Accounts 2022

ENGINEERING
THE DIGITAL TRANSFORMATION COMPANY

Financial Statements
ENGINEERING INGEGNERIA INFORMATICA

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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 FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Engineering Ingegneria Informatica S.p.A. ("Company"), which comprise the statement of financial position as of December 31, 2022, the income statement and the comprehensive income statetment, the statement of changes in shareholders' equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Emphasis of Matter

We draw the attention to the note "*Correction of material errors - IAS 8*" to the financial statements, where the Directors report that certain errors, committed at least since the 2019 financial year, have been identified with reference to the accounting method used for costs and revenues relating to certain purchase orders within the Finance Division, which determined an overstatement of assets as at December 31, 2021 for Euro 43.8 million.

The Directors disclose they cannot precisely establish the relevant accrual periods of the Euro 43.8 million assets overstatement with regard to each financial year prior to the current financial period, as the information available in the management system does not allow the precise tracing back of the orders in which the aforementioned errors were generated. Therefore, given the inability to accurately and reasonably determine the period-specific effects of an error on corresponding data for prior periods presented, the Directors, as required by IAS 8, restated the opening balances of assets and equity as of January 1, 2022 for such amount.

Our opinion is not qualified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 S.p.A. as at December 31, 2022, including its consistency with the related 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 financial statements of Engineering Ingegneria Informatica S.p.A. as at December 31, 2022 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 financial statements of Engineering Ingegneria Informatica S.p.A. as at December 31, 2022 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 entity 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 3, 2023

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

I. Corporate Governance and Corporate Bodies

CORPORATE GOVERNANCE

The Company's Corporate Governance system and the Corporate 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.

INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS

BOARD OF DIRECTORS

On March 28, 2022, the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A. resolved as follows:

- the Director Michele Cinaglia resigned from his office of member of the Company's Board of Directors;
- Maximo Ibarra remains a member of the Board of Directors and Chief Executive Officer;
- Gaetano Micciché was appointed member of the Board of Directors and Chairman of the Board of Directors.

On September 28, 2022, the Director Armando Iorio resigned from his office of member of the Board of Directors of the Company.
On October 17, 2022, the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A. appointed Carlo Achermann as a member of the Board of Directors.

The composition of Corporate Bodies is as follows:

Gaetano Micciché	Chairman
Maximo Ibarra	Director and Chief Executive Officer
Carlo Achermann	Director
Aurelio Regina	Director
Christophe Patrick M. Jacobs van Merlen	Director
Fabio Cosmo Domenico Cané	Director
Giovanni Camera	Director
Luca Bassi	Director
Pietro Galli	Director
Stefano Bontempelli	Director
Stuart James Ashley Gent	Director
Riccardo Bruno	Director
Vito Cozzoli	Director

BOARD OF STATUTORY AUDITORS

Maurizio Salom	Chairman
Domenico Muratori	Standing Auditor
Stefano Roberto Tronconi	Standing Auditor
Monica Antonia Castiglioni	Alternate Auditor
Alice Lubrano	Alternate Auditor

SUPERVISORY BODY

Roberto Fiore	Chairman
Annalisa Quintavalle	Member
Frida Fransson	Member

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

II. Introduction and general information

INTRODUCTION

The financial statements as at December 31, 2022 of the Company Engineering Ingegneria Informatica S.p.A. (hereafter the “Engineering Company”, “Engineering” or simply the “Company”) 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 Bidco S.p.A. as Sole Shareholder. The Company is subject to management and coordination by Centurion Holdco S.à r.l..

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.

Unless specified otherwise, the monetary quantities in the statements in the report are exposed in millions of Euro, those in the explanatory note in full amount.

For each item of the statements, the corresponding figure of the previous year is disclosed for comparison purposes. For a better disclosure, some equity items, which had an impact also on the presentation of amounts in the tables referred to the previous year, were reclassified.

In order to provide a better presentation, the Company’s financial assets and liabilities were reclassified from trade receivables and payables to financial receivables and payables, and the comparison period was also adjusted to reflect the new exposure.

ALTERNATIVE PERFORMANCE MEASURES

A detailed description of the accounting standards, assumptions and estimates adopted is provided in the explanatory notes to the financial statements of Engineering as at December 31, 2022, 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 Company as performance for the year, adjusted by the following items: taxes, income from equity investments, net financial income/(expenses) (including, inter alia, exchange gains/(losses)), interest expense (including interest on financial leases), amortisation/depreciation, provisions and write-downs (including, but not limited to, the allocation to allowance for bad debt provision and provisions for risks and charges, comprising provisions made for probable future losses on some orders), leaving/change management incentives, expenses related to the corporate strategic assessment process, expenses for corporate transactions. It is noted that the adjusted EBITDA is not identified as an accounting measure in the context of the IFRS adopted by the European Union. As a consequence, the calculation criterion adopted by the Company might not be consistent with criteria adopted by other companies. 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 Company 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 Company deems that this is a useful indicator on its capacity to generate profit before financial operations and tax effects.

- **Net Invested Capital:** 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 Company to fulfil short-term commercial commitments through current trade assets and, together with net fixed assets and the net invested capital, it also permits to evaluate the balance between utilisations and financing sources.

- **Net financial position:** (including financial liabilities for IFRS 6 rights of use) is indicative of the Company's ability to meet its financial obligations.

- **Net pro-forma financial position:** is indicative of the Company's ability to meet its financial obligations, gross of the impact of the application of the financial accounting standard IFRS 16 (does not include financial liabilities for IFRS 16 rights of use).

- **ROE (Return on Equity):** economic index on the return on equity, obtained by dividing the 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 of operating profit (EBIT) to net invested capital.

For a correct interpretation of APMs used by the Company, 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 Company's financial statements and, although 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 Company, might not be consistent with the methods adopted by other Companies and therefore might not be comparable.

III. Company activities and operations

The Company Engineering Ingegneria Informatica S.p.A. was established in Padua on June 6, 1980 and leads a Group operating in Software and IT Services.

Engineering is the Digital Transformation Company, leader in Italy and continuously expanding globally, with about 14,480 employees and over 70 offices in Europe, the United States and South America and about 16% of turnover abroad at Group level.

The Engineering Group, made up of over 70 companies in 14 countries, support for more than 40 years companies and organisations in continuously evolving the way they work and operate, 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.

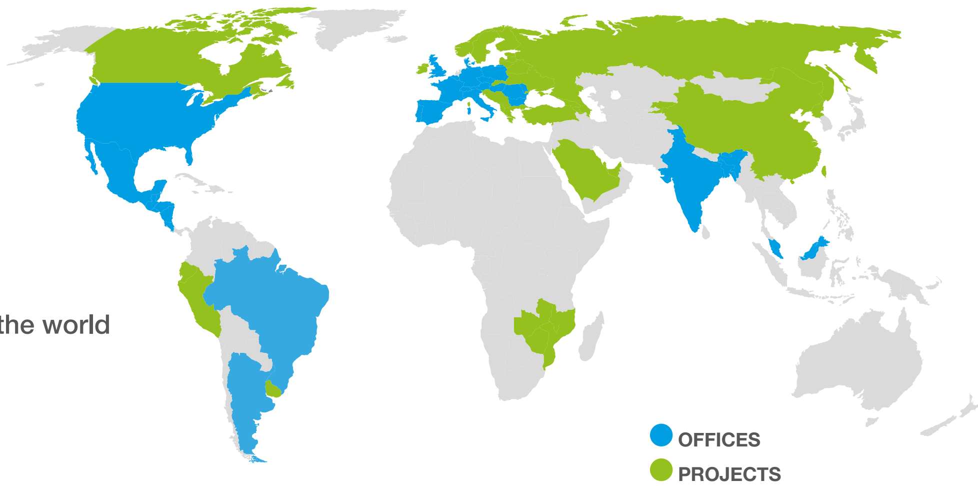
1.46 Bn €
Revenue FY 2022

40+
Years of growth

14,480+
Employees

70+
Offices around the world
Global HQ
Rome, Italy

30+
Proprietary solutions
for all market sectors



ADVISORY | TECHNOLOGY & IMPLEMENTATION | PROPRIETARY SOLUTIONS | 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 32,000 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 Healthcare, 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. In parallel, it offers a set of proprietary solutions that represent one of the Group's main assets. Some of these are market benchmarks (e.g. NET@Suite, the Digital Finance platforms), others have been an integral part of our customers' core processes for several years (e.g. AREAS, jEnte, DiVE), others still represent innovative platforms developed recently (e.g. ellipse).

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

- DIGITAL ENABLER, an ecosystem platform to enable new business models based on the data economy.
- NET@SUITE, for the management of innovative payment models in the Utilities market services sector.
- ELLIPSE, an ecosystem platform for clinical-care, hospital and local activities, and for the related patient engagement activities.
- AREAS, an integrated platform for the digitalisation and integration of clinical and administrative healthcare processes.
- GRACE SUITE, to enable Bank Governance and allow decisions to be taken with the utmost confidence.
- INES CLOUD, for the complete management of urban mobility processes of the smart city.
- DIVE SUITE, for asset integration, performance monitoring and predictive analysis.
- MYCLIENTELING, Mobile App dedicated to store staff to learn about, retain and sell.
- MARKETSUITE, e-commerce platform for large-scale retail distribution.
- SICER, ERP of Local Authorities that integrates Financial, Economic, Capital and Analytical Accounting.
- JENTE, to rationalise the entire management of local authorities and their companies.

It is 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.

IV. Market overview

MACROECONOMIC OVERVIEW

The global economy is facing new challenges on the geopolitical front: in a world in which the economic crisis linked to the Covid-19 pandemic is still leaving a mark, the consequences of the war between Russia and Ukraine and the related uncertainty are further impacting economic activities. This will contribute to a slowdown in real global Gross Domestic Product (GDP) growth in 2023, expected at 1.3% in 2023, compared to average growth of 2.7% in the last 10 years and 3.1% in 2022. In particular, one of the main factors of attention in the global macroeconomic scenario is the price growth rate, that has never been so high in advanced countries for decades. In OECD countries, the average inflation expected for 2022 is 9.4%, almost six times the average of 1.6% in the 2013-2019 period. The main challenge for the European and global economy in recent months is represented by tensions on the energy market. In fact, we have witnessed a sharp increase in energy prices, mainly linked to the countermeasures adopted by the Russian Federation in response to the economic sanctions of Western countries following the invasion of Ukraine, and linked to the change in energy raw material procurement policies by European countries. The prices of oil and natural gas can be taken as a reference for observing changes in energy prices: from the beginning of 2019 to the end of November 2022, there was an increase in prices of 54% and 392%, respectively, despite the recent reductions.

THE ITALIAN ECONOMY

Forecasts indicate real GDP growth for Italy of 3.8% in 2022 and 0.6% in 2023, while the inflation rate is estimated to rise from 8.2% in 2022 to 7.1% in 2023. Economic growth will be accompanied by a slight expansion in the labour market, with a reduction in the unemployment rate in the next year just below the 8% mark. The public deficit is expected to reach 5% in 2022 and 4.1% in 2023, and public debt is forecast to continue its descent from the peaks of the crisis linked to the pandemic, falling towards 145% of GDP, values that are, nonetheless, still very high. Economic growth and price increases will play a fundamental role in reducing the public debt/GDP ratio, also due to the activation of “nominal” factors (for example, an increase in the value of tax revenues). Forecasts remain subject to a scenario of considerable uncertainty and therefore present significant downside and upside risks, mainly linked to the reference global macroeconomic context.

THE IT SECTOR

According to Anitec-Assinform estimates, next year the turnover will reach over Euro 79 billion and then rise by 4.8% to Euro 83 billion in 2024 and 5.3% to Euro 87 billion in 2025, continuing the trend that already took hold in “2022, which was the beginning of a new positive cycle for the entire sector”.
In the period 2023-2025, all segments are expected to grow, with the exception, once again, of Network Services. Furthermore, between 2022 and 2025, digital enablers are expected to continue to be an extraordinary driver for the development of the Italian digital market, thanks to the many digital transformation initiatives that companies will continue to spawn.
Cross-cutting the various sectors, digital enablers are the most innovative technologies and boasting the most marked dynamism. Those that will record the highest growth rates in the period 2022-2025 include: blockchain (+26.5%), cloud computing (+24.5%) and artificial intelligence (21.7%).
In industry, digital demand is expected to reach Euro 8.8 billion in 2022 (+3% compared to 2021) and Euro 10.5 billion in 2025. As regards the sectors with the highest growth in 2022, we note the Central Public Administration (+10.5%, Euro 2,489.5 million), Local Public Administration (+9.4%, Euro 1,486 million) and Healthcare (+8.8%, Euro 2,034.1 million). These three sectors will also be those that are estimated to have the greatest average growth in the 2022-2025 period: Central Public Administration +12.5%, Local Public Administration +11.5%, Healthcare +11.2%.

2022 confirms the process of changing the way we live and work following the Covid-19 pandemic. 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 Engineering has been able to carve into its DNA since its inception.

RESEARCH AND INNOVATION ACTIVITY

During 2022, the Company confirmed its commitment to Research and Innovation both in terms of participation in the main initiatives and Associations at national and European level, and in terms of operational commitment in over 110 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.

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

At European level, the Company consolidated its participation in the preliminary phase of the Important Projects of Common European Interest (IPCEI) program on the theme Cloud, in synergy with the European GAIA-X initiative. The Company Engineering also continued its participation in HorizonEurope tenders, winning over 30 projects in 2022 with a success rate more than double the European average.

Lastly, the Company began a project to review the R&D role, enhancing the structure at Group level and bringing it, at the end of the year, to the presentation of the guidelines of the 2025 Research and Innovation plan to the Board of Directors, consolidating and enhancing the asset backlog and the projects acquired.

MARKET PERFORMANCE

FINANCE

For the financial sector, in Italy and Europe, the year 2022 was characterised by a more marked recovery in investments, already started the year before, after the crisis caused by the pandemic, with an increasingly strong interest in the adoption of advanced technologies. Above all, banks 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 have also 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 institutions are investing in a wide range of technologies, such as artificial intelligence systems, blockchain, 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 2022, the largest investments made by banks concerned:

- evolution in terms of Cloud Computing, with a particular incidence among larger banks;
- the modernisation of core banking systems and the adaptation of infrastructures to improve the agility and scalability of operations, through the use of blockchain technologies and artificial intelligence, which can help banks reduce costs and increase the accuracy of decisions;
- Data Governance initiatives: Data Quality, GDPR, ILM;
- 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;
- the management and mitigation of cyber risk, with particular regard to Cyber Threat Intelligence, which sometimes allows organisations to implement the necessary countermeasures before the risk event occurs;

- initiatives aimed at enhancing information assets: Big Data, Open Data, Business Intelligence, Advanced Analytics, Data Science;
- the redefinition of IT Governance paradigms and IT processes, with particular attention to the adoption of Agile and DevOps methodologies;
- dematerialisation initiatives, which concern, in particular, smaller banks and interbank outsourcers.

In prospective terms, moreover, the banks undertaken important initiatives, which, over the next few years, will make it possible to respond to the need to enhance the opportunities of the sustainable banking transition, through the integration of ESG variables in the business, the increased focus on direct environmental impacts, the adoption of an open data logic for information related to sustainability and the implementation of integration projects aimed at proposing ESG products and services to the market.

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 in 2022 to strengthen the assets forming the basis of its offer portfolio; in particular through:

- the consolidation of specialist skills in Financial Services, with the development of a consulting area mainly focused on regulatory and business processes;
- the gradual adaptation of skills in core areas, such as cloud computing, cybersecurity, advanced analytics, data governance and artificial intelligence;
- the continuation of the functional and technological adjustment process of the product portfolio, especially in the credit area, data governance and for the insurance segment;
- the start of the integration process with the new strategic Group company, Be Consulting, which will complete and enhance our offer and our ability to stay on the Financial Services market, not only in Italy.

