,370**

The amounts due to others relate to net advances made by customers that exceed the value of inventories and customer contract assets.

Income statement

A) Total revenues

(in Euro)

Description	12.31.2023	12.31.2022	Change
Total revenues	1,721,089,566	1,459,966,811	261,122,755

The breakdown of Total revenues is as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Revenues	1,683,453,948	1,422,630,044	260,823,904
Other revenues	37,635,618	37,336,767	298,851
Total	**1,721,089,566**	**1,459,966,811**	**261,122,755**

37 Revenues from sales and services

(in Euro)

Description	12.31.2023	12.31.2022	Change
Revenues from sales and services	1,664,740,467	1,394,138,843	270,601,625
Cgs. finished products and construction contracts	18,713,481	28,491,201	(9,777,720)
Total	**1,683,453,948**	**1,422,630,044**	**260,823,904**

The Group records revenues from the fulfilment of the obligation to do both "at a point in time" and "over time", as summarised in the table below, per type of product/service:

(in Euro)

Fulfilment of obligations	Type of goods and services				
	Deliverable-based contracts	Resource-based contracts	Service-based contracts	Assistance- and maintenance-based contracts	Total
At a point in time	0	0	159,599,116	0	159,599,116
Over time	635,482,610	496,062,230	0	392,309,992	1,523,854,832
Total	**635,482,610**	**496,062,230**	**159,599,116**	**392,309,992**	**1,683,453,948**

For further information, please refer to paragraph "Revenues and Costs".

38 Other revenues

(in Euro)

Description	12.31.2023	12.31.2022	Change
Other revenues	37,635,618	37,336,767	298,851

The breakdown of Other revenues is as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Grants	24,385,716	19,304,962	5,080,753
Other income	13,249,902	18,031,804	(4,781,902)
Total	**37,635,618**	**37,336,767**	**298,851**

The item "Grants" is for research projects financed by national bodies and by the European Union.

The item "Other income" refers mainly to income from rebate agreements with suppliers and claims compensation.

Disclosure pursuant to Article 1, paragraphs 125-129, Italian Law 124/2017

As required by Italian Law no. 124 of 2017, in relation to transparency obligations envisaged by Art. 1, par. 125-129, information is provided below on amounts collected over the year in relation to grants, contributions, paid assignments and economic benefits of any kind received by public administrations and/or companies directly or indirectly controlled by them. In order to avoid the accumulation of irrelevant information, the Group has made use of the possibility of not providing information on benefits received of less than Euro 10,000 in the period considered.

(in Euro)