PUBLIC ADMINISTRATION

2022 saw major upheavals in the macroeconomic scenario, characterised by the impacts deriving from the Russia-Ukraine war: increase in raw material prices, increase in energy prices, severe inflationary pressure which, despite the good growth for the ICT market of the Public Administration, recorded an increase in production costs. In addition, the Italian Government crisis in June 2022, which resulted in the fall of the Draghi government, the early dissolution of the Chambers and the holding of early elections in September 2022, also led to a partial slowdown due to the Spoil System in the main Ministries and Agencies, leading to a phase of uncertainty on some key projects.

This is augmented by the fact that the push to implement the PNRR (National Recovery and Resilience Plan) has been slowed down both due to the discussion linked to its review with a view to greater energy autonomy determined by the effects of the war and due to the unavailability of CONSIP agreements to support digitalisation, unlocked only in October 2022 and have been able to generate extremely limited effects for the Company. The main PNRR funds were transferred to in-house companies (SOGEI, Invitalia, etc.).

Against this background, 2022 was a year of growth for Engineering, even if it was necessary to revise the budget, adjusting it to the macroeconomic scenario with lower revenues and margins; in particular in the Central Public Administration there was further growth and improvement in the overall positioning of the market, while in the Local Public Administration further consolidation of the position of market leader also due to the "Data Management" Agreement whose effects materialised in the second half of 2022.

In 2022, the new matrix work organisation between the Vertical and Horizontal structures was launched, which required a change management process and new more integrated and shared management, monitoring and governance tools, with a particular emphasis on hiring and procurement processes. Special attention was paid to the ability of vertical and horizontal structures to work together on offers for the market. In the near future, the structures will need to be more synergistic and rapidly develop a unified vision of the market and its business rules.

HEALTHCARE

For the Healthcare segment, 2022 was a year of slow recovery to normality following the acute phase of the Covid-19 pandemic. In fact, although in 2021 many non-core projects had been put on standby by customers, focused almost exclusively on the health management of the pandemic emergency, during the course of 2022 many of those projects finally restarted. Furthermore, with the launch of the vaccination campaign, several opportunities were seized to increase our revenues by launching specific new initiatives on the topic, such as in the Lombardy Region with the development of the vaccination platform, in the Tuscany Region where the portal for booking vaccines for the over eighties was implemented, and in the Apulia Region for the logistical management of vaccines.

The 2022 financial results were slightly below the budget, but significantly higher than the previous year, both in terms of revenues and margins, confirming the steady growth trend of recent years in the Healthcare segment. As already mentioned, this growth was due both to the restart of some projects that had been on standby, and to the contracting of new activities. The increase mainly concerned the Northern regions (+18% in revenues) and Southern regions (+39% in revenues), while the Central area showed more moderate growth (+2.5% in revenues).

INDUSTRY & SERVICES

AUTOMOTIVE DEPARTMENT

In 2022, the car market was greatly affected by weak demand due to the well-known consequences of the pandemic, the war in Ukraine, inflation and the shortage of raw materials (semiconductor shortages) and the rising costs of energy products.

In Western Europe (EU+EFTA+UK), the decline stood at 4.1% compared to 2021, and 28.6% compared to 2019, i.e. the year before the pandemic.

In this context, we have been working on strategic actions relating to the two verticals that characterise the Department (Sales and Manufacturing) with a view to consolidation and better preparation for growth in the coming years.
On the leading “dealers group” market, the launch of the new “digital hub” to support mobility needs was created for Autotorino (the first Italian automotive dealer group), which allows Engineering to boast a cutting-edge reference on the market.

The 2022-2026 renewal of the Data Centre contracts on MARELLI (“Innovation Island” and “Marelli AfterMarket”) consolidates and strengthens Engineering’s presence at this important Customer.

TRANSPORT AND INFRASTRUCTURES DEPARTMENT

The Transport and Infrastructure market, after being the one most affected by the outbreak of the pandemic, recovered well between 2021 and 2022.

The Department’s results saw significant growth in terms of revenues and margins. The road segment, Anas, Gavio, Gruppo Autostrade/Telepass saw the most significant growth.

With regard to the Airports area, in 2022 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.

In the FS area, despite the non-renewal of activities directly with the end customer, there was a strong push towards new initiatives with Almaviva, confirming the FS group as the main customer of the Department.

INDUSTRY DEPARTMENT

2022 was a year marked by the turbulence of the conflict between Russia and Ukraine, which led to chain consequences that were also strongly felt in the manufacturing and retail markets. In particular, the increase in the prices of raw materials and energy (which started even before the conflict) and the inflationary pressure have led to a slowdown in activities that will continue in 2023. The year was therefore characterised by a two-speed trend, with the first part showing excellent resilience in the post-Covid recovery scenario and a second part characterised by a progressive deterioration of the internal and foreign operating context, affected by major global uncertainty.
In line with the general trend of the Italian economy, the digital market was also marked by lower growth than in 2021.

Despite this not so encouraging picture, our performance was in line with expectations, recording excellent results in all market sectors. In particular, we can mention the growth in EBITDA over 2021 and the ability to absorb the extraordinary events described above as positive figures.

Looking at the individual markets, the manufacturing sector has seen growth in the Cloud proposition, with particular attention to the world of Cybersecurity, which is in any case an indisputable interest and priority for companies in the years to come. Cloud Transformation also provided impetus in the Hospitality market, where performances at the end of the year were extremely positive, even though they had not yet returned to pre-pandemic market values.
Returning to the manufacturing market, the offering in the Data & Analytics, ERP and consulting areas, both SCM and CRM, was warmly appreciated. In particular, for the industrial manufacturing market, the latter has been the driving force of numerous projects. We must mention, as regards the successful lines of offer, the world of the smart factory, which has given us special satisfaction, especially in the CPG area, food & beverage in particular.

In the Fashion area, the re-engineering of our MyClienteling was important, which will allow us to be more competitive in the future; remaining in the segment of store operations, significant efforts were made in the POS and End Users Services area, which resulted in international projects (Benetton) and will continue to do so in the future.

INDUSTRIES EXCELLENCE GLOBAL DEPARTMENT

The core business of Industries eXcellence (IndX) is represented by the creation of digital solutions for the industrial world and, in particular, for the manufacturing, energy utilities and transport sectors. IndX provides its main customers with high value-added consultancy and solutions. Leveraging its unique expertise in the implementation and integration of its entire digital tools offering, the Industries eXcellence team facilitates the adoption, implementation, integration and digital transformation journey for manufacturers across all industries globally. A growing number of companies today are looking to Industry 4.0 to improve processes, product and service quality and become more efficient, while also increasing the flexibility of said processes.

The Industries eXcellence proposal is focused on the implementation and creation of the extended digital twin. Engineering's digital twin is a virtual representation not only of the product and process, but also of factory and supply chain operations.

As part of the partnerships, IndX has strengthened its collaboration with leading technology providers such as Siemens, SAP, Google, AWS, Aveva and many others, providing cutting-edge strategic solutions based on these platforms. In fact, the channel remains one of the most important market strategies for the division and this has allowed Engineering IndX to be recognised by technology vendors as one of the global market leaders in the Industry 4.0 sector.

With regard to internal strategic initiatives for the years immediately following as from 2023, Industries eXcellence expects to continue the expansion of its practices at global level both in terms of knowledge and customer portfolio.

ENERGY & UTILITIES

After the effects of the pandemic, still present in the first part of 2021, in 2022 the Energy & Utilities market was characterised by the effects of the escalation in Russia-Ukraine war with the consequent repercussions on the price of energy and, consequently, on the entire supply chain: from production, logistics/transport, to sales and ancillary services. However, the main players have returned to investing in innovation and technology, also on the basis of the Next Generation EU (PNRR) plan; investments that have also involved sectors that were previously more resilient to technological upgrading such as water or waste management. The E&U BUs have been able to capitalise on the change in the market, continuing the trend of acquiring new positions on the main customers already underway since the second half of 2021; also continuing the process of strengthening in the key operating areas of the major customers.

More broadly speaking, 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, RedHat, Schneider, Siemens, etc.

In particular, the oil market not only confirmed the growth trends of the second half of 2021 (after the oil crisis and the 2020 pandemic), 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.

As regards transport and distribution operators, investments in digitalisation initiatives continued, and in particular in the areas of cartography, maintenance, asset management and works management (WFM/FSM), launched in the second half of 2021.

The Energy & Utilities BU for 2023, based on market expectations, and the results obtained by business development activities, expects further improvement in the positioning on the acquired perimeter, with positive effects on revenues and overall margins.

TELCO & MEDIA

In 2022, the Telco sector in Italy, in line with the trend of recent years, still recorded a reduction in revenues and margins compared to 2021. In the Telco 2022 report, Mediobanca shows that already in the first half of the year, the revenues of Italian operators fell by 4.6%, of which -3.1% on mobile and -5.8% on land line. In particular, the contraction in turnover hit TIM (-7.5%), Windtre (-6.1%) and Vodafone (-2.5%) the most, while Fastweb grew slightly (+1.5%), PosteMobile (+3.3%) and Iliad (+15%) compared to the first half of 2021. The elements that are harming this market are the worsening of the competitive context, the need to make new investments to implement stand-alone 5G on a large scale and increase the distribution of fibre, and finally the significant inflationary pressures of a highly energy-intensive sector.

In this context, operators are reacting to the unfavourable market through:

- the creation of operating synergies for the sharing of investments, such as the Windtre Fastweb agreement for the construction of the 5G network;
- consolidation between operators, such as the Linkem Tiscali merger;
- the unbundling of the value chain for the enhancement of infrastructural assets (e.g. spin-off of the TIM land network and possible merger with Open Fiber) on which to attract new investors;
- the defence of its customer base by leveraging customer experience, loyalty programmes and upselling policies with new offers sold in bundles with the traditional Telco offering;
- the strong push on the B2B market, which promises to grow much more than the B2C market in the coming years.

In the Media sector, the Home Video & OTT, Gaming & Entertainment and Digital Advertising segments continue to grow, a clear sign of how the pandemic crisis has irreversibly changed the way media content is used by leveraging digital platforms. Vice versa, the crisis and the reduction in revenues of the various publishing sectors (e.g. books, magazines, etc.) continue. Migration to the Cloud remains one of the hottest topics in the sector not only on IT components but also on core production processes, especially in the broadcasting sector. Engineering recorded a decrease in revenues mainly due to the decrease in IT spending on the main customer in the market and in part on customers in the Media segment, while it maintained expectations for all other customers in the market.

DIGITAL TECHNOLOGY

In October 2022, in line with the corporate strategy, which aims to position the Company as a "Digital Tech Champion" on the national and international scene, the Digital Technology Business Unit was created.

The Digital Technology 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 2022, 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 2022 were exceeded (Euro 125 million of revenues compared to Euro 112 million, with the relative EBITDA of Euro 14.6 million compared to Euro 14.2 million expected).

- 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 Sanpaolo) and Enterprise (e.g. ENEL, Terna and ENI, Petronas, Ferrero), also in international contexts. On more vertical solutions, 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, 2022 began with the integration of the dedicated company Engineering 365, helping the process started in previous years of improving efficiency and consolidating all customers with the addition of the acquisition of a new important customer in the Microsoft Dynamics CRM area (i.e. Uteco Converting S.p.A.).
- With regard to SalesForce, the activities focused on the integration of the company WebResults and the correction of previously identified methodological and process gaps, for the benefit of continuous synergies and consolidation of project activities on customers (e.g. ENEL, ENI, Intesa Sanpaolo, Open Fiber, Rai).

b. CLOUD & INFRASTRUCTURE

In 2022, 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 (+10% on 2021) and achieving excellent results compared to the budget targets set for the year, despite the significant increase in energy costs (approximately Euro 2 million) due to the current geopolitical crisis (Euro 178 million in revenues compared to Euro 183 million with the relative EBITDA of Euro 29 million compared to Euro 32 million expected).

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 segments (e.g. Consip, IaaS/PaaS related to AWS) and Enterprise (e.g. Autostrade, ENI). 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.

c. CYBERSECURITY

In 2022, 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 targets set for the year (Euro 34 million of revenues compared to Euro 39 million and related EBITDA of Euro 0.4 million compared to Euro 3.7 million expected), the results for the year show growth of 17% of revenues compared to 2021 and a positive EBITDA (i.e. Euro -1.8 million of cybertech EBITDA in 2021), despite the significant negative impact of foreign affiliates.

The year was characterised by the consolidation of activities on all services and by healthy growth in the Managed Services area, in particular in the Public Sector segments (e.g. MISE, ARIA) and Enterprise (e.g. Zambon, Eni, Eon), supported by the growth of technological skills, also through the acquisition of a sizeable number of individual certifications and the start of the restructuring of the commercial sales group.

Lastly, in order to contain the significant volatility of the Company's internal specialist personnel and attract new talent to the market, there was a focus on retention and talent acquisition policies, launching the "Cybersecurity Academy" in order to train and integrate new graduates and develop the specific skills required.

d. DATA & ANALYTICS

During 2022, 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.

In 2022, several projects were implemented that allowed Engineering to position itself and be recognised as a valuable partner in the Data & Analytics area, in particular in SNAM, Polizia Scientifica and Costa Crociere:

- in SNAM (Energy & Utilities), Engineering supports decisions relating to the core business, by collecting and analysing data from measurement devices with the Summer BI system, based on a hybrid platform (Azure-Cloudera). In particular, the choice of AI made it possible to explain and quantify the economic losses due to Unrecognised Gas;
- in "Polizia Scientifica" (Public Sector), a set of applications was completed in which, thanks to Artificial Intelligence techniques applied to images, an innovative tool was created to support "forensic artists" with the aim of creating photorealistic identikits, in addition to the numerous functions for modifying the somatic characteristics (ageing, make-up, aesthetic operations, etc.);
- in Costa Crociere (Industry), the first Data Strategy project was implemented, proposed and sold as such, which created a precedent that can be spent on the more advisory front.

In addition, the desire to further develop the Centre of Excellence was confirmed by the integration of the BI team of the former Engineering 365 company and the recruitment during the year of 20 new graduates trained in the Academy, reaching a total of approximately 200 staff at the end of the year. This growth is supported by the achievement of over 80 individual certifications in 2022, the result of the virtuous process launched in 2018 that encourages certifications on distinctive technologies in the Data & Analytics topics and the focus on Hyperscalers (i.e. AWS, MS Azure and GCP).

e. DIGITAL EXPERIENCE

In 2022, the Digital Experience Centre of Excellence consolidated its consulting, implementation and management of services and infrastructures to meet the needs of customers in all fields relating to Digital Experience.

- The Customer Experience and service design services 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 for customers such as SNAM, BASKO, INPS and BFF, further expanding the level of market coverage.
- In the Learning Services area, an important training plan on digital transformation was created for TIM executives. The scheduling of new plans relating to SOGEI and INVALSI was also implemented.
- Digital brand communication activities also saw significant development, which in 2022 involved the awarding of an important tender for the MITE digital campaign, similar in terms of structuring and media visibility to the WEB Publishing project under way on behalf of INAIL.
- In addition, it was a year of consolidation of the offering of the Centre of Excellence with growth in the Digital Experience Platform (e.g. e-commerce ecosystem in Autotorino, Intesa Sanpaolo on Adobe) which obtains a firm position alongside the now permanent projects Mobile app and Front-end web (e.g. in Rai, Trenitalia).
- Finally, 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 Company.

f. TECH ALLIANCES

In the Tech Alliances area, 2022 was characterised by a significant investment in collaboration with the main Technological Partners. The investment involved the establishment of a large group dedicated to the management of relations with the main Vendors and the introduction of dedicated professionals to the Company (i.e. Partner Business Managers, Partner Technical Coordinators and Partner Marketing Managers). In addition, marketing funds were allocated to support activities with Partners that will see Engineering attend the main sector events with the highest level of sponsorship.

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.

2022 also saw the start of the consolidation of partnerships at international level and the recognition of Engineering as a global operator.

VI. Personnel

As at December 31, 2022, the Company's workforce (persons with employment contracts) amounted to 8,273 units of which only 20 were with definite-term contracts (as at December 31, 2021 they were 7,369 units of which 19 were with definite-term contracts).

In 2022, the policy of hiring resources continued with the recruitment of 1,614 people (compared to 707 in 2021), with a strong focus on young graduates and new diploma holders.

710 people left the Company. In 2021, the equivalent number was 533 people.

Some detailed figures are provided below, related to 2022, with reference to the Company workforce:

- the rate of graduates totalled 61.67%;
- the rate of women totalled 33.17%;
- the average age was 44;
- the number of executives was equal to 4.2%;
- employees with Super Management/Management qualifications totalled around 21.82%.

Lastly, also in 2022, remote working ("smart working") involved most of the Company's employees.

TRAINING

The IT & Management Academy "Enrico Della Valle" recorded a substantial increase in 2022 in the training activities carried out for Engineering personnel, bringing the indicator of synchronous training days/person up +25% compared to 2021 and +110% compared to 2020.

This increase in training activities is to be understood as structural and should be included in the trend of evolution and diversification of training opportunities made available to company employees, which now provides for a balance between "remote" training initiatives in web classrooms and through specially prepared multimedia products and "in-person" training courses, which in 2022 saw the great reopening of the Ferentino headquarters of the IT & Management Academy after the pandemic period.

The meeting between learners and the various teachers brought back the added value of physical presence, the sharing of ideas and helped to facilitate networking and team building within a phygital context of excellence, understood as alternation between virtual and physical hubs where personnel can pool their expertise and welcome new frontiers of thinking.

The Academy Programs Project, which involved 500 Young Talents from the best Universities and Technical Institutes in 2022, also contributed to the significant increase in indicators relating to training activities, structured with the aim of aligning technical and methodological skills and stimulate candidates' personal attitudes to prepare them to successfully enter Engineering's prestigious projects. The structure of each Academy has made provision for the integration of 3 learning dimensions to develop all-round technical and domain skills and personal attitudes. A significant training component was of an experiential nature through in-person training modules at the Academy of Ferentino, aimed at instilling a mindset that encourages people to face the changes brought about by Digital Transformation and to learn about the importance of teamwork in the phygital context.

The many training projects activated in 2022 also include:

- the Hybrid Leadership program, intended for all Executives of the Engineering Group with the aim of creating a discussion on the issues of Digital Sustainability, on the identification of a Work Life balance with a view to safeguarding the relational capital of the team and presenting the main characteristics of the corporate Smart Working model. Particular focus was placed on the issues most impacted by smart working at an organisational and relational level, such as People management, Teamwork, Work organisation, Communication and Customer relations;
- of particular interest was the launch of the training course made available to over 100 young people in the San Patrignano Community by the IT & Management Academy of Engineering. Consisting of more than 150 hours of training focused on the acquisition and improvement of digital skills, the ultimate goal of the training project is to support the transition to professions in the IT world and facilitate their entry into the job market. In this context, Digital Literacy is positioned as an inclusive factor and able to integrate children into a reality that increasingly requires a Digital Mindset. The experimental project in collaboration with Assoknowledge launched with ITIS Enrico Fermi in Frascati was also concluded in 2022. Conceived as a single highly professional training three-year course in STEM disciplines, the project initially involved 60 candidates from whom the Engineering team selected 20;
- in line with its Phygital mission, the Academy has implemented new teaching methods linked to the innovative use of technologies during classroom lessons, thus focusing on the centrality of the learner and on the possibility of differentiating educational paths and on the possibility of operating with a considerable level of autonomy. Along these lines, many training tools were provided, with the traditional classroom course alternating with Short Educational Videos and Podcasts in Foreng to allow personnel to receive training in small instalments, in a short period of time and at the times chosen by the learner. In this context, the multimedia training offer, consisting entirely of original content and productions, made available to the Group's employees by the Academy in 2022 was rich in innovative features. In support of change management processes and the need to distribute corporate guidelines, new WBTs were developed focused on security awareness, on new regulations in the areas of anti-corruption, 231 and privacy, the company's Digital Transformation offer, etc., which reached over 11,600 views;
- lastly, Engineering's constant focus on the certification of professional skills on the main technological innovation drivers on the market (Cloud, Data & Analytics, Cybersecurity, Software Methodologies, etc.) and on the governance standards of the most widespread projects should be emphasised at international level (Project & Service Management, IT Governance, Business Analysis, Agile Methodologies, etc.). This commitment translated into the acquisition of 1,355 new Professional Certifications in 2022.

VII. Outlook

2022 was a year of great change for Engineering, which saw a tendency to refocus on the market segments and the fastest growing technological offers.

Starting from the second half of 2021, a comprehensive change management process began, leading to the replacement of the Group CEO, CFO, General Counsel and CHRO. The process of strengthening the management team, also by adding new professionals such as the Executive VP Digitech, the Executive VP Financial Services, the Executive VP Enterprise, the Chief Strategy & Transformation and the Chief Institutional Affairs, will be completed in the first half of 2023.

Starting from November 2021, a project got under way aimed at preparing the 2022-2025 strategic plan, which defined the strategic and operational objectives for the Company; this plan was approved in mid-2022.

During 2022, a series of Transformation projects were also launched in different areas aimed at implementing the objectives defined in the strategic plan:

- completion of the new organisational structure of the Company, also reviewing and rationalising the job profiles for all employees where necessary;
- vommercial 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.

For 2023, 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;
- improve performance also by reviewing internal operational logics and approaches;
- 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 FINANCIAL DATA

The main financial data related to the year 2022 are shown hereunder compared with the previous year restated data.

(in Euro million)

Description	2022	2021 Restated	Change % YoY
Total revenues	**997.7**	**975.5**	**+2.3**
Net revenues	**959.3**	**942.2**	**+1.8**
Adjusted EBITDA(*)	**133.1**	**148.4**	**-10.3**
% of revenues	+13.9	+15.7	
EBIT	**30.7**	**86.2**	**-64.4**
% of revenues	+3.2	+9.1	
Profit for the year	**101.1**	**55.7**	**+81.7**
% of revenues	+10.5	+5.9	
Shareholders' equity	**863.5**	**768.2**	**+12.4**
Net financial position (with IFRS 16)	**(107.7)**	**(258.5)**	**-58.4**
Pro-forma net financial position (without IFRS 16)	**28.7**	**(135.2)**	**-121.2**
ROE % (N.P./N.E.)	**+11.7**	**+7.2**	**+4.5**
ROI % (EBIT/N.C.E.)	**+3.2**	**+8.4**	**-5.2**
No. of employees	**8,273**	**7,369**	

(*) Adjusted EBITDA is defined as EBITDA gross of extraordinary items.

Total revenues stood at Euro 997.7 million, a 2.3% increase compared to the previous year.

Revenues, equal to Euro 959.3 million, increased by 1.8% compared to the previous year.

Adjusted EBITDA amounted to Euro 133.1 million, recording a decrease of 10.3% compared to the previous year, with profitability on revenues moving from 15.7% in 2021 to 13.9% in 2022.

EBIT amounted to Euro 30.7 million, down from 2021, and included depreciation and amortisation of Euro 40.5 million and provisions of Euro 25.6 million, both up compared to the previous year. For further information, reference is made to the Explanatory Notes to the financial statements.

Net profit stood at Euro 101.1 million.
The positive change of 81.7% is mainly due to the distribution during the year of the dividends of the subsidiaries Engineering D.HUB S.p.A., Nexen S.p.A. and Livebox S.r.l..

The net financial position (with IFRS 16) of Euro -107.7 million, has recorded a variation of -58.4%. Further details are reported in the "Financial and Asset Situation" section of this document.

The Pro-forma net financial position (without IFRS 16) of Euro 28.7 million, has recorded a variation of -121.2%.

For a better disclosure, "Contingent consideration for business combinations" item was reclassified into item "Other current and non-current liabilities".

ALTERNATIVE PERFORMANCE MEASURES

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

(in Euro million)

Description	Note	2021	2022
Profit for the year		**55.7**	**101.1**
Income taxes		12.9	12.0
Income from equity investments		12.0	(95.2)
Financial income		(4.3)	(12.6)
Interest expense (excluding interest on leases)		8.7	24.3
Interest on leases		1.2	1.1
Depreciation of property, plant and equipment		3.5	3.6
Amortisation of right-of-use assets		12.7	13.4
Amortisation of intangible assets		17.3	23.5
Provisions and write-downs		5.9	25.6
Stock Option costs		0.0	0.0
Leaving/change management incentives	(1)	17.5	8.6
Charges related to the corporate strategic valuation process	(2)	4.4	24.3
Charges for corporate transactions		0.8	3.5
Adjusted EBITDA		**148.4**	**133.1**

(1) The item “Leaving/change management incentives” includes expenses relating to incentives for employees who left early during the year, amounting to Euro 7.6 million.
(2) The item “Charges related to the corporate strategic valuation process” mainly includes consultancy services from third parties recognised under costs for services in the Explanatory Notes.

TOTAL REVENUES

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 contribution margins.

The detail of revenues, apportioned by market are shown hereunder.

(in Euro)

Description	2022		2021		Change
		%		%	%
Total revenues					
Finance	192,959,650	+20.1%	234,808,165	+24.9%	-17.8
Public Administration	192,304,668	+20.0%	185,435,386	+19.7%	+3.7
Healthcare	104,573,148	+10.9%	82,575,603	+8.8%	+26.6
Industry & Services	208,934,692	+21.8%	178,458,726	+18.9%	+17.1
Telco	86,177,071	+9.0%	102,031,627	+10.8%	-15.5
Utilities	174,341,695	+18.2%	158,840,791	+16.9%	+9.8
Net revenues	**959,290,924**	**+100.0%**	**942,150,298**	**+100.0%**	**+1.8**
Other revenues	38,362,716		33,326,008		+15.1
Total revenues	**997,653,640**		**975,476,306**		**+2.3**

OPERATING EXPENSES

(in Euro)

Description	2022	2021	Change	
			Absolute	%
Personnel costs	469,385,898	441,250,621	28,135,277	+6.4
Service costs	388,690,564	389,332,409	(641,845)	-0.2
Raw materials and consumables	37,750,929	15,651,921	22,099,009	+141.2
Amortisation, Depreciation and Provisions	66,032,603	39,402,291	26,630,312	+67.6
Other costs	5,131,920	3,668,336	1,463,584	+39.9
Total operating expenses	**966,991,915**	**889,305,578**	**77,686,337**	**+8.7**

Operating expenses increased overall by around Euro 78 million compared to 2021.

“Personnel” costs increased due to merit increases and the increase in personnel during the year.

Expenditure on raw materials and consumables mainly attributable to software purchases and goods for resale increased in proportion to the increase in revenues.

The item “Amortisation, depreciation and provisions” increased due to new provisions made during the year, for details of this reference is made to the explanatory notes to the financial statements.

OPERATING PROFIT AND NET PROFIT

(in Euro)

Description	12.31.2022	12.31.2021	Change %
Difference between total revenues and operating expenses after amortisation and depreciation (EBIT)	**30,661,725**	**86,170,728**	**-64.4**
Financial income (expenses)	(12,781,164)	(5,633,134)	+126.9
Income/(expenses) from equity investments	95,217,779	(12,033,381)	-891.3
Profit before taxes	**113,098,340,2**	**68,504,213,9**	**+65.1**
% of revenues	+11.8%	+7.3%	
Income taxes	11,970,766	12,852,665	-6.9
Tax rate	+10.6%	+18.8%	
Net profit	**101,127,575**	**55,651,549**	**+81.7**
% of revenues	+10.5%	+5.9%	

Profit before taxes, amounting to Euro 113.1 million, includes the items “Financial income/(expenses)” and “Income/(expenses) from equity investments”, for details of this reference is made to the relative paragraphs in the explanatory notes to the financial statements.

Net profit, after tax provisions, amounted to Euro 101.1 million, increased by 81.7% due essentially to dividends distributed by the subsidiaries Engineering D.HUB S.p.A., Nexen S.p.A. and Livebox S.r.l., as previously highlighted in this report in the paragraph “Main economic data”.

The tax rate stood at 10.6%.

IX. Statement of financial position

The cash flow statement presented below summarises the Company's cash flow movements according to the direct method. The cash flow statement is disclosed, as established by IAS 7, considering the assets and the liabilities of the companies acquired and/or sold and allocated to the relevant accounts of cash flow from investing activities. Only current cash and cash equivalents occurred over the year are thus shown.

(in Euro)

Description	12.31.2022	12.31.2021 Restated
Cash flow from operating activities		
Cash collected from the sales of products/services - third parties	1,231,194,738	1,068,139,260
Cash collected from the sales of products/services - Group	22,718,440	13,319,208
Cash paid for goods and services - third parties	(447,439,933)	(377,171,159)
Cash paid for goods and services - Group	(83,362,654)	(108,086,591)
Personnel costs	(471,449,521)	(436,615,649)
Interest received for operating activities	161,132	42,815
Interest paid for operating activities	(2,851,159)	(369,199)
Exchange differences	(1,339,464)	(158,705)
Income tax payments and reimbursements	(23,746,098)	(28,237,322)
A) Total cash flow from operating activities	**223,885,481**	**130,862,660**
Cash flow from investing activities		
Sale of property, plant and equipment	2,947	31,906
Purchase of property, plant and equipment	(7,327,146)	(3,679,532)
Purchase of intangible assets	(34,708,470)	(12,246,131)
Consideration paid for acquisition of business	(112,904,149)	(44,227,080)
Purchase of other investments and securities	(417,000)	
Sale of other investments and securities	8,771	493,440
Collection of dividends	111,000,000	
Monetary contribution from merger	139,411	
Loans disbursed/received - Group companies	(152,964,216)	(51,847,088)
Loans repaid/collected - Group companies	2,500,000	2,100,000
Cash pooling	(91,322,276)	5,104,868
B) Total cash flow from investing activities	**(285,992,129)**	**(104,269,615)**
Cash flow from financing activities		
New loans	435,687,168	181,972,116
Repayment of loans	(353,007,556)	(133,937,509)
Dividends distribution	(17,500,000)	(63,000,000)
Capital changes	53,770,334	
Interest paid for financing activities	(14,386,853)	(7,807,906)
Repayment of lease liabilities	(16,039,046)	(14,644,567)
C) Total cash flow from financing activities	**88,524,046**	**(37,417,866)**
D) = (A + B + C) change in cash and cash equivalents	**26,417,398**	**(10,824,822)**
E) Cash and cash equivalents at beginning of year	**99,258,188**	**110,083,010**
F) = (D + E) cash and cash equivalents at end of year	**125,675,586**	**99,258,188**

Cash and cash equivalent at end of year recorded a balance of Euro 125.7 million, up by around Euro 26.4 million compared to the previous year. The cash flow from operating activities amounted to Euro 223.9 million and the flows for investment activities amounted to Euro -286 million, these were covered by financing flows of Euro 88.5 million.