Project title	Description	Lender	Collection date	Total
AiBiBank	AiBiBank is a research project aimed at building a bio-bank and a technological and regulatory infrastructure (DataLake) used to develop decision-support tools for doctors in the fight against cancer.	Piedmont Region Administration (through FinPiemonte)	03.10.2023	65,748
			03.14.2023	171,938
			10.20.2023	76,374
			Total	**314,060**
BISS F3	Target detection and tracking system with non-cooperative Bistatic Sonar System: Platform for the identification and tracking of targets detected with the help of bi-static sonar sensors in non-collaborative configuration.	Ministry of Defence - Navarm - Segredifesa - Depart. of Naval Armaments	05.09.2023	83,528
			09.15.2023	82,540
			Total	**166,069**
CASHMA	The CASHMA (Context Aware Security by Hierarchical Multilevel Architectures) project has designed and built prototypes for the recognition of multiple biometric traits for authentication on potentially critical IT systems. The project proposed a multi-modal biometric approach, which combines, through a so-called fusion operation, the information content deriving from the analysis of different biometric traits (especially the soft traits, i.e. easy to take over, but less distinctive) of the same individual, in order to achieve a more reliable authentication or identification.	MUR (Ministry of University and Research)	07.19.2023	3,830,202
			Total	**3,830,202**
CIDOIMO	The project proposes the study and implementation of a decision-support platform for the classification of anthropic and non-anthropic targets detected on the open sea, introducing innovative AI techniques such as Machine Learning (ML) and Deep Learning (DL) applied to acoustic signals and frequency spectra. The adoption of these techniques will make it possible to overcome the current classification limits by extending the analysis to non-anthropic marine acoustic signals.	Ministry of Defence - Navarm - Segredifesa - Depart. of Naval Armaments	04.28.2023	79,812
			12.14.2023	70,135
			Total	**149,947**
DICET INMOTO	Industrial research and experimental development project funded by MIUR on the issues of multimedia narration relating to tourism and cultural heritage, especially in relation to the scalability of content servers towards high volumes of data, including the problem of location and content and federation of areas and good relations with Social Networks.	MUR (Ministry of University and Research)	11.30.2023	26,577
			Total	**26,577**
eMORFORAD	The project envisages an innovative integrated use of radiomics and in situ proteomics technologies (quantitative tissue morphophenotyping), for the development of innovative non-invasive approaches for diagnosis, personalised prognosis, predictive response to cancer therapies. The objective of this project is the development of new integrated advanced diagnostic tools for HNSCC (Head & Neck Squamous Cell Carcinomas) to be used for new personalised medicine protocols. The access of the individual patient with head and neck cancer to a real personalised medicine will be made possible and concretely feasible, so far made very problematic by the known clonal and biological intratumoral heterogeneity of these neoplasms, which traditional diagnostic systems are able to identify and define only partially. The project is focused on "System Medicine", and will be carried out through the integration of the multiple "omics" sciences and the different expertise indispensable for the diagnostic, prognostic and predictive classification and for the management of squamous carcinomas of the head and neck.	Campania Region	10.26.2023	53,999
			Total	**53,999**
ICOSAF	Engineering is responsible for both defining a distributed data management proposal (edge vs. cloud) capable of enabling process/product quality monitoring by processing data from heterogeneous sources, and enabling Digital Services and related validation models. It also helped provide cognitive and ergonomic analysis for interaction with HMIs by defining the development of advanced HMIs and ICT system integrators.	MUR (Ministry of University and Research)	04.24.2023	96,216
			Total	**96,216**
IDEHA	IDEHA will implement an integrated platform for conservation and valorisation of cultural heritage sites.	MUR (Ministry of University and Research)	05.24.2023	28,093
			05.25.2023	220,807
			05.29.2023	27,109
			07.25.2023	112,249
			Total	**388,258**
Inf@nzia Digitales	Innovation of education processes by means of empowering classes with a combination of tablet and ICT laboratories implementing creative education approaches (Maria Montessori, Bruno Munari).	MUR (Ministry of University and Research)	04.21.2023	263,737
			Total	**263,737**
OK-INSAID	OK-INSAID proposes scientific, technological, and application innovation in Industrial Data Analytics to help in the redesign of actual manufacturing networks and processes by leveraging data and analytics to achieve a step change in value creation, by transforming existing manufacturing processes and business models. It will integrate and demonstrate the potential of Big Data technologies to deliver new digital services in the industrial sector. OK-INSAID recognises the potential of industrial data that is far to be exploited by the Italian (and also EU) industries: data is potentially available; industries are not sufficiently able to extract the value (sometimes hidden) "inside" them. To this end, OK-INSAID will adopt and evolve state-of-the-art (mainly open source) technology and define new Data Driven methods for industrial applications. OK-INSAID proposes a novel approach to industrial analytics based on coordination, synchronisation, and collaboration among analytics in the cloud and at the edge. The approach will be supported by a reference architecture and a reference implementation to adopt in order to develop novel hybrid cloud-edge industrial analytics for Industry4.0.	MUR (Ministry of University and Research)	09.21.2023	235,157
			11.14.2023	296,984
			Total	**532,141**
Protect-id	ProtectID aims to build a set of innovative security services and solutions (defining and validating new models and software components) in the context of Digital Identity management, with particular reference to the protection of privacy and the sharing of personal information online. Starting from the current context, sanctioned by the European regulation (eIDAS) and the subsequent implementation of the electronic identification model in the national panorama (SPID), the project pursues the following purposes: (1) to explore the evolving scenarios of digital identity usage by the different actors involved both in the general context and in a specific application domain (e-Commerce) in order to identify the specific aspects and the main differences with respect to the current use scenarios. On the basis of the current status and previous exploration, define a set of innovative solutions, tools and services that make it possible to: (2) increase the awareness of the actors on privacy and protection of personal data online, with special reference to threats present in this area, the risks deriving therefrom, and the different approaches with which these risks can be identified and assessed; and (3) protect the privacy of individuals as well as their personal information online, through the study and testing of advanced tools for continuous multi-biometric authentication while using the service, easier management and enforcement of privacy policies, the use of systems for sharing personal information not subject to any centralised control, and greater control over personal transactions carried out online.	MIMIT (Ministry of Enterprises and Made in Italy)	02.10.2023	1,098,974
			09.18.2023	416,227
			Total	**1,515,201**
RECON-UV	Study and implementation of an AUV vehicle, and a Decision Support System platform, for inspection, research, discovery and recognition activities in the "very shallow water" and in the "surf zone" (near a "landing zone").	Ministry of Defence - Navarm - Segredifesa - Depart. of Naval Armaments	06.29.2023	95,895
			11.29.2023	105,646
			Total	**201,541**
ReHome	The project defines, develops, prototypes and validates a technological platform capable of integrating the various components that meet motor and cognitive rehabilitation needs in a context of continuity of care. The platform is targeted in particular at individuals suffering from three chronic degenerative diseases: Severe Cognitive Disorder (mNCD), stroke and Parkinson's disease.	Piedmont Region Administration (through FinPiemonte)	02.08.2023	75,044
			10.26.2023	53,155
			Total	**128,199**
SIGAGE	Study and implementation of a prototype platform of an integrated system for the technologically advanced Management of Electronic Warfare Activities that can increase the current national electronic warfare capabilities (at this stage for ELINT - ELectronic-signal INTelligence assets only).	Ministry of Defence - Navarm - Segredifesa - Depart. of Naval Armaments	07.05.2023	218,857
			Total	**218,857**
SUMMIT	SUMMIT aims at designing, building and experiencing, through real-life use cases, a configurable, adaptive and extensible IoT platform enabling the integration and the secure management of smart objects (e.g. sensors, smartphones, tablets, programmable devices, etc.). Based on the adoption of SDN (Software-Defined Networks) and NFV (Network Function Virtualisation), the platform will be open and interoperable with other existing platforms (e.g. FIWARE) with the goal to connect billions of smart objects and create IoT services and applications.	MIMIT (Ministry of Enterprises and Made in Italy)	05.22.2023	201,951
			Total	**201,951**
DOME GREAT AGREEMENT	DOME Project, lasting three years, January 2023 and December 2023.	European Commission	04.26.2023	298,369
			Total	**298,369**
SAFE AI	Creation of intelligent video analysis systems based on deep learning and semantic technologies.	MISE	04.18.2023	89,505
			Total	**89,505**
Grand total				**8,474,829**

B) Operating expenses

(in Euro)

Description	12.31.2023	12.31.2022	Change
Operating expenses	1,698,977,913	1,415,822,994	283,154,919

39 Operating expenses

The breakdown of operating expenses is as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Raw materials and consumables	72,269,012	58,339,548	13,929,465
Service costs	590,564,910	501,210,492	89,354,418
Personnel costs	871,016,680	718,931,619	152,085,061
Amortisation and depreciation	116,206,151	72,996,291	43,209,860
Provisions	33,609,470	50,465,654	(16,856,184)
Other costs	15,311,690	13,879,390	1,432,300
Total	**1,698,977,913**	**1,415,822,994**	**283,154,919**

For further details on changes, reference is made to the relevant paragraphs in the Directors' Report.

40 Raw materials and consumables

(in Euro)

Description	12.31.2023	12.31.2022	Change
Raw materials and consumables	72,269,012	58,339,548	13,929,465

Below is a breakdown of costs for raw materials and consumables:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Hardware	4,094,120	6,041,058	(1,946,938)
Software	48,961,417	38,254,278	10,707,139
Consumables	19,179,584	14,043,833	5,135,751
Other	33,891	378	33,513
Total	**72,269,012**	**58,339,548**	**13,929,465**

The increase in raw materials and consumables is essentially due to the purchase of software and goods for resale.

41 Service costs

(in Euro)

Description	12.31.2023	12.31.2022	Change
Service costs	590,564,910	501,210,492	89,354,418

Service costs comprise the following accounts:

(in Euro)

Description	12.31.2023	12.31.2022	Change
EDP purchases, services and data lines	3,634,443	4,155,486	(521,043)
Insurance	7,199,162	5,865,234	1,333,928
Bank commissions	3,244,509	3,290,440	(45,930)
Technical support and consultancy	423,470,245	355,029,630	68,440,615
Legal and administrative consultancy	33,747,496	31,860,491	1,887,005
Training and refresher courses	3,729,563	3,714,993	14,571
Consultants	892,334	445,290	447,044
Cost of corporate boards	5,823,137	4,663,755	1,159,382
Building rental	2,971,050	1,799,303	1,171,747
Maintenance of property, plant and equipment and intangible assets	28,020,095	24,947,036	3,073,059
Canteen and other personnel costs	17,442,959	14,465,079	2,977,880
Automotive expenses	7,984,348	8,074,496	(90,148)
Hardware and software rental	1,720,194	760,676	959,518
Services from parent companies	112,619	126,563	(13,944)
Maintenance and security services	5,105,584	3,775,255	1,330,329
Advertising and sales rep. expenses	3,640,659	3,467,653	173,006
Travel costs	16,537,686	11,071,039	5,466,647
Postage and shipping expenses	6,420,450	7,072,786	(652,336)
Utilities	7,486,360	8,780,897	(1,294,537)
Other	11,382,016	7,844,391	3,537,625
Total	**590,564,910**	**501,210,492**	**89,354,418**