NET FINANCIAL POSITION

(in Euro)

Description	12.31.2022	12.31.2021 Restated
Cash and cash on hand	10,160	13,984
Bank and postal deposits	125,665,427	99,244,204
A) Cash and cash equivalents	**125,675,586**	**99,258,188**
B) Current financial receivables	**242,346,417**	**92,900,071**
Current financial liabilities	(100,565,510)	(186,816,142)
Current lease liabilities	(16,092,194)	(15,851,118)
Other current financial liabilities	(52,768,626)	(12,761,162)
C) Current financial debt	**(169,426,330)**	**(215,428,422)**
D) Net current financial position (A+B+C)	**198,595,673**	**(23,270,163)**
E) Non-current financial receivables	**284,393,434**	**1,429,552**
Non-current financial liabilities	(470,309,509)	(128,904,857)
Non-current lease liabilities	(120,215,163)	(107,540,901)
Other non-current financial liabilities	(115,750)	(258,325)
F) Non-current financial debt	**(590,640,422)**	**(236,704,083)**
G) Net financial position (D+E+F)	**(107,651,315)**	**(258,544,694)**

For a better disclosure, item “Contingent consideration for business combinations” was reclassified into item “Other current and non-current liabilities”.

The net financial position stood at Euro -107.7 million, up compared to the previous year (Euro -258.5 million), mainly due to a new short-term loan received at end of the year under evaluation.

Below is the pro-forma net financial position, which does not include financial liabilities for IFRS 16 rights-of-use. It amounts to Euro 28.6 million, an improvement compared to the closing of the 2021 fiscal year (Euro -135.1 million).

NET FINANCIAL POSITION PRO-FORMA

(in Euro)

Description	12.31.2022	12.31.2021 Restated
Cash and cash equivalents	10,160	13,984
Bank and postal deposits	125,665,427	99,244,204
A) Cash and cash equivalents	**125,675,586**	**99,258,188**
B) Current financial receivables	**242,346,417**	**92,900,071**
Current financial liabilities	(100,565,510)	(186,816,142)
Other current financial liabilities	(52,768,626)	(12,761,162)
C) Current financial debt	**(153,334,136)**	**(199,577,304)**
D) Net current financial position (A+B+C)	**214,687,867**	**(7,419,045)**
E) Non-current financial receivabiles	**284,393,434**	**1,429,552**
Non-current financial liabilities	(470,309,509)	(128,904,857)
Other non-current financial liabilities	(115,750)	(258,325)
F) Non current financial debt	**(470,425,259)**	**(129,163,182)**
G) Net financial position (D+E+F)	**28,656,042**	**(135,152,675)**

CENTRALISED TREASURY

The presence of important credit lines, the long-established adoption of cash pooling and the appropriate management of liquidity ensured that financial requirements were adequately covered.

The companies adhering to cash pooling managed by Engineering Ingegneria Informatica S.p.A. 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 Engineering Ingegneria Informatica S.p.A. or their holding company. In all cases they had easy access to the financial resources managed by Engineering Ingegneria Informatica S.p.A. 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 banks 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 flows, which historically characterises current operations, the securitisations 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 0.72% was paid to the banks against an average monthly exposure of approximately Euro 22.4 million. Non-recourse factoring transactions, arranged on a monthly basis, amounted to a total of approximately Euro 719.4 million compared to Euro 88.8 million in 2021. In return for these transfers, the factoring companies were paid an average rate of 0.59% in commissions and interest, which had been 0.25% in 2021.
As part of the acquisition by the Bain Capital and NB Renaissance Funds, which involved the Group on July 23, 2020 and the related extraordinary transactions carried out, the loans granted by EIB, Banco BPM and by Banca IMI/Pool Banks to Engineering Ingegneria Informatica S.p.A. were repaid in advance for a total of Euro 203 million. The early repayment took place using part of the Company's cash and cash equivalents and part of a share capital increase of Euro 32.9 million and a loan of Euro 114.4 million disbursed by Centurion Bidco S.p.A., direct parent company of Engineering Ingegneria Informatica S.p.A., a loan repaid for Euro 17.8 million on September 29, 2022.

For the Overlord project aimed at the acquisition of BE Shaping The Future S.p.A., Centurion Bidco S.p.A. disbursed Euro 365.5 million to Engineering Ingegneria Informatica S.p.A..

NET WORKING CAPITAL

The net working capital decreased by Euro -176.4 million (-83.0%) compared to 2021, amounting to Euro 36.1 million.
Overall, current assets decreased by 18.5% while current liabilities increased by 11.1%.
For a better disclosure, item “Contingent consideration for business combinations” was reclassified into item “Other current liabilities”.

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change	
			Absolute	%
Current assets				
Customer contract assets	165,827,452	175,033,161	(9,205,709)	-5.3%
Deferred contract costs	4,986,085	4,457,989	528,097	+11.8%
Trade receivables	337,525,334	453,726,998	(116,201,663)	-25.6%
Other current assets	41,801,537	42,048,237	(246,700)	-0.6%
Total	**550,140,409**	**675,266,384**	**(125,125,975)**	**-18.5%**
Current liabilities				
Trade payables	(352,529,919)	(315,378,966)	(37,150,952)	+11.8%
Other current liabilities	(161,470,672)	(147,312,801)	(14,157,871)	+9.6%
Total	**(514,000,591)**	**(462,691,768)**	**(51,308,823)**	**+11.1%**
Net working capital	**36,139,818**	**212,574,616**	**(176,434,798)**	**-83.0%**

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

The Company’s statement of financial position shows a very solid structure, with a ratio of 0.9 Shareholders’ Equity/Fixed Assets, in line compared to the previous year.
For a better disclosure, item “Contingent consideration for business combinations” was reclassified into item “Other current and non-current liabilities”.

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change	
			Absolute	%
Real estate property	20,400,817	17,584,802	2,816,015	+16.0
Right of use and leased assets	130,966,658	116,381,798	14,584,860	+12.5
Intangible assets	508,676,499	492,080,754	16,595,745	+3.4
Goodwill	67,353,301	44,648,340	22,704,961	+50.9
Equity investments	277,300,074	208,250,800	69,049,274	+33.2
Fixed assets	**1,004,697,349**	**878,946,493**	**125,750,855**	**+14.3**
Short-term assets	550,140,409	675,266,384	(125,125,975)	-18.5
Short-term liabilities	(514,000,591)	(462,691,768)	(51,308,823)	+11.1
Net working capital	**36,139,818**	**212,574,616**	**(176,434,798)**	**-83.0**
Other non-current assets	28,399,327	22,471,048	5,928,279	+26.4
Post-employment benefits	(52,849,905)	(48,296,047)	(4,553,857)	+9.4
Other non-current liabilities	(45,185,734)	(38,968,074)	(6,217,660)	+16.0
Net capital employed	**971,200,855**	**1,026,728,036**	**(55,527,181)**	**-5.4**
Group shareholders' equity	863,549,540	768,183,342	95,366,198	+12.4
D - Shareholders’ equity	**863,549,540**	**768,183,342**	**95,366,198**	**+12.4**
Net financial (position)/indebtedness LT	306,246,988	235,274,531	70,972,457	+30.2
Net financial (position)/indebtedness ST	(198,595,673)	23,270,163	(221,865,836)	-953.4
Net financial (position)/indebtedness	**107,651,315**	**258,544,694**	**(150,893,379)**	**-58.4**
Total sources	**971,200,855**	**1,026,728,036**	**(55,527,181)**	**-5.4**

X. Significant events during the year

The significant events are detailed below:

- on February 17, 2022, the deed of merger by incorporation of the subsidiaries DEUS Technology S.r.l., Engiweb Security S.r.l., Engineeering 365 S.r.l. into Engineering Ingegneria Informatica S.p.A. was signed, with civil law effects as of March 1, 2022 and retroactive accounting and fiscal effects as at January 1, 2022;

- on March 1, 2022 Engineering acquired 100% of the shares of Plusure S.p.A., a Milan-based company operating in the ICT market in the PLM (Product Lifecycle Management) sector;

- on July 25, 2022, the company Overlord Bidco S.p.A. was established with payment of the entire share capital of Euro 50,000 by Engineering Ingegneria Informatica S.p.A.. On September 23, 2022, a further amount of Euro 60,822,685 was paid in as a future share capital increase;

- on November 15, 2022, Engineering acquired 100% of Atlantic Technologies S.p.A.. As a result of this transaction, Engineering Ingegneria Informatica S.p.A. indirectly holds full control of Atlantic Technologies Europe Ltd;

- on November 30, 2022, Engineering Ingegneria Informatica S.p.A. acquired the remaining 20% of the equity investment of Digitelematica S.p.A..

XI. Shareholders and treasury shares

SHAREHOLDERS

The whole share capital of Engineering Ingegneria Informatica S.p.A. is held by the company Centurion Bidco 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 Bidco S.p.A. during the year.

TREASURY SHARES

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

XII. Subsequent events

The main events occurred after the reporting date are described hereunder:

- on February 23, 2023, the Board of Directors approved the plan for the reverse merger of the parent company Centurion Bidco S.p.A. in Engineering Ingegneria Informatica S.p.A., which is expected to be completed during the first half of 2023 and will take effect retroactively as of January 1, 2023.

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 November 12, 2010, the procedure for the identification and carrying out of Transactions with Related Parties. No transactions with related parties were recorded, with the exception of what is reported in the paragraph "Transactions with related parties" of the explanatory notes to the financial statements, to which reference is made.

MAIN RISKS AND UNCERTAINTIES

Engineering 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 Company'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 Company 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
The Covid-19 pandemic, which has spread globally since January 2020 and continued throughout 2021, has saw all countries all over the world, including Italy, having to deal with a complex health emergency, with implications also at a social, political, economic and geopolitical level.

The conflict between Russia and Ukraine is 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, which were immediately reflected not only in increases in the costs of some commodities such as gas and oil, but also in sharp reductions in the share values of the major world markets.

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

As a result of the pandemic and the conflict above-mentioned, the forecast that energy prices will remain high for a longer period than estimated is confirmed, exerting a greater dampening effect on the economy and increasing inflationary pressures.

Economic activity is recovering, helped by normalising supply conditions and reducing inflationary pressures. Looking beyond the short-term turmoil, it is clear that the fundamentals underpinning the current expansionary phase continue to be sound.

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 Company 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
The crisis resulting from the spread of the Covid-19 pandemic is not just a health crisis. The response of the production sector has been towards an acceleration in the use of information technology. In this context,

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 Company 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 Company is able to mitigate risks related to the evolution in demand, which is treated as business opportunity.

C. Risks related to cybersecurity

For 2023, the increase in cybersecurity threats is confirmed, in line with the trend of recent years, in particular a general increase in attacks is expected, thanks to the increase in the digitalisation of users and companies, the related geopolitical situation 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.

Engineering 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.
Engineering 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 Company 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 Company may not be able to provide customers with quality services at competitive prices. Any inability to effectively compete would adversely affect activity, operating profits, financial conditions and forecasts. Special attention was given by the Company on this issue and it developed a structure made up of specialised resources concerned with "the offer engineering", which allows the Company 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 Engineering is not subject to particular segment regulations.

INTERNAL RISKS

A1. Risks related to the employment of key personnel

The Company has Executive Managers who play a decisive role in the management of the Company'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 Company offers services to around 2,000 medium and large companies operating on all markets (Public Administration, Healthcare, Finance, Insurance, Telco & Media, Industry and 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 Company 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 Company has therefore signed insurance policies deemed as an adequate hedging against risks from third-party and contractual liability, for an annual 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 upon request of customers to avoid negative impacts on the Company'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 Company is deemed liable with respect to uncovered issues, the economic and equity situation of the Company 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 Company operates in areas where there are no armed conflicts or border tensions. At present, the exposure towards foreign activities does not subject the Company to risks such as changes to local political and regulatory frameworks, as well as considerable currency fluctuations. This growth process is addressed at minimising the specific country risk by differentiating the offer and the investments in more attractive geographic regions from a business point of view.

E1. Risks associated with significant dependence on third parties
The Company's ability to serve its customers and provide and implement solutions largely depends on third-party suppliers such as subcontractors, equipment component manufacturers, service providers and network providers who meet the Company'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 Company.

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 Company 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 Company. Delays in payments by larger customers, requests for changes to their contractual payment agreements or breaches of payment obligations could adversely affect the Company's business, financial conditions and results of operations. The Company manages this risk through implementing policies aimed at ensuring the solvency of clients and limiting the exposure to credit risk of an individual client through evaluation and monitoring of the customer. Specifically, the Company 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 Company 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 indebtedness 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 Company 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 payables falling due, and the expected investments.

C2. Exchange rate risk

Exchange rate risk is defined as the risk of the value of a financial instrument changes following exchange rate movements. 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 Company to introduce simulation and sensitivity analysis processes to value potential losses deriving from unfavourable changes in the sector environment concerning:

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

In particular, it is therefore considered that the exchange rate risk does not represent a significant issue with respect to the volumes present in the Company.

D2. Interest rate risk

Exposure to interest rate risk arises from the need to finance the Company's 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 Company does not have operations related to this risk; therefore the exposure is nil.

TAX CONSOLIDATION SCHEME

The Company has adhered to the "National Tax Consolidation Scheme" as per Articles 117 et seq. of Italian Presidential Decree no. 917 of December 22, 1986 with the parent company Centurion Newco S.p.A. as from tax year 2021.

TAX AUTHORITY RELATIONS

With reference to relations with the tax authorities, there are no facts worthy of examination.

XIV. Conclusions and Shareholders' Meeting proposals

Net profit for the year amounted to Euro 101,127,575.

The Board of Directors proposes Shareholders to approve the 2022 Financial Statements and to allocate the net profit achieved of Euro 101,127,575 to a Reserve for non-distributed net profits.

The Chairman, on behalf of the Board of Directors, points out that the financial statements are audited by the Independent Auditors Deloitte & Touche S.p.A..