The increase in the item “Technical support and consultancy” is attributable to the increase in production activities, which made the use of external resources necessary.

The increase in the item “Travel costs” is attributable to the increase in the workforce and the resumption of travel still depressed in 2022 due to the residual effects of the pandemic.

The following table shows the remuneration paid in 2023 for the audit, certification and other services rendered by the Independent Auditors.

(in Euro)

Service	Provider	Beneficiary	Remuneration
Audit	Deloitte & Touche S.p.A	Engineering Ingegneria Informatica S.p.A.	297,500
Other services	Deloitte & Touche S.p.A	Engineering Ingegneria Informatica S.p.A.	418,550
Audit	Deloitte & Touche S.p.A	C Consulting S.p.A.	12,000
Audit	Deloitte & Touche S.p.A	Cybertech S.r.l.	10,000
Audit	Deloitte & Touche S.p.A	Digitelematica S.r.l.	9,000
Audit	Deloitte & Touche S.p.A	Engineering D.HUB S.p.A.	37,000
Audit	Deloitte & Touche S.p.A	Municipia S.p.A.	21,500
Other services	Deloitte & Touche S.p.A	Municipia S.p.A.	8,000
Audit	Deloitte & Touche S.p.A	Overlord Bidco S.p.A.	7,000
Audit	Deloitte & Touche S.p.A	Sicilia e-Servizi Venture S.c.r.l.	15,000
Audit	Deloitte & Touche S.p.A	Engineering Sardegna S.r.l.	7,500
Audit	Deloitte & Touche S.p.A	Livebox S.r.l.	15,000
Audit	Deloitte & Touche S.p.A	Industries Excellence S.p.A.	6,000
Audit	Deloitte & Touche S.p.A	WebResults S.r.l.	7,500
Audit	Deloitte & Touche S.p.A	Atlantic Technologies S.p.A.	15,000
Audit	Deloitte & Touche S.p.A	Nexen S.p.A.	20,000
Audit	Deloitte & Touche S.p.A	Engi da Argentina S.A.	25,000
Audit	Deloitte & Touche S.p.A	Engineering do Brasil S.A.	35,000
Audit	Deloitte & Touche S.p.A	Movilitas Consulting GmbH	30,000
Audit	Deloitte & Touche S.p.A	Engineering Software Labs d.o.o.	14,000
Audit	Deloitte & Touche S.p.A	Engineering International Belgium S.A.	19,000
Audit	Deloitte & Touche S.p.A	Industries Excellence Bv	15,000
Audit	Deloitte & Touche S.p.A	Movilitas Cloud Bv	11,000
Audit	Deloitte & Touche S.p.A	Naxxos Bv	5,000
Audit	Deloitte & Touche S.p.A	Be Shaping the Future Group	243,000
Audit	Deloitte & Touche S.p.A	Parma Valore Comune S.c.a r.l.	9,000
Audit	Deloitte & Touche S.p.A	Napoli Obiettivo Valore S.r.l.	9,000
Total			**1,321,550**

42 Personnel costs

(in Euro)

Description	12.31.2023	12.31.2022	Change
Personnel costs	871,016,680	718,931,619	152,085,061

Personnel costs consist of:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Salaries and wages	615,190,586	546,596,739	68,593,847
Social security expenses	179,603,809	132,044,271	47,559,538
Post-employment benefits	37,223,787	31,308,197	5,915,590
Restructuring and reorganising personnel	38,998,498	8,982,413	30,016,085
Total	**871,016,680**	**718,931,619**	**152,085,061**

The item “Salaries and wages” includes costs related to holidays and leave pays, indemnities, overtime and bonuses and is disclosed net of capitalisations for internal project development. For further details, please refer to the Intangible Assets paragraph of these notes.

The change is mainly due to the change in the workforce due to the recruitment of new resources and the increase deriving from the acquisitions concluded in 2022.