STATEMENT OF FINANCIAL POSITION

(in Euro)

Statement of financial position - Assets	Note	12.31.2022	12.31.2021 Restated
A) Non-current assets			
Property, plant and equipment	4	20,400,817	17,584,802
Intangible assets	5	508,676,499	492,080,754
Rights of use	6	130,966,658	116,381,798
Goodwill	7	67,353,301	44,648,340
Equity investments	8	277,300,074	208,250,800
Deferred tax assets	9	25,578,794	20,067,515
Other non-current assets	10	2,820,533	2,403,533
Non-current financial assets	11	284,393,434	1,429,552
of which related parties		*282,840,832*	
Total non-current assets		**1,317,490,110**	**902,847,094**
B) Current assets			
Customer contract assets	12	165,827,452	175,033,161
of which related parties		*13,869,422*	*11,700,265*
Deferred contract costs	13	4,986,085	4,457,989
Trade receivables	14	337,525,334	453,726,998
of which related parties		*72,327,700*	*70,171,958*
Other current assets	15	41,801,537	42,048,237
Current financial assets	16	242,346,417	92,900,071
of which related parties		*242,222,717*	*90,212,071*
Cash and cash equivalents	17	125,675,586	99,258,188
Total current assets		**918,162,412**	**867,424,643**
Total assets (A + B)		**2,235,652,521**	**1,770,271,736**

(in Euro)

Statement of financial position - Liabilities	Note	12.31.2022	12.31.2021 Restated
C) Shareholders' equity			
Share capital	19	34,095,537	34,095,537
Reserves	20	597,003,482	542,783,148
Retained earnings/(Losses)	21	131,322,946	135,653,107
Profit/(loss) for the year		101,127,575	55,651,549
Total shareholders' equity	**18**	**863,549,540**	**768,183,342**
D) Non-current liabilities			
Non-current financial liabilities	22	470,425,259	129,163,182
Non-current lease liabilities	23	120,215,163	107,540,901
Deferred tax liabilities	24	26,559,453	22,369,097
Other non-current liabilities	25	18,626,281	16,598,977
Post-employment benefits	26	52,849,905	48,296,047
Total non-current liabilities		**688,676,061**	**323,968,204**
E) Current liabilities			
Current financial liabilities	27	153,334,136	199,577,304
of which from related parties		*23,906,004*	*99,634,565*
Current lease liabilities	28	16,092,194	15,851,118
Current tax payables	29	17,133,027	8,665,899
Current provisions for risks and charges	30	6,179,308	7,401,419
Other current liabilities	31	138,158,337	131,245,483
of which related parties		*447,478*	*456,899*
Trade payables	32	352,529,919	315,378,966
of which related parties		*53,990,399*	*53,488,682*
Total current liabilities		**683,426,921**	**678,120,190**
F) Total liabilities (D + E)		**1,372,102,982**	**1,002,088,394**
Total liabilities & shareholders' equity (C + F)		**2,235,652,521**	**1,770,271,736**

INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT

(in Euro)

Income statement	Note	12.31.2022	12.31.2021
A) Total revenues			
Revenues		959,290,924	942,150,298
Other revenues	34	38,362,716	33,326,008
Total revenues	33	**997,653,640**	**975,476,306**
of which related parties		*47,265,425*	*40,223,525*
B) Operating expenses			
Raw materials and consumables	37	37,750,929	15,651,921
Service costs	38	388,690,564	389,332,409
Personnel costs	39	469,385,898	441,250,621
Amortisation and depreciation	40	40,478,203	33,494,967
Provisions	41	25,554,400	5,907,325
Other costs	42	5,131,920	3,668,336
Total operating expenses	**36**	**966,991,915**	**889,305,578**
of which related parties		*90,422,347*	*114,179,834*
C) Operating profit (A - B)		**30,661,725**	**86,170,728**
Other financial income		12,639,079	4,311,813
Other financial expenses		25,420,243	9,944,947
D) Net financial income (expenses)	**43**	**(12,781,164)**	**(5,633,134)**
of which related parties		*7,545,443*	*212,553*
E) Income/(expenses) from equity investments			
Total income/(expenses) from equity investments	**44**	**95,217,779**	**(12,033,381)**
F) Profit before taxes (C + D + E)		**113,098,340**	**68,504,214**
G) Income taxes	45	11,970,766	12,852,665
H) Profit/(loss) for the year		**101,127,575**	**55,651,549**

(in Euro)

Comprehensive income statement	Note	12.31.2022	12.31.2021
I) Profit/(loss) for the year		**101,127,575**	**55,651,549**
L) Other comprehensive income statement items			
Actuarial gains/(losses) of employee defined plans		(2,872,216)	(1,137,911)
Tax effect related to other income/(loss) which will not be reclassified in income/(loss) for the year		689,332	273,099
Total other comprehensive income/(loss) which will not be reclassified in income/(loss) for the year, net of tax effect		**(2,182,884)**	**(864,812)**
Total other comprehensive income/(loss), net of tax effect		**(2,182,884)**	**(864,812)**
M) Comprehensive profit/ (loss) for the year (L + M + N)		**98,944,690**	**54,786,737**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in Euro)

Description	Share capital	Reserves	Retained earnings/ (Losses carried forward)	Profit for the year	Shareholders' equity
Note	**19**	**20**	**21**		**18**
Balance as at 01.01.2021	**34,095,537**	**542,783,148**	**65,424,693**	**165,887,199**	**808,190,577**
Profit (Loss) for the period	-	-		55,651,549	55,651,549
Other net comprehensive items	-	-	(864,812)		(864,812)
Comprehensive income for the period	**-**	**-**	**(864,812)**	**55,651,549**	**54,786,737**
Allocation of the residual result of the previous year to retained earnings	-		165,887,199	(165,887,199)	-
Dividends distribution	-		(63,000,000)		(63,000,000)
Other changes	-	-	(31,793,973)		(31,793,973)
Transactions with shareholders and other movements	**0**	**0**	**71,093,226**	**(165,887,199)**	**(94,793,973)**
Balance as at 12.31.2021	**34,095,537**	**542,783,148**	**135,653,107**	**55,651,549**	**768,183,342**
Effect of IAS 8 adjustment			**(43,839,966)**		**(43,839,966)**
Profit (Loss) for the period				101,127,575	101,127,575
Other net comprehensive items			(2,182,884)		(2,182,884)
Profit (Loss) for the period	**-**	**-**	**(2,182,884)**	**101,127,575**	**98,944,690**
Allocation of the residual result of the previous year to retained earnings/(losses)		450,000	55,201,549	(55,651,549)	0
Dividends distribution			(17,500,000)		(17,500,000)
Reserve for payment for future capital increase		53,770,334			53,770,334
Other changes		-	3,991,140	0	3,991,140
Transactions with shareholders and other movements	**-**	**54,220,334**	**41,692,689**	**(55,651,549)**	**40,261,474**
Balance as at 12.31.2022	**34,095,537**	**597,003,482**	**131,322,946**	**101,127,575**	**863,549,540**

CASH FLOW STATEMENT

The cash flow statement, drafted based on the direct method, summarises the cash flow movements.

(in Euro)

Description	12.31.2022	12.31.2021 Restated
Cash flow from operating activities		
Cash collected from the sales of products/services - third parties	1,231,194,738	1,068,139,260
Cash collected from the sales of products/services - Group	22,718,440	13,319,208
Cash paid for goods and services - third parties	(447,439,933)	(377,171,159)
Cash paid for goods and services - Group	(83,362,654)	(108,086,591)
Personnel costs	(471,449,521)	(436,615,649)
Interest received for operating activities	161,132	42,815
Interest paid for operating activities	(2,851,159)	(369,199)
Exchange differences	(1,339,464)	(158,705)
Income tax payments and reimbursements	(23,746,098)	(28,237,322)
A) Total cash flow from operating activities	**223,885,481**	**130,862,660**
Cash flow from investing activities		
Sale of property, plant and equipment	2,947	31,906
Purchase of property, plant and equipment	(7,327,146)	(3,679,532)
Purchase of intangible assets	(34,708,470)	(12,246,131)
Consideration paid for acquisition of business	(112,904,149)	(44,227,080)
Purchase of other investments and securities	(417,000)	
Sale of other investments and securities	8,771	493,440
Collection of dividends	111,000,000	
Monetary contribution from merger	139,411	
Loans disbursed/received - Group companies	(152,964,216)	(51,847,088)
Loans repaid/collected - Group companies	2,500,000	2,100,000
Cash pooling	(91,322,276)	5,104,868
B) Total cash flow from investing activities	**(285,992,129)**	**(104,269,615)**
Cash flow from financing activities		
New loans	435,687,168	181,972,116
Repayment of loans	(353,007,556)	(133,937,509)
Dividends distribution	(17,500,000)	(63,000,000)
Capital changes	53,770,334	
Interest paid for financing activities	(14,386,853)	(7,807,906)
Repayment of lease liabilities	(16,039,046)	(14,644,567)
C) Total cash flow from financing activities	**88,524,046**	**(37,417,866)**
D) = (A + B + C) change in cash and cash equivalents	**26,417,398**	**(10,824,822)**
E) Cash and cash equivalents at beginning of year	**99,258,188**	**110,083,010**
F) = (D + E) cash and cash equivalents at end of year	**125,675,586**	**99,258,188**

1 General information

Engineering Ingegneria Informatica S.p.A., with registered office in Rome, Piazzale dell'Agricoltura 24, is one of Italy's leading Information Technology service providers.

Engineering S.p.A.'s market consists of medium-large customers in all major market segments, both private (banks, insurance companies, services and telecommunications and utilities) and public (local and central public administration).

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

These financial statements as at December 31, 2022, were approved by the Board of Directors during the meeting held on March 16, 2023.

Following the approval of the National Recovery and Resilience Plan ("PNRR") by the Italian Government, the Company's reference market will be 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 Company operates and the trend in prices), the trend in financial markets and in exchange rates for the currencies to which the Company 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 conflict between Russia and Ukraine, as these cannot be quantified to date.
Moreover, it is noted that the Company has no economic relations with customers in these geographical areas.
With regard to access to the credit market and the trend of interbank interest rates to which the Company is subject for the repayment of financial payables, note that the Company's debt cost is almost entirely linked to fixed rates, with medium/long-term maturities, therefore any fluctuations have a negligible 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.

With regard to the evolution of the criminal proceeding pending before the Public Prosecutor's Office at the Court of Milan (R.G. 33849/18), note that, after the notification of the notice of conclusion of the preliminary investigations, a request for indictment was made for several natural persons and legal entities initially involved in the investigation, as reported in the press. However, the request for indictment did not concern Engineering, whose position was dismissed.

The financial statements as at December 31, 2022 were prepared in accordance with the International Accounting Standards (IAS/IFRS) and take into account the adjustments made to correct errors - as defined by IAS 8 - that arose as a result of a process checking the cost and revenue accounting methods of some of the contracts relating to Engineering's Finance Department, also carried out with the help of external consultants. This has finished and refers to the current and previous years, as illustrated in detail in the explanatory notes to the financial statements.

Therefore, in the remainder of these explanatory notes, in the financial statements and in the explanatory notes, the data will be restated in accordance with the aforementioned provisions in line with IAS 8.

1.1 CORRECTION OF MATERIAL ERRORS – IAS 8

IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) regulates, among other things, how to recognise and represent errors, including those from previous years.

As a result of the incorrect method of accounting for the costs and revenues of certain contracts of the Finance Department, it was necessary to make changes to the financial statements in application of IAS 8.

The following is a summary of the facts and accounting methods adopted.

In September 2022, Engineering's management, as a result of some deviations found between budget and final data referring to the end of August 2022, activated a process for checking the cost and revenue accounting methods of some of the contracts related to the Finance Department, also carried out with the help of external consultants. The audits concerning these contracts concluded and led to the identification of errors committed, at least since the 2019 financial year, which resulted in two effects: an overestimation of balance sheet assets and the operating profit.

This was due to errors resulting from the allocation of costs in the management system, which led to the recognition - already in the years prior to the current one - of total revenues:

(i) not contractually defined, including by means of an association between the aforementioned costs and revenues contractually envisaged in subsequent financial years, but originating from cost components other than those that gave rise to the balance sheet assets as an offsetting item to the revenues;
(ii) in advance of their accrual.

As a result of the errors referred to in points i) and ii), non-recoverable balance sheet assets have arisen during the financial years, including prior to the current one, relating to Inventory of Customer contract assets (recognised in the financial statements under current assets in the item "Customer contract assets"), because they cannot be invoiced to customers.

The assessments were completed and allowed the Company to quantify the following accounting effects at Engineering level as at December 31, 2022:

i. overestimation of the operating result for the 2022 financial year by Euro 10.9 million;
ii. overestimation of the balance sheet assets as at January 1, 2022 by Euro 43.8 million.

On the basis of the audits carried out, the Company is not materially able to establish with a precise determination the competence of the overestimate of Euro 43.8 million in relation to each of the years prior to the current one, because the information available in the management system does not allow to trace back in a precise manner the contracts in which the aforementioned errors were generated in previous years as it is not possible to keep track of them once they have been closed. On the other hand, the reconstruction is possible for the 2022 financial year in consideration of the availability of current information on the progress of the Finance Department's contracts and their current monitoring.

With regard to errors from previous years, the provisions of paragraphs 42 to 47 of IAS 8 apply. In this case, as it is not possible to accurately and reasonably determine the effects of the error with regard to each financial year prior to the current one, owing to the process described above, which prevented the preservation of the historicity of the relevant data, it is deemed appropriate to adjust the opening balance of assets and shareholders' equity of 2022, when the error occurred, in order to reflect the lower value of the assets of Euro 43.8 million, by setting up a specific adjustment provision with the opening shareholders' equity of 2022 as a counter entry.

With regard to the accounting treatment of the correction of errors referring to the current financial year, these must be corrected prior to the approval of the financial statements, as required by IAS 8 (para. 5), according to which "potential errors of the current financial year discovered in the same financial year shall be corrected before the publication of the financial statements is authorised". Therefore, in this specific case, the items in question have been corrected in the income statement for the current 2022 financial year, generating a corresponding impact on the operating profit, which was affected by the overestimation of Euro 10.9 million, and the corresponding amounts recognised in the balance sheet.

Following the audits conducted within the Finance Department, these analyses were also extended to all the other Market Divisions with the help of independent consultants; these analyses did not reveal any cases similar to those identified in the Finance Department.

In any case, specific provisions were made prudentially, amounting to approximately Euro 5.7 million (of which Euro 5.4 million relating to contract work in progress and Euro 0.3 million to invoices to be issued), on some positions relating to assets accrued in previous years and not yet invoiced, exclusively attributable to technical/commercial issues that emerged during the execution of the orders.

1.2 SIGNIFICANT OPERATIONS

- With statutory effects from March 1, 2022 and tax and accounting effects from January 1, 2022, the subsidiaries Engineering 365 S.r.l., DEUS Technology S.r.l. and Engiweb Security S.r.l. were merged into Engineering Ingegneria Informatica S.p.A..
- On March 1, 2022, Engineering Ingegneria Informatica S.p.A. acquired 100% of the share capital of the Company Plusure S.p.A..
- On July 25, 2022, the company Overlord Bidco S.p.A. was established with payment of the entire share capital of Euro 50,000. On September 23, 2022, an additional amount of Euro 60,772685 was paid as a future share capital increase.
- On November 15, 2022, Engineering acquired 100% of Atlantic Technologies S.p.A.. As a result of this transaction, Engineering Ingegneria Informatica S.p.A. indirectly holds full control of Atlantic Technologies Europe Ltd.
- On November 30, 2022, the remaining 20% of the equity investment of Digitelematica S.p.A. was acquired.

2 Form, contents and accounting standards

These financial statements as at December 31, 2022 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 19 July 2002. The IFRS 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 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 financial statements are expressed in Euro and, in compliance with IAS 1 “Presentation of Financial Statements” include the Statement of Financial Position, the Income Statement and the Comprehensive Income Statement, the Statement of changes in Shareholders’ Equity, the Cash Flow Statement and the related Explanatory Notes.
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 separation of assets and liabilities held-for-sale.

Current assets are those held for sale 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 tables of the statement of financial position, of the income statement and of the cash flow statement highlight transactions with related parties.

The transactions with related parties concern subsidiaries, associated companies and Directors and Executives with strategic responsibilities. Reference is made to paragraph “Transactions with related parties”.

For each item of the statements, the corresponding figure of the previous year is disclosed for comparison purposes. For a better disclosure, some equity items, which had an impact also on the presentation of amounts in the tables referred to the previous year, were reclassified.

The financial statements are accompanied by the 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 Company operations and significant events after the year-end.

CRITICAL JUDGEMENTS

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

USE OF ESTIMATES AND ASSUMPTIONS

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.

Impairment of assets (Goodwill Euro 44.6 million and Trademark Euro 453 million)

As explained in more detail in paragraph 7 hereof, for the calculation of the value in use of Cash Generating Units, the Company has taken into account, with reference to the specified period, the expected trends resulting from the budget for 2022 and, for subsequent years, the forecasts included in the 2023-2027 multi-year plan. The impairment test carried out based of these forecasts confirmed the values recorded in the financial statements.

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 2022, the Company did not encounter any particular problems with the collection of trade receivables. All market segments do not report any specific problems in relation to the persistent Covid-related emergency and most of the customers are large companies with primary creditworthiness.

In 2022, the Company updated 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 aging brackets regardless of the type of customer and/or segment and are calculated automatically on a monthly basis on the credit portfolio open on that date.

Lease term

The Company analysed all the lease agreements, defining the lease term for each of them, given by the "non-erasable" 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 activity. As for the other categories of goods, mainly company cars and equipment, the Company has generally deemed it unlikely to exercise any extension or early termination clause in consideration of the practice usually followed by the Company. For the buildings, the Company, in assessing the lease terms, has decided, 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.