Starting from the current year, for a better exposure, the contributions allocated to the related fees accrued (holidays, leave, thirteenth month, performance bonuses, etc.) were charged to the item “Social security expenses”.
In addition, the increase is attributable to costs for contributions on new resources hired by the Group during the year.

The item “Restructuring and reorganising personnel” includes the cost of incentives for employees that went into early retirement during the year and/or with whom a leave in early 2024 has been agreed upon.

The average number of employees in 2023 increased by 2,249 individuals compared to the previous year, mainly due to the entry of new companies into the consolidation scope over the last twelve months.

(units)

Average number of employees	12.31.2023	12.31.2022	Change
Executives	639,8	485,4	154,4
Managers	2,610,3	2,277,9	332,4
Other employees	11,472,8	9,710,6	1,762,2
Total	**14,722,8**	**12,473,9**	**2,249,0**

43 Amortisation and depreciation

(in Euro)

Description	12.31.2023	12.31.2022	Change
Amortisation and depreciation	116,206,151	72,996,291	43,209,860

The breakdown is as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Depreciation of property, plant and equipment	9,339,629	7,340,460	1,999,169
Amortisation of intangible assets	78,331,815	45,779,414	32,552,400
Depreciation and amortisation IFRS 16	28,534,707	19,876,417	8,658,290
Total	**116,206,151**	**72,996,291**	**43,209,860**

The increase in the item “Amortisation of intangible assets” is mainly due to the amortisation of the Customer Relationships implemented following the reverse merger of the company Centurion Bidco S.p.A., and to the new PPAs (Purchase Price Allocations) carried out during the year, the details of which are provided in the paragraph “Intangible assets”.

44 Provisions

(in Euro)

Description	12.31.2023	12.31.2022	Change
Provisions	33,609,470	50,465,654	(16,856,184)

Provisions increased due to the changes reported in the following table:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Allocation to doubtful debt provision	9,639,629	31,967,043	(22,327,414)
Risk provision	22,275,941	17,821,460	4,454,481
Write-down of fixed assets	1,693,901	677,152	1,016,749
Total	**33,609,470**	**50,465,654**	**(16,856,184)**

Amounts recognised in the financial statements are the best estimates and assumptions based on the best information available at the reporting date.

In addition to the specific provisions, the Group applies the simplified approach of IFRS 9 to measure the expected credit loss on all trade receivables and customer contract assets to determine the allocation to doubtful debt provision.

The item “Risk provision” includes primarily:

- Euro 18.0 million for risk allocation on customer contract assets;
- Euro 1.3 million for tax risks
- Euro 3.0 million for disputes with third parties;

45 Other costs

(in Euro)

Description	12.31.2023	12.31.2022	Change
Other costs	15,311,690	13,879,390	1,432,300

Other costs are broken down as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Dues and subscriptions	2,558,029	1,568,768	989,261
Taxes	7,236,614	7,307,798	(71,184)
Gifts and donations	121,959	406,177	(284,218)
Charges for social causes	656,878	489,756	167,122
Other	4,738,210	4,106,891	631,319
Total	**15,311,690**	**13,879,390**	**1,432,300**

46 Net Financial income/(expenses)

(in Euro)

Description	12.31.2023	12.31.2022	Change
Net Financial income/(expenses)	(154,579,450)	(17,937,691)	(136,641,759)

Financial income is broken down as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Interest income	1,157,512	1,648,778	(491,266)
Financial income from lease	153,156	12,016	141,139
Fair value gain (differential from derivative)	38,021	156,440	(118,419)
Gain on exchange differences	1,723,061	6,923,398	(5,200,338)
Total	**3,071,749**	**8,740,632**	**(5,668,883)**

The “Gain on exchange differences” item comprises the exchange gains.

Financial expenses consist of:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Interest expense	133,913,826	16,152,705	117,761,121
Other	23,737,374	10,525,618	13,211,755
Total	**157,651,199**	**26,678,323**	**130,972,876**

Interest expense refers mainly to loans shown in the note “Current financial liabilities” in this document and the change is mainly due to the impact of the reverse merger of the company Centurion Bidco S.p.A. into Engineering Ingegneria Informatica S.p.A..
During the year, the Group borne interest expenses on financial leases amounting to Euro 1.9 million.
The item “Other” mainly includes financial expenses attributable to factoring receivables and exchange rate losses.