Deferred tax assets

The recoverability of deferred tax assets is subject to the achievement of future taxable profits or up to the amount of deferred taxes related to 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.

3 Measurement criteria

These Financial Statements have been prepared on a going concern basis, as the Directors have verified that there are no financial, management or other indicators that could report critical issues regarding the Company's ability to meet its obligations in the foreseeable future. A description of how the Company manages financial risks, including liquidity and capital risks, is provided in Note 3.27.
These financial statements were prepared using measurement criteria based on historical cost, with the exception of the measurement at fair value of the derivative hedging the variable interest rate risk relating to an existing loan.
The policies adopted in the preparation of these financial statements are described below.

3.1 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 capital appreciation or for both of these reasons ("Investment property").
Property, plant and equipment are recognised at acquisition cost. 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

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 evidence indicates 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.

3.2 INTANGIBLE ASSETS

The intangible assets, all with definite useful life with the exception of the Trademark, are recognised where identifiable, are controlled by the Company and are able to produce future economic benefits.
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 upon their occurrence or when they are sold. Until that date they are classified under assets in progress.
Financial expenses incurred to acquire an intangible 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	3 – 5 years
Software	3 – 8 years
Rights, patents and licenses	3 – 8 years
Trademark	Indefinite
Other	2 – 5 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 fixed asset is recognised within the value limits that this asset may recover through use. Wherever evidence indicates that difficulties may exist in the recovery of the net book value, an impairment test is carried out.

The intangible assets, all with definite useful life are recognised where identifiable, are controlled by the Company and are able to produce future economic benefits.

Software
Costs directly associated with information technology products, created internally or acquired from third parties are capitalised as intangible assets provided that the following is 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, as well as development costs that improve product performance or upgrade the product to regulatory requirements.

Rights, patents and licenses
Costs associated with the purchase of concessions, patents, licenses and trademarks are capitalised under intangible fixed assets. The cost is represented by 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.

3.3 LEASING

On January 13, 2016, the IASB published the standard IFRS 16 – *Leases*, which replaces the standard IAS 17 – *Leases*, as well as the interpretations IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases — Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The principle provides a new definition of a lease and introduces a criterion based on the right to control (right of use) an asset to distinguish contract leases from contracts for the provision of services, by identifying as discriminating features of leases: the identification of the asset, the right to replace the asset, the right to obtain substantially all the economic benefits arising from the use of the asset and, finally, the right to direct the use of the asset underlying the contract.

The standard establishes a single model for the recognition and measurement of leases for the lessee, whereby the leased asset, including operating assets, is recognised under assets with a financial liability as a counter entry. Conversely, the standard does not comprise material changes for lessors.

Accounting for the lessee
At the date of initial recognition, the lessee will recognise the asset (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.

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 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 Company 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.

Lease-related incentives (e.g. rent-free periods) are recognised as part of the initial value of the right of use and lease liability over the contractual period.

A provision for risks is made in compliance with the provisions of IAS 37 in the event that the Company 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 statement of the cash flow statement, the Company divides the total amount paid between the principal portion (recognised in the cash flow deriving from financial activities) and the interest portion (recognised in the cash flow deriving from operations).

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

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

Therefore, the Company 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 lessee
If the lease has the characteristics of a loan, the Company 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 Company 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.

3.4 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 therefore are measured using impairment test.

Starting from the closing financial statements of the individual CGUs and using a model for calculating the generation of future cash flows – Discounted Cash Flow Model (DCF) – a present value of the asset is determined which, compared with the net book value and precisely the goodwill recorded in the Financial Statements, determines the need or not to write down the investment and charge, consequently or not, a loss in the Income Statement.

3.5 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 indefinite useful life indicators.

The recoverable value of an asset is recorded at the greater of its fair value, net of sales costs, and its value in use. 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.

3.6 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 acquired and of the liabilities assumed) and not of their book value. The possible difference (if negative) comprises the goodwill.
The changes in 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.

3.7 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.

Subsidiaries
This means the company over which Engineering Ingegneria Informatica S.p.A. has the power to directly or indirectly determine the financial and management policies and benefit from their implementation. Control is presumed where more than 50% of the effective or potentially exercisable voting rights are held at the reporting date.

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.

3.8 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, associated companies and joint ventures and are recorded at cost, adjusted for possible impairments, the impact of which is recognised in the income statement.

3.9 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.

3.10 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 (cost to cost), 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”.

3.11 DEFERRED CONTRACT COSTS

a) Incremental costs of obtaining a contract

IFRS 15 allows the capitalisation of costs of obtaining a contract, on condition 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 booked 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.

b) Costs of fulfilling a contract

IFRS 15 provides 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.

3.12 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 fair value, 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 present 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 counter 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.

After evaluating the historical and forward-looking information, the Company believes that there is no significant impact on the expected credit losses.

3.13 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.

3.14 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 profit or loss for the year and the other components in the comparative comprehensive income statement are re-determined as if the operation were discontinued at the beginning of the comparative period.

3.15 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.

3.16 RESERVES

The reserves consist of specific capital and profit reserves, some with specific allocation.

3.17 RETAINED EARNINGS

The item “Retained earnings/(losses)” includes the net profit of the current and previous periods which was not distributed, not 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.

3.18 FINANCIAL LIABILITIES

Financial liabilities are initially booked 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. For short-term liabilities, such as trade payables, the amortised cost is actually the nominal value.

3.19 EMPLOYEE BENEFITS

Short-term 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 at December 31, 2006. The liability is determined as the present 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 gains and losses are recognised in the comprehensive income statement and accumulated under shareholders' equity on an accrual basis.

Defined contribution plans
As from January 1, 2007, the Company 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.

3.20 PROVISIONS FOR RISKS AND CHARGES, CONTINGENT LIABILITIES AND ASSETS

According to IAS 37 provisions for risks and charges 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. Information in this regard is provided however.

3.21 REVENUES AND COSTS

IFRS 15 superseded the previous standards IAS 18 and IAS 11, as well as the related interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31.

The new standard establishes the criteria to be followed for recognising revenues arising from contracts with customers, except for those contracts that fall within the scope of the standards relating to lease contracts, insurance contracts and financial instruments. The standard establishes a comprehensive framework for identifying the timing and amount of revenue to be recognised in the financial statements.

According to IFRS 15, the Company shall recognise 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 Company has transferred control of the goods or services to the customer, in the following ways:

f) over time;
g) at a point in time.

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

Fulfilment of obligations	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 processes and the distribution and storage of energy as well as the implementation of new digital platforms integrated into customer processes and applications).
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 Company's performance enhances or creates an asset that the customer controls as the Company creates or enhances the asset; or
(ii) the Company builds an asset that has no alternative use (e.g. it is customer-specific) and the Company has an enforceable right to payment for performance to date in case of termination by the customer.

The Company 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 expensed as incurred.
The Company earns contractually the right to bill upon achievement of specified milestones or upon customer acceptance of work performed.

The difference between the costs incurred at the date of work progress added to the margins recorded and the billing already carried out to certify the progress of the work is recorded as Customer contract assets.
Any up-front fees (non-refundable) received by the customer 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 and applications.
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 Company.
Revenue is recognised over time based on the working hours spent/working days valued on the basis of defined prices.

Service-based contracts
The Company 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, revenues are recognised when the evidence of the collection by the Company 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 Company.
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
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.

Expenditure on research activities undertaken with a view to obtaining new technical knowledge is recognised in profit or loss in the period in which it is incurred. These costs are almost entirely attributable to personnel costs.

3.22 DIVIDENDS

Dividends are recognised at the date of the deliberation by the Shareholders' Meeting of the Company, unless the sale of shares is reasonably certain before the coupon detachment date.

3.23 PUBLIC 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 relate to cost components, they are recorded as revenues, and systematically allocated to different periods to offset the costs to which they relate.
When the grants relate to an asset, for example 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.

3.24 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 credits not used and carried over, as well as the assumed 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.

3.25 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 Company is the Euro.

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.

3.26 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 paragraphs.

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 booked in both the period in which the change occurs and in the future period.

3.27 FINANCIAL RISK AND CAPITAL MANAGEMENT

As in all businesses, there are risk factors that can have repercussions on the results and for this reason certain procedures have been implemented in order to prevent them. 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 Company activities. As regards "Risk management", reference is made to description made in the Report on Operations.
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. With regard to the Company's debt-to-capital ratio, reference is made to the Directors' Report on Operations.

3.27.1 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.
Allocations to allowance for doubtful accounts reflect actual credit risks through the targeted quantification of the provision itself.
The Company 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 Company recognises an allowance for doubtful account 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 Company 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 Company'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 15 hereof.

3.27.2 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 Company 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 Company 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 22 and 27 hereof.

3.27.3 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 Company's debt cost;

- to manage transactions in derivative, 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 Company's economic result, indirectly influencing the costs and returns of financing and investment transactions. The interest rate risk to which the Company is exposed derives from bank loans. The Company constantly monitors the trend in interest rates to mitigate the risk and, when deemed appropriate, 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.

3.28 RELATED PARTIES

Engineering Ingegneria Informatica S.p.A. approved the procedure for the identification and carrying out of transactions with related parties through Board of Directors' resolution of November 12, 2010, effective on January 1, 2011. 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 responsibility of the same entities.

3.29 SEASONALITY

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

3.30 NEW IFRS AND IFRIC INTERPRETATIONS

For the purposes of drafting the 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, 2022

The following accounting standards, amendments and IFRS interpretations were applied for the first time by the Company as January 1, 2022.

- On May 14, 2020, the IASB published the following amendments:
  - ***Amendments to IFRS 3 Business Combinations***: the amendments aim at updating the reference in IFRS 3 to the Conceptual Framework in the revised version, without entailing amendments to provisions of the principle.
  - ***Amendments to IAS 16 Property, Plant and Equipment***: the amendments aim at preventing deduction from costs related to property, plant and equipment of the amount received from the sale of assets manufactured during the testing phase of the asset itself. These revenues from sales and related costs will therefore be recognised in the Income Statement.
  - ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets***: the amendment clarifies that in assessing a possible onerous contract, all costs that relate directly to the contract should be comprised. Therefore, in assessing a possible onerous contract, not only incremental costs should be included (such as the cost of material that relate directly to fulfilling contracts), but also all costs that the Company cannot avoid while fulfilling the contract (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
  - ***Annual Improvements 2018-2020***: amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, to IFRS 9 Financial Instruments, to IAS 41 Agriculture and to the Illustrative Examples of IFRS 16 Leases.

  The adoption of these amendments had no impact on the Company's financial statements.

Accounting standards, amendments and IFRS interpretations approved by the European Union, not yet applied mandatorily and not adopted in advance by the Company as at December 31, 2022

- On May 18, 2017, the IASB published **IFRS 17 – Insurance Contracts** which is intended to replace IFRS 4 – Insurance Contracts.

  The aim of the new standard is to ensure that an entity provides relevant information that accurately represents the rights and obligations arising from insurance contracts issued. The IASB has developed this standard to cancel all inconsistencies and weaknesses of the existing accounting policies, by supplying a consolidated principle-based framework to take account of all types of insurance contracts, including reinsurance contracts held by an insurer.

  The new standard also envisages presentation and information requirements to improve comparability between entities belonging to the same sector.

  According to the new standard, an insurance contract is measured based on a General Model or a simplified version named Premium Allocation Approach ("PAA").

  The main characteristics of the General Model are:
  - estimates and assumptions of future cash flows are always the current ones;
  - measurement reflects the time value of the money;
  - estimates envisage an extensive use of observable market information;
  - there is a current and explicit measurement of risk;
  - the expected revenue is deferred and aggregated in clusters of insurance contracts upon initial recognition;
  - the expected revenue is recognised over the coverage period for the contracts, taking account of adjustments resulting from changes in assumptions related to cash flows of each single cluster of contracts.

  The PAA approach measures the liability for the remaining coverage of a cluster of insurance contracts provided that, upon initial recognition, the entity provides that this liability reasonably represents a reasonable approximation to the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. Simplifications resulting from the application of the PAA method are not applicable to the measurement of liabilities for claims in place, that are measured based on the General Model. However, discounting of cash flows is not required if the balance is likely to be paid or received within one year from the claim date.

  The entity shall apply the new principle to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features (DPF).

  The standard is applicable as from January 1, 2023 but early application is allowed solely for entities which apply IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers.

  The adoption of this standard is not expected to have an impact on the Company's financial statements.

- On December 9, 2021, the IASB published the **"Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information"**. The amendment is a transition option relating to comparative information about financial assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, and thereby improve the usefulness of comparative information for readers of financial statements. The amendments will be applied as from January 1, 2023, together with the application of the IFRS 17. No significant effect on the Company's financial statements is expected by the Directors from the adoption of this amendment.

- 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 purpose of the amendments is to improve the disclosure of accounting policies 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 will be applied as from January 1, 2023 but earlier application is permitted.
  Directors are currently assessing the possible impact of these amendments on the Company's financial statements.

- On May 7, 2021, the IASB published **"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 may generate assets and liabilities of an equal amount, such as leases and dismantling obligations should be recognised. The amendments will be applied as from January 1, 2023 but earlier application is permitted. No significant effect on the Company's financial statements is expected by the Directors from the adoption of this amendment.

Accounting standards, amendments and IFRS interpretations not yet approved by the European Union

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

- 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"**. The documents aim to clarify how payables and other short or long-term liabilities should be classified. The amendments are applicable as from January 1, 2024 but earlier application is permitted. Directors are currently assessing the possible impact of these amendments on the Company's financial statements.

- On January 30, 2014, the IASB published the standard **IFRS 14 – Regulatory Deferral Accounts**, which allows only those parties which adopt the IFRS for the first time to continue to book the amounts relative to activities subject to regulated rates ("Rate Regulation Activities") according to the previously adopted accounting standards. As the Company is not a first-time adopter, this standard is not applicable.

Statement of financial position

A) Non-current assets

4 Property, plant and equipment

(in Euro)

Description	12.31.2022	12.31.2021	Change
Property, plant and equipment	20,400,817	17,584,802	2,816,015

(in Euro)

Description	Land and buildings	Plant and machinery	Ind. and comm. equipment	Other assets	Leasehold improvements	Total
Historical cost as at 12.31.2021	12,773,265	15,934,435	43,274,694	16,087,763	10,154,549	98,224,705
Acc. depreciation as at 12.31.2021	(5,675,544)	(12,561,516)	(39,066,440)	(13,181,934)	(10,154,470)	(80,639,903)
Balance as at 12.31.2021	**7,097,721**	**3,372,919**	**4,208,254**	**2,905,828**	**79**	**17,584,802**
Historical cost as at 12.31.2022	12,835,265	16,189,458	46,299,407	14,792,743	8,224,735	98,341,609
Acc. depreciation as at 12.31.2022	(6,019,350)	(12,626,006)	(40,094,793)	(10,975,908)	(8,224,735)	(77,940,792)
Balance as at 12.31.2022	**6,815,915**	**3,563,453**	**6,204,615**	**3,816,835**	**0**	**20,400,817**

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

(in Euro)

Description	Land and buildings	Plant and machinery	Ind. and comm. equipment	Other assets	Leasehold improvements	Total
Balance as at 01.01.2021	**7,374,008**	**2,224,304**	**3,910,200**	**3,506,974**	**11,509**	**17,026,995**
Increase	61,346	1,861,316	2,073,449	114,200	0	4,110,310
Decrease	0	(3,690)	(839,499)	(105,581)	0	(948,769)
Decrease in accumulated depreciation	0	3,690	804,465	74,278	0	882,434
Depreciation	(337,633)	(712,701)	(1,740,362)	(684,043)	(11,430)	(3,486,168)
Balance as at 12.31.2021	**7,097,721**	**3,372,919**	**4,208,254**	**2,905,828**	**79**	**17,584,802**
Changes due to merger	0	14,617	211,831	89,339	0	315,787
Increase	62,000	909,084	3,658,833	2,025,281	0	6,655,199
Decrease	0	(737,573)	(1,833,480)	(3,613,523)	(1,942,094)	(8,126,670)
Decrease in accumulated depreciation	0	714,708	1,817,274	3,073,053	1,942,094	7,547,130
Depreciation	(343,806)	(710,303)	(1,858,098)	(663,144)	(79)	(3,575,430)
Balance as at 12.31.2022	**6,815,915**	**3,563,453**	**6,204,615**	**3,816,835**	**(0)**	**20,400,817**

All property, plant and equipment are operational and effectively utilised in company operations and there are no obsolete assets of a significant value or 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.

Property, plant and equipment include the assets of the three companies merged as from March 1, 2022 with accounting and tax effects backdated to January 1, 2022. The aforementioned purchased assets are shown as Initial Change in Merger, net of their provision.

Purchases made during the first two months by merged companies are included in the item increases and disposals in the item decreases.

“Plant and machinery” increased by Euro 0.9 million due to the installation of new air conditioning, telecommunications and safety systems in a number of company offices.

The increase in "Industrial and commercial equipment" of Euro 3.7 million relates to the purchase of computers for internal use while decreases are due to the disposal and/or donation of obsolete computers, as well as following the closure of the Assago office.

"Other assets" recorded an increase of Euro 2.0 million, referring to the purchase of furniture and fittings.

5 Intangible assets

(in Euro)

Description	12.31.2022	12.31.2021	Change
Intangible assets	508,676,499	492,080,754	16,595,745

(in Euro)

Description	Development costs	Industrial patents and intellectual property	Concessions, licenses and trademarks	Assets in progress	Other assets	Total
Historical cost as at 12.31.2021	52,864,397	115,554,776	453,059,490	969,188	96,922,842	719,370,693
Acc. amortisation as at 12.31.2021	(29,218,568)	(110,948,333)	(30,128)	0	(87,092,910)	(227,289,939)
Balance as at 12.31.2021	**23,645,829**	**4,606,444**	**453,029,362**	**969,188**	**9,829,931**	**492,080,754**
Historical cost as at 12.31.2022	70,558,699	121,279,485	453,321,817	11,932,079	108,974,612	766,066,692
Acc. amortisation as at 12.31.2022	(37,042,611)	(116,588,095)	(42,785)	0	(103,716,701)	(257,390,192)
Balance as at 12.31.2022	**33,516,088**	**4,691,390**	**453,279,031**	**11,932,079**	**5,257,911**	**508,676,499**

The changes in intangible assets are as follows:

(in Euro)

Description	Development costs	Industrial patents and intellectual property	Concessions, licenses and trademarks	Assets in progress	Other assets	Total
Balance as at 01.01.2021	**9,964,620**	**2,675,644**	**453,029,362**	**5,986,377**	**19,774,634**	**491,430,638**
Increase	11,627,635	5,397,130	0	969,188	0	17,993,954
Reclassification	5,986,377			(5,986,377)		0
Decrease	0	(1,705)	0	0	0	(1,705)
Decrease in accumulated amortisation	0	1,099	0	0	0	1,099
Amortisation	(3,932,804)	(3,465,725)	0	0	(9,944,703)	(17,343,231)
Balance as at 12.31.2021	**23,645,829**	**4,606,444**	**453,029,362**	**969,188**	**9,829,931**	**492,080,754**
Initial change in merger	222,996	12,825	814	144,944	16,628	398,206
Increase	16,659,034	5,536,710	249,039	10,962,891	10,054,823	43,462,497
Reclassification	144,944			(144,944)		0
Increase in accumulated amortisation	0	0	0	0	(3,739,734)	(3,739,734)
Amortisation	(7,156,714)	(5,464,589)	(183)	0	(10,903,737)	(23,525,224)
Balance as at 12.31.2022	**33,516,087**	**4,691,390**	**453,279,031**	**11,932,080**	**5,257,911**	**508,676,499**

Intangible assets recorded an increase of Euro 43.5 million, details of which are given below.

The change in the item "Development costs" refers to internal investments for the construction of new solutions completed in 2022:

- in the Finance area:
  - Solution called UltraQuant of Euro 0.2 million, which will be amortised over 3 years;
  - Solution Framework Openonlife of Euro 0.3 million, which will be amortised over 2 years;
  - Claps/Grace platform evolution project of Euro 4.4 million, which will be amortised over 5 years.

- In the Healthcare area:
  - Several projects (Eliot Areas - DE4Bios - Evolution of AMC Areas - Evolution of HR Areas - Evolution of CUP Areas - ellipse platform - phase 2 evolutions - Creation of the Learning Center of the Health Products Department and other - Evolutions of the CPOE ellipse module and other) for a total of Euro 1.4 million, which will be amortised over 3 years;
  - "International CCE Consolidation, Pharmaceutical Completion, Ellipse Functional Completion" project of Euro 1.6 million, which will be amortised over 5 years.

- In the PAC PAL area:
  - "European and Complementary Fund Management" System Project of Euro 0.5 million, which will be amortised over 5 years;
  - Sicer Cloud project of Euro 1.5 million, which will be amortised over 5 years;
  - "Transversal Solutions Public Administration Customer Projects" of Euro 1.1 million, which will be amortised over 5 years.

- In the Utilities area:
  - "NET@SaaS OCI Module" project of Euro 4.1 million, which will be amortised over 5 years.

- In the Telco area:
  - "Extension of the Integrated Monitoring Platform of the IT Infrastructure of the Customer Tiscali" project of Euro 1.1 million, which will be amortised over 5 years.

- In the Industry area:
  - Several projects (Levante - Digital Signature - MyClienteling) - for a total of Euro 0.2 million, which will be amortised over 3 years;
  - "Product development Levante/digital/ipse/Bi Planning" project of Euro 0.3 million, which will be amortised over 5 years.

"Industrial patents and intellectual property rights" increased by a total of Euro 5.5 million following the purchase of software programmes.

"Concessions, licences and trademarks", amounting to Euro 453 million, referred to fair value of the Engineering brand. This value was recognised in 2017 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. into Engineering Ingegneria Informatica S.p.A..

In the financial statements of previous years, the value of the brand recorded under intangible assets was determined through a process of estimating fair value, carried out with the support of an independent expert and based on assumptions considered reasonable and realistic based on the information that was available at the date of the acquisition of control. The choice of the measurement method applied to estimate the value of the brand was made taking into account the purpose of the transaction and the characteristics of the intangible itself. In particular, in line with academic doctrine and the most commonly used professional practice, the value of the Trademark owned by Engineering was determined by using the income method, based on discounting the future benefits attributable to the asset being valued.

The Trademark 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 loss in value when tested for impairment, as provided for by IAS 36.

The impairment test carried out as at December 31, 2022 confirmed that there was no need to write down the value of the trademark with an indefinite useful life expressed in the 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 Engineering's development plan and WACC.

"Assets in progress" increased by Euro 11.0 million due to internal investments in new solutions.

- In the Healthcare area:
  - a module of the ellipse suite called "Ellipse Telemonitoring" is being developed. The product started in 2021 and will continue in 2023. Costs of Euro 0.9 million were incurred during 2022;

- several projects (MDR compliance - ellipse for hospital - ellipse for proximity medicine - Cloud - Datawarehouse evolution - Flow Manager: evolutions) are being developed, all of which started during the year 2022 with a cost incurred of Euro 1.9 million and will continue in 2023.

- In the Energy Utilities area:
  - several projects (Net@SIAL Extension Modules - Net@2D Extension Modules - Utilities area investment - Project Preparation Net@SaaS MultiCloud - Transition activities on Oracle Public Cloud - Cloud Containerisation Project - 2022 Evolutive activities - Net@2D/Net@SIAL - Implementation of vDesk infrastructure x Net@ video-desk) are being developed, all started during the year under review at a cost of Euro 4.5 million and will continue in 2023.

- In the Industry area:
  - “Digital Enabler and DiVE” integration project started as early as 2021 and will continue in 2023. Costs of Euro 0.2 million incurred during 2022;
  - two projects (Save Project and Lapelling Project) started in 2022 with a total incurred cost of Euro 0.2 million and will continue in 2023.

- Internal information system
  - several projects are being implemented, from the Enhancement Controlling Model Project 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), to the “Governance Risk & Compliance” Project, as well as several Digitize Projects.
    Some started as early as 2021; total costs of Euro 3.3 million incurred in 2022 and all will continue development in 2023.

The reclassification of Euro 0.1 million is due to the final capitalisation of projects started in previous years and completed in the current year, whose information is shown in the item “Development costs”.

The item “Other assets” refers to “Customer contracts and customer relationships” and is composed of the “Contract portfolio” and the “Customer Relationship Value” recognised following the allocation of goodwill (Purchase Price Allocation, or PPA) deriving from acquisition of company aggregations carried out by Engineering during previous years. The increases in these assets and the related accumulated amortisation, amounting to Euro 10.1 million and Euro 3.7 million, respectively, are attributable to the merger by incorporation of the company Deus Technology S.r.l. previously recognised in the consolidated financial statements.

6 Rights of use

(in Euro)

Description	12.31.2022	12.31.2021	Change
Rights of use	130,966,658	116,381,798	14,584,860

(in Euro)

Description	Buildings IFRS 16	Plant and machinery IFRS 16	Industrial and commercial equipment IFRS 16	Other assets IFRS 16	Total
Historical cost as at 12.31.2021	148,826,343	131,541	30,197	11,401,260	160,389,341
Acc. depreciation as at 12.31.2021	(36,746,923)	(68,587)	(15,099)	(7,176,934)	(44,007,543)
Balance as at 12.31.2021	**112,079,420**	**62,953**	**15,099**	**4,224,325**	**116,381,798**
Historical cost as at 12.31.2022	168,765,416	507,899	30,197	14,520,072	183,823,585
Acc. depreciation as at 12.31.2022	(43,783,858)	(130,094)	(21,138)	(8,921,837)	(52,856,927)
Balance as at 12.31.2022	**124,981,557**	**377,806**	**9,059**	**5,598,235**	**130,966,658**

The following table shows the changes in the rights of use, broken down by category:

(in Euro)

Description	Buildings IFRS 16	Plant and machinery IFRS 16	Industrial and commercial equipment IFRS 16	Other assets IFRS 16	Total
Balance as at 01.01.2021	**123,309,909**	**123,192**	**23,283**	**5,552,858**	**129,009,243**
Increase	1,177,512	258,363	0	2,189,219	3,625,094
Decrease	(430,647)	(364,489)	(22,007)	(1,876,124)	(2,693,268)
Decrease in accumulated depreciation	361,427	364,489	22,007	1,433,312	2,181,235
Depreciation	(12,338,781)	(318,602)	(8,185)	(3,074,939)	(15,740,506)
Balance as at 12.31.2021	**112,079,420**	**62,953**	**15,099**	**4,224,325**	**116,381,798**
Change due to merger	2,101,305	8,685	0	236,191	2,346,181
Increase	34,828,504	386,802	0	4,448,923	39,664,230
Decrease	(17,721,912)	(27,610)	0	(1,972,987)	(19,722,509)
Decrease in accumulated depreciation	6,985,114	27,610	0	1,785,520	8,798,244
Depreciation	(13,290,874)	(80,636)	(6,039)	(3,123,738)	(16,501,287)
Balance as at 12.31.2022	**124,981,557**	**377,806**	**9,059**	**5,598,235**	**130,966,658**

The right of use includes the values of the two companies merged from January 1, 2022 to March 1, 2022 with accounting and tax effects backdated to January 1, 2022. The aforementioned purchased assets are shown as Initial Change in Merger, net of their provision.

Increases related to the item "Buildings IFRS 16" (lease payments for real estate properties), amounting to around Euro 34.8 million, refer to new rental contracts or renewals signed in 2022. While the related decrease of Euro 17.7 million is mainly attributable to the early termination of the lease contract for a company office.
The "Other assets IFRS 16" refer entirely to cars under operating lease, assigned to employees and its amortisation is classified under personnel costs.

The following table highlights the impact of right of use on the Income Statement.

(in Euro)

Description	12.31.2022
Depreciation of rights of use	(16,501,287)
Interest expenses on leasing	(1,142,123)
Expenses of short-term lease agreements	(192,327)
Expenses of lease agreements with a value <Euro 5 thousand	(162,977)
IFRS 16 economic impact	**(17,998,715)**

7 Goodwill

(in Euro)

Description	12.31.2022	12.31.2021	Change
Goodwill	67,353,301	44,648,340	22,704,961

(in Euro)

Description	12.31.2022	12.31.2021	Change
Goodwill - Finance	39,049,655	16,344,694	22,704,961
Goodwill - Pal & Health	11,498,215	11,498,215	0
Goodwill - Industry & Services	345,174	345,174	0
Goodwill - Telco & Media	6,798,110	6,798,110	0
Goodwill - Energy & Utilities	9,662,147	9,662,147	0
Total	**67.353.301**	**44.648.340**	**22.704.961**

The change in goodwill amounting to Euro 22.7 million is attributable to the merger by incorporation of DEUS Technology S.r.l..

The analysis was performed to determine the goodwill recoverable value, which was allocated to 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 planning.

The impairment test carried out on December 31, 2022 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 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 concerning the operations of a specific market and changes over time.

The table below represents the main assumptions for impairment and the parameters used to discount cash flows and terminal value from the DCF model.

Engineering - Parameter	12.31.2021	12.31.2022
Risk free rate	1.93%	3.12%
Market premium (rm-rf)	5.08%	5.21%
Beta Unlevered	0.89	0.98
D/E Target	0.16	0.11
Tax rate	24.00%	24.00%
Beta Levered	0.99	1.06
Cost of equity (Ke)	**6.96%**	**8.66%**
Tax rate	24.00%	24.00%
Gross cost of debt	5.00%	6.00%
Cost of debt (Kd)	**3.80%**	**4.56%**
Debt/Equity ratio	0.16%	0.11%
Weighting of equity	86.52%	89.97%
Weighting of onerous payables	13.48%	10.03%
WACC (post-tax)	**6.54%**	**8.25%**

It should be noted that a positive increase of 200 BPS in the WACC would not lead to a write-down of goodwill for any of the CGUs.