47 Income (expenses) related to changes in liabilities on acquisition of non-controlling interests

(in Euro)

Description	12.31.2023	12.31.2022	Change
Income/(expenses) from investments	2,811,331	8,578,148	(5,766,817)

The breakdown is as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Gains on Earn Out / call - put options	3,313,800	9,564,170	(6,250,370)
Losses on Earn Out / call - put options	(820,248)	8,670	(828,917)
Non-recurring income (charges)	317,779	(994,691)	1,312,471
Total	**2,811,331**	**8,578,148**	**(5,766,817)**

The capital gain for December 2023 essentially relates to the closure of the earn-outs relating to non-controlling interests.

Capital losses represent the adjustments of the payable recognised for the acquisition of the shares held by non-controlling shareholders following the remeasurement of the fair value of the same based on the updated plans.

48 Income taxes

(in Euro)

Description	12.31.2023	12.31.2022	Change
Income taxes	(4,838,932)	6,471,986	(11,310,918)

The breakdown of taxes is as follows:

(in Euro)

Description	12.31.2023	12.31.2022	Change
Current	20,716,725	20,934,261	(217,536)
Deferred	(25,555,657)	(14,462,274)	(11,093,382)
Total	**(4,838,932)**	**6,471,986**	**(11,310,918)**

Taxes for the period were estimated taking account of the result in the period and of the existing regulations and represent the best estimate of the tax charge.

Reconciliation between the theoretical and effective tax rate is shown below:

(in Euro)

Reconciliation between theoretical and effective IRES tax	2023		2022 restated	
	Amount	%	Amount	%
Profit (loss) for the year before taxes	(129,656,466)		34,784,274	
Ordinary rate applied	**(31,117,552)**	**+24.0%**	**8,348,226**	**+24.0%**
Tax effects deriving from:				
Income taxable in prior years	5,276,605	-4.1%	5,302,359	+15.2%
Income not taxable	(7,095,942)	+5.5%	(5,306,284)	-15.3%
Expenses not deductible	39,084,697	-30.1%	17,466,359	+50.2%
IAS differences	(368,643)	+0.3%	(365,096)	-1.0%
Other changes reducing taxable IRES	(9,522,888)	+7.3%	(6,946,006)	-20.0%
Utilisation of previous years' tax losses	(2,191,808)	+1.7%	(3,235,700)	-9.3%
Effect of foreign tax rates	2,563,745	-2.0%	1,581,230	+4.5%
Total assessable IRES	**(14,049,109)**		**70,187,870**	
Tax/tax rate	**(3,371,786)**	**+2.6%**	**16,845,089**	**+48.4%**

Deferred taxes were calculated taking into consideration the accumulated sum of all temporary differences on the basis of the average expected rate for successive tax periods when these differences will reverse. For details of the temporary differences, which have resulted in deferred taxes, reference is made to the previous paragraphs "Deferred tax assets" and "Deferred tax liabilities".

The change in the item "Non-deductible expenses", whose tax effect is approximately Euro 39.01 million, as shown in the reconciliation statement of the theoretical-effective tax rate, is mainly attributable to provisions for risks and charges.

The change in the item "Non-taxable income", whose tax effect is approximately Euro 7.9 million, as shown in the reconciliation statement of the theoretical-effective tax rate, is mainly attributable to Engineering and in particular to revenues for research grants that, being taxable on a cash basis, have originated a decrease in taxable income.

49 Other relevant commitments

COMMITMENTS UNDERTAKEN

The following table summarises the commitments of the Group as of December 31, 2023.

(in Euro)

Description	12.31.2023
Bid Bonds and performance bonds	9,986,370
Guarantees in favour of other companies	12,245,263
Third party sureties	471,209,878
Total commitments undertaken	**493,441,511**

Third parties sureties
These relate to guarantees provided in respect of participation in tender offers, for the signing of contracts and for guarantees on office rental contracts.

Bank guarantees in favour of other companies
Bank guarantees are provided to Engineering Ingegneria Informatica in favour of other group companies.

Bonds and Performance Bonds
These types of commitments relate to guarantees given for participation in tenders.

50 Breakdown of financial instruments by category

For all transactions the balances (financial or non-financial) for which an accounting standard requires or permits measurement at fair value and which fall within the scope of IFRS 13, the Group applies the following criteria:
a) identification of the unit of account, i.e. the level at which an asset or liability is aggregated or disaggregated to be recognised for IFRS purposes;
b) identification of the main market (or, in the absence thereof, the most advantageous market) in which transactions could take place for the asset or liability being valued; in the absence of evidence to the contrary, it is assumed that the market currently used coincides with the main market or, in the absence thereof, with the most advantageous market;
c) definition, for non-financial assets, of the highest and best use: in the absence of evidence to the contrary, the highest and best use coincides with the current use of the asset;
d) definition of the most appropriate valuation techniques for estimating fair value: these techniques maximise the use of observable data, which market participants would use in determining the price of the asset or liability;
e) determination of the fair value of the assets, as the price that would be received for their sale, and of the liabilities and equity instruments, as the price that would be paid for their transfer in a regular transaction between market participants at the valuation date;
f) inclusion of "non-performance risk" in the valuation of assets and liabilities and, in particular for financial instruments, determination of an adjustment factor in the measurement of fair value to include, in addition to counterparties risk (CVA - credit valuation adjustment), own credit risk (DVA - debit valuation adjustment).

On the basis of the data used for fair value measurements, a fair value hierarchy is identified on the basis of which assets and liabilities measured at fair value or for which fair value is indicated in the financial statement disclosures are classified:
a) level 1: includes prices quoted in active markets for assets or liabilities identical to those being valued;
b) level 2: includes observable data, different from those included in level 1, such as: (i) prices quoted in active markets for similar or identical assets or liabilities; (ii) prices quoted in non-active markets for similar or identical assets or liabilities; (iii) other observable data (interest rate curves, implicit volatilities, credit spreads);
c) level 3: uses non-observable data, which may be used if no observable input data is available. The non-observable data used for fair value measurement purposes reflects the assumptions that market participants would make when pricing the assets and liabilities being measured.

Please refer to the table below for the definition of the fair value hierarchy level on the basis of which the individual instruments measured at fair value have been classified.

No transfers between the different levels of the fair value hierarchy took place during the year.

The fair value of derivative instruments is determined by discounting expected cash flows, using the market interest rate curve at the reference date and the listed credit default swap curve of the counterparties and Group companies, to include the non-performance risk explicitly provided for by IFRS 13.

For medium/long-term financial instruments, other than derivative instruments, where market prices are not available, the fair value is determined by discounting expected cash flows, using the market interest rate curve at the reference date and considering the counterparties risk in the case of financial assets and its credit risk in the case of financial liabilities.

Therefore, the following table highlights the measurement hierarchical level of fair value, for financial assets and liabilities measured at fair value as of December 31, 2023:

(in Euro)

Items as of 31.12.2023	Assets at amortised cost	Assets at FVOCI	Assets at FVPL
Non-current financial assets	1,608,431		
Other non-current assets	753,152	6,968,146(*)	
Trade receivables	490,689,016		
Other current assets	93,373,754		
Current financial assets	514,784		
Cash and cash equivalents	219,803,822		
Total assets	**806,742,959**	**6,968,146**	**0**

(in Euro)

Items as of 31.12.2022	Assets at amortised cost	Assets at FVOCI	Assets at FVPL
Non-current financial assets	1,969,379		
Other non-current assets	456,938	4,803,580(*)	
Trade receivables	543,763,318		
Other current assets	71,725,431		
Current financial assets	465,543		
Cash and cash equivalents	211,202,186		
Total assets	**829,582,795**	**4,803,580**	**0**

(*) The fair value reported in the table above is included in level 2 of the fair value hierarchy.

(in Euro)

Items as of 31.12.2023	Liabilities at amortised cost	Liabilities at FVOCI	Liabilities at FVPL
Non-current financial liabilities	337,106,318		963,001,478
Non-current lease liabilities	134,119,695		
Other non-current liabilities	41,172,144	82,913,117	14,808,000(**)
Current financial liabilities	263,375,486		
Current lease liabilities	24,994,316		
Other current liabilities	280,628,806		
Trade payables	515,931,353		
Total liabilities	**1,597,328,118**	**82,913,117**	**977,809,478**

(in Euro)

Items as of 31.12.2022	Liabilities at amortised cost	Liabilities at FVOCI	Liabilities at FVPL
Non-current financial liabilities	492,718,089		0
Non-current lease liabilities	142,840,257		
Other non-current liabilities	35,310,083	79,465,342	2,600,000(**)
Current financial liabilities	168,050,289		
Current lease liabilities	26,051,088		
Other current liabilities	230,439,437		
Trade payables	469,928,023		
Total liabilities	**1,565,337,266**	**79,465,342**	**2,600,000**

(**) The fair value reported in the table above is included in level 3 of the fair value hierarchy.