8 Equity investments

(in Euro)

Description	12.31.2022	12.31.2021	Change
Equity investments	277,300,074	208,250,800	69,049,274

Changes in equity investments

(in Euro)

Equity investments	Value as at 12.31.2021	Increase	Decrease	Write-downs	Value as at 12.31.2022
In subsidiaries	208,235,982	118,506,549	(33,601,089)	(15,856,186)	277,285,256
In associated companies	14,818				14,818
Total	**208,250,800**	**118,506,549**	**(33,601,089)**	**(15,856,186)**	**277,300,074**

a) Subsidiaries

(in Euro)

	Value as at 12.31.2021	Increase	Decrease	Write-downs	Value as at 12.31.2022
Municipia S.p.A.	18,667,692				18,667,692
Nexen S.p.A.	5,669,820				5,669,820
Engineering do Brasil S.A.	19,615,006				19,615,006
Engineering D. HUB S.p.A.	30,908,619				30,908,619
WebResults S.r.l.	4,194,317	66,324			4,260,641
Engineering ITS Gmbh	28,121,101	-		(13,913,355)	14,207,746
Engineering Ingegneria Informatica S.L.	103,589				103,589
Livebox S.r.l.	8,077,502				8,077,502
IT Soft USA Inc.	32,211,691		(1,410,000)		30,801,691
Engineering Software Labs d.o.o.	47,800				47,800
Engineering International Belgium S.A.	270,202				270,202
Engiweb Security S.r.l.	2,141,089		(2,141,089)		-
Engineering Sardegna S.r.l.	58,707				58,707
Engineering da Argentina S.A.	317,582				317,582
Engineering 365 S.r.l.	50,000		(50,000)		-
Digitelematica S.r.l.	3,666,753	2,599,622			6,266,375
DEUS Technology S.r.l.	30,000,000		(30,000,000)		-
FDL Servizi S.r.l.	5,477,178				5,477,178
Eng Mexico Informatica S. de R.L. de C.V.	8,298				8,298
Nexera S.p.A.	3,600,000	10,000		(1,942,831)	1,667,169
C Consulting S.p.A.	15,029,035				15,029,035
Plusure S.p.A.		5,600,000			5,600,000
Overlord Bidco S.p.A.		60,822,685			60,822,685
Atlantic Technologies S.p.A.		49,407,918			49,407,918
Total	**208,235,982**	**118,506,549**	**(33,601,089)**	**(15,856,186)**	**277,285,256**

Changes in equity investments in subsidiaries were as follows:

- the increase in the subsidiary WebResults S.r.l. relates to the purchase of shares from minority shareholders;
- the increase in the subsidiary Digitelematica S.r.l. relates to the purchase of shares from minority shareholders;
- the increase in the subsidiary Nexera S.p.A. relates to the purchase of shares from minority shareholders;
- on March 1, 2022, Engineering acquired 100% of the shares of Plusure S.p.A., a Milan-based company operating in the ICT market in the PLM (Product Lifecycle Management) sector;
- on July 25, 2022, the company Overlord Bidco S.p.A. was established with payment of the entire share capital of Euro 50,000 by Engineering Ingegneria Informatica S.p.A.. On September 23, 2022, a further amount of Euro 60,772,685 was paid in as a future share capital increase;
- on November 15, 2022, Engineering acquired 100% of Atlantic Technologies S.p.A., a Milan-based company operating in the IT sector;
- the decreases of Euro 33.6 million are attributable for Euro 32.2 million to the merger by incorporation of the companies Engineering 365 S.r.l., Engiweb Security S.r.l. and DEUS Technology S.r.l. and for Euro 1.4 million to the company IT Soft USA Inc.;
- write-downs of Euro 15.9 million are attributable to the companies ITS Holding AG and to the company Nexera S.p.A..

As required by IAS 36, the recoverability of the value of equity investments reporting impairment indicators was tested. Recoverable amount is determined as the highest of an asset's or cash generating unit's fair value less costs of disposal and its value in use.

Impairment test was performed on December 31, 2022 on equity investments:

- Digitelematica S.r.l.
- FDL Servizi S.r.l.
- IT Soft USA Inc.
- Engineering ITS GmbH
- WebResults S.r.l.
- Engineering do Brasil S.A.
- Livebox S.r.l.
- Nexera S.p.A.
- C Consulting S.p.A.

Write-downs were made for the companies Nexera S.p.A. and Engineering ITS GmbH.

For the others the impairment test confirmed that there was no need to write down the value of the same expressed in the financial statements. Therefore, there are no indications that equity investments may have suffered impairment in 2022. According to requirements envisaged in the International Accounting Standard IAS 36, as at December 31, 2022 the value of equity investments tested for impairment is equal to Euro 121.3 million.

Equity investments in subsidiaries are detailed as follows:

(in Euro)

	City	Assets	Liabilities	Share capital	Share-holders' Equity	Revenues	Net profit/ (loss)	Value as at 12.31.2022	%
Engineering do Brasil S.A.	Sao Paulo (Brazil)	41,546,334	25,898,032	9,156,532	15,648,302	52,901,018	2,361,977	19,615,006	100
Engineering International Belgium S.A.	Brussels	9,726,143	7,357,246	61,500	2,368,897	14,347,105	645,286	270,202	100
Engineering D. HUB S.p.A.	Pont Saint Martin	152,641,521	106,126,141	2,000,000	46,515,380	162,886,345	27,745,635	30,908,619	100
Engi da Argentina S.A.	Buenos Aires	5,546,743	4,050,521	264,717	1,496,221	2,394,212	528,294	317,582	91
Engineering Sardegna S.r.l.	Cagliari	9,321,202	4,075,097	1,000,000	5,246,105	10,874,567	871,876	58,707	100
WebResults S.r.l.	Treviolo (BG)	21,867,478	24,646,915	10,000	(2,779,438)	24,191,510	(4,278,538)	4,260,641	100
Engineering Software Labs d.o.o.	Beograd (SRB)	5,191,333	2,661,211	3,853	2,530,122	8,270,927	592,259	47,800	100
Engineering ITS GmbH	Berlin	8,200,436	11,161,791	50,000	(2,961,354)	18,802,305	(3,065,554)	14,207,746	100
Engineering Ingegneria Informatica S.L.	Madrid	3,582,457	2,197,626	100,000	1,384,831	2,877,908	269,550	103,589	100
Municipia S.p.A.	Trento (Italy)	108,015,624	79,164,558	13,000,000	28,851,066	78,871,558	1,150,771	18,667,692	100
Livebox S.r.l.	Rome (Italy)	27,229,626	24,595,511	100,000	2,634,116	9,409,551	(1,289,193)	8,077,502	100
Engineering USA Inc.	Chicago (USA)	87,407,980	76,458,797	244,515	10,949,183	37,276,896	(1,378,975)	30,801,691	97
Nexen S.p.A.	Padua	20,038,239	12,875,981	1,500,000	7,162,258	21,220,903	2,960,473	5,669,820	100
Digitelematica S.r.l.	Lomazzo (Italia)	5,478,005	2,653,115	100,000	2,824,890	5,723,487	1,154,082	6,266,375	100
FDL Servizi S.r.l.	Brescia (Italy)	2,812,966	639,910	20,800	2,173,055	1,972,518	658,459	5,477,178	95
Sicilia e-Servizi Venture S.c.a.r.l.	Palermo (Italy)	42,252,205	79,476,063	300,000	(37,223,857)	4,784	(10,535,902)	0	65
Eng Mexico Informatica S. de R.L.	Nuevo Leon (Mexico)	476,798	321,503	96,622	155,295	1,069,275	66,154	8,298	88
Nexera S.p.A.	Naples (Italy)	5,829,880	5,232,929	678,750	596,951	3,022,232	(272,975)	1,667,169	60
C Consulting S.p.A.	Genoa (Italy)	5,985,033	3,402,812	174,395	2,582,221	5,976,002	1,001,092	15,029,035	100
Plusure S.p.A.	Milan (Italy)	1,765,093	1,104,376	50,000	660,717	2,660,388	364,237	5,600,000	100
Overlord Bidco S.p.A.	Milan (Italy)	448,001,121	392,493,210	50,000	55,507,910	0	(5,314,775)	60,822,685	100
Atlantic Technologies S.p.A	Milan (Italy)	17,133,533	13,278,136	50,000	3,855,397	23,157,482	1,961,820	49,407,918	100

b) Associated companies

(in Euro)

	Value as at 12.31.2021	Increase	Decrease	Write-downs	Value as at 12.31.2022
Si Lab – Calabria S.c.a.r.l.	8,293				8,293
Si Lab – Sicilia S.c.a.r.l.	3,525				3,525
Consorzio Sanimed Group	3,000				3,000
Total	**14,818**	-	-	-	**14,818**

Equity investments in associated companies are detailed as follows:

(in Euro)

	City	Assets	Liabilities	Share capital	Share-holders' equity	Revenues	Net profit/ (loss)	Value	%
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
Total								**14,818**	

Data relate to the last financial statements approved.

c) Indirectly controlled companies

(in Euro)

	City	Assets	Liabilities	Share capital	Share-holders' equity	Revenues	Net profit/ (loss)	%
Engineering Software Labs S.r.o.	Prague (Czech Republic)	0	0	4,147	(0)	76,749	(12,139)	100
Securetech Nordic S.A.	Stockholm (Sweden)	154,453	126,170	4,496	28,283	259,203	(39,546)	100
OmnitechIT Secur S.L.	Madrid (Spain)	402,556	415,761	3,000	(13,205)	427,933	10,235	100
OmnitechIT GmbH	Geilenkirchen (Germany)	72,338	4,752	25,000	67,586	0	(45)	100
Omnisecure d.o.o.	Belgrade (Serbia)	255,604	68,539	21,020	187,064	480,165	12,333	60
BW Digitronik A.G.	Ulster (Switzerland)	4,606,023	4,409,164	406,215	196,859	3,866,203	(739,940)	100
OmnitechIT Security AS	Oslo (Norway)	42,397	1,413	2,853	40,983	53,551	(3,331)	100
Pragma S.r.l.	Sommacampagna (Italy)	4,590,224	4,216,016	100,000	374,208	4,356,719	56,538	51
Cybertech S.r.l.	Rome (Italy)	25,026,764	23,559,106	10,000	1,467,658	26,646,151	(190,228)	100
Eng Mexico Informatica S. de R.L.	Nuevo Leon (Mexico)	476,798	321,503	96,622	155,295	1,069,275	66,154	88
Engineering ITS Schweiz A.g.	Zurich (Switzerland)	96,789	74,781	101,554	22,007	0	(7,392)	100
Movilitas Cloud KFT	Hungary	417,814	236,516	7,484	181,297	505,993	134,401	97
Movilitas Cloud BV	Brussels	817,891	501,919	18,550	315,972	1,900,945	73,942	97
Movilitas India LLP	New Delhi	302,127	95,681	79,391	206,446	943,233	60,458	97
Movilitas Consulting UK Ltd	United Kingdom	445,674	203,185	113	242,489	1,346,709	189,086	97
Movilitas Consulting GmbH	Manheim	14,223,482	6,496,840	8,714,214	7,726,641	18,083,927	948,227	97
Naxxos BV	Brussels	4,499,197	196,135	777,583	4,303,062	381,089	47,644	97
Movilitas Belgium BV	Belgium	2,326,427	1,678,146	4,208,081	648,281	4,492,434	168,560	97
Movilitas France SAS	France	1,878,718	1,114,343	30,000	764,374	3,688,420	642,902	97
Atlantic Technologies Europe LTD	United Kingdom	991,201	1,348,146	1,128	(356,946)	3,449,766	86,694	100
Be Shaping Group	Rome (Italy)	237,753,374	170,362,376	27,109,165	67,390,997	266,319,522	301,365	100

The companies belonging to the Be Shaping Group are shown below, indicating the percentage of ownership by Engineering Ingegneria Informatica S.p.A. through the company Be Shaping the Future S.p.A., parent company of the group itself, which was acquired at 100%:

(in Euro)

Company	State	City	%
Be Shaping the Future S.p.A.	Italy	Rome	100.0
Be Shaping the Future Corporate Services S.p.A.	Italy	Rome	100.0
Be TheChange S.r.l.	Italy	Milan	100.0
Be Shaping The Future, Management Consulting S.p.A.	Italy	Rome	100.0
Be Shaping The Future, Digitech Solutions S.p.A.	Italy	Rome	100.0
TESLA CONSULTING S.r.l.	Italy	Bologna	60.0
BE YOUR ESSENCE S.r.l.	Italy	Milan	60.0
Quantum Leap S.r.l.	Italy	Rome	60.0
Be Shaping the Future Management Consulting Ltd	UK	London	100.0
Be Shaping the Future Management Consulting Ltd (Italian Branch)	Italy	Rome	100.0
Payments and Business Advisors S.L. (PAYSTRAT)	Spain	Madrid	80.0
Paystrat Solutions SL (PYNGO)	Spain	Madrid	65.3
Be Shaping the Future GmbH	Germany	Munich	100.0
Be Shaping the Future GmbH	Austria	Vienna	100.0
Be Shaping the Future AG	Swiss	Pfäffikon	100.0
Be Shaping the Future – Financial Industry Solutions AG	Germany	Landshut	100.0
Be Ukraine Think, Solve, Excute LLC	Ukraine	Kiev	100.0
Be Think Solve Execute Ro S.r.l.	Romania	Bucharest	100.0
Be Shaping the Future Sp.zo.o	Poland	Warsaw	100.0
Be Shaping the Future Sarl	Luxembourg	Luxembourg	100.0
Be Stf Czech Republic s.r.o.	Czech republic	Prague	100.0
Soranus AG	Swiss	Zurich	55.0
Firstwaters GmbH – Germany	Germany	Aschaffenburg	85.7
Firstwaters GmbH – Austria	Austria	Vienna	100.0
BE WORLD OF WONDERS S.r.l.	Italy	Milan	75.0
IQUII S.r.l.	Italy	Rome	100.0
CRISPY BACON S.r.l.	Italy	Bassano del Grappa (VI)	51.0
Synapsy S.r.l.	Italy	Milan	51.0
Crispy Bacon SHPK	Albania	Tirana	90.0

9 Deferred tax assets

(in Euro)

Description	12.31.2022	12.31.2021	Change
Deferred tax assets	25,578,794	20,067,515	5,511,279

The calculation of deferred tax assets was carried out through critically evaluating the existence of future recoverability requirements of these assets. They are calculated at the current rates (for Corporate Income Tax (IRES) 24%, and for Regional Income Tax (IRAP) according to regional competence) on the items listed in the table below:

(in Euro)

Description	12.31.2022		12.31.2021	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Allocation to other provisions and changes	1,428,000	342,720	2,819,688	676,725
Property, Plant and Equipment - IAS depreciation	3,926,537	945,428	2,499,248	599,820
Other current liabilities - Directors' fees	291,098	69,864	300,519	72,125
Doubtful debt provision	52,710,174	12,650,442	38,444,589	9,226,701
Provision for risks	10,411,692	2,796,074	8,901,478	2,272,058
Current provision for risks and charges - Leaving incentives	2,500,000	600,000		
Adjustments for IFRS IAS 19	20,255,291	4,861,270	16,115,348	3,867,684
Goodwill, exemptions pursuant to Italian Law Decree 104/2020	11,770,560	3,283,986	12,015,780	3,352,403
Other	120,876	29,010	0	0
Total	**103,414,228**	**25,578,794**	**81,096,651**	**20,067,515**

The following table provides details of deferred tax assets.

(in Euro)

Description	Doubtful debt provision	Goodwill, exemptions pursuant to Italian Law Decree 104/2020	Adjustments for IFRS	Other temporary differences	Total
Balance as at 01.01.2021	**9,226,701**	**3,420,819**	**3,594,585**	**2,278,811**	**18,520,916**
Impact on the income statement		(68,416)		1,341,916	1,273,500
Impact on the comprehensive income statement			273,099		273,099
Balance as at 12.31.2021	**9,226,701**	**3,352,403**	**3,867,683**	**3,620,727**	**20,067,515**
Change from merger	210,719		304,254	692,867	1,207,840
Impact on the income statement	3,213,021	(68,416)		469,503	3,614,108
Impact on the comprehensive income statement			689,332		689,332
Balance as at 12.31.2022	**12,650,441**	**3,283,987**	**4,861,269**	**4,783,097**	**25,578,794**

10 Other non-current assets

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Other non-current assets	2,820,533	2,403,533	417,000

The balance is broken down as follows:

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Investments in other companies	2,820,533	2,403,533	417,000
Total	**2,820,533**	**2,403,533**	**417,000**

a) Investments in other companies

Investments in other companies are shown hereunder:

(in Euro)

	Value as at 12.31.2021	Increase	Decrease	Write-downs	Value as at 12.31.2022
Banca Popolare di Credito e Servizi	7,747				7,747
Banca Credito Cooperativo Roma	1,033				1,033
Global Riviera