51 Transactions with related parties

According to provisions set forth by IFRS 24, companies which directly or indirectly, through one or more intermediary companies, control, are controlled by the Parent Company and in which the company holds a shareholding such as to exercise significant influence, associated companies, as well as executives with strategic responsibilities of the Parent Company and the companies directly and/or indirectly controlled by it and in which the Parent Company exercises significant influence are considered related parties.

The related parties of the Engineering Group include, based on the Group definition pursuant to IFRS 10, the company Centurion Topco S.a.r.l. and its subsidiaries.

In this context, the following significant transactions should be noted:

- the cost recognised for members of the Board of Directors of Engineering Ingegneria Informatica S.p.A. for the current period is Euro 0,6 million. The other current liabilities include post-employment benefit payables of some executives of the Company, under a stability pact signed in 2009.

The table below shows the economic and financial transactions with related parties:

(in Euro)

Description	Revenues	Costs	Financial income (expenses)	Trade receivables	Trade payables	Financial receivables	Financial payables
Centurion Newco S.p.A.	0	0	(32,265,507)	197,776	4,272	0	295,945,077
Centurion Topco S.à r.l	0	112,619	0	0	0	0	0
OverIT S.p.A.	2,741,054	25,677,530		2,439,443	607,743		
Total	**2,741,054**	**25,790,149**	**(32,265,507)**	**2,637,219**	**612,014**	**0**	**295,945,077**

52 Events occurring after December 31, 2023

On February 28, 2024, the quote seizure order issued on February 8, 2024 by the Judge for Preliminary Investigations at the Court of Milan was served to Engineering. According to this order, the sum of Euro 8,611,311.44 was seized from the Company.

This measure was notified to Engineering in its capacity as third parties concerned as part of criminal proceedings no. 12153/21 RGNR and no. 91722/22 RG. GIP, a case prepared by the Milan Public Prosecutor's Office in order to ascertain alleged facts of computer fraud, pursuant to Article 640 ter, paragraphs 1 and 3 of the Italian Criminal Code, which were also allegedly committed by Engineering employees from 2017 to 2019.

Engineering, currently not under investigation, has filed a request to obtain a copy of the investigative documents on which the measure is based, as well as to file a request for review against the ablative measure.

As soon as the investigative documents have been examined, it will be assessed whether or not to appeal against the seizure or to subsequently submit a request for release from seizure directly to the Milan Public Prosecutor's Office.

Information on the members of the Board of Directors and the Board of Statutory Auditors

On April 21, 2023, the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A. appointed the new Administrative Body and the new Control Body, which will remain in office for three financial years and more precisely until the approval of the financial statements as of December 31, 2025.
On May 5, 2023, the Board of Directors of Engineering Ingegneria Informatica S.p.A. appointed the new Supervisory Body which will remain in office for three financial years and more specifically until the approval of the financial statements as of December 31, 2025.
On May 23, 2023, Maria Cristina Messa was also appointed as an additional Board Member.
On June 23, 2023, the Board of Directors of Engineering Ingegneria Informatica S.p.A. appointed the Control, Risk and Sustainability Committee and the Related Parties Transactions Committee, which will remain in office for three financial years and more precisely until approval of the financial statements as of December 31, 2025.

In light of the above, the new breakdown of the corporate bodies is as follows:

BOARD OF DIRECTORS

Gaetano Micciché	Chairman
Maximo Ibarra	Director and Chief Executive Officer
Maria Andrisani	Director
Luca Bassi	Director
Giovanni Camera	Director
Stefano Bontempelli	Director
Fabio Cosmo Domenico Cané	Director
Pietro Galli	Director
Michaela Castelli	Director
Vito Cozzoli	Director
Aurelio Regina	Director
Carlo Achermann	Director
Maria Cristina Messa	Director

BOARD OF STATUTORY AUDITORS

Maurizio Salom	Chairman
Domenico Muratori	Standing Auditor
Bettina Solimando	Standing Auditor
Cristiana Tironi	Alternate Auditor
Guido Riccardi	Alternate Auditor

SUPERVISORY BODY

Alessandra Stabilini	Chairwoman
Michelangelo Schiano Di Cola	Member
Roberto Fiore	Member

CONTROL, RISK AND SUSTAINABILITY COMMITTEE

Michaela Castelli	Independent Chairwoman
Maria Cristina Messa	Independent Member
Vito Cozzoli	Independent Member
Giovanni Camera	Non-executive member
Pietro Galli	Non-executive member

RELATED PARTIES TRANSACTIONS COMMITTEE

Vito Cozzoli	Chairman
Michaela Castelli	Member
Aurelio Regina	Member

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

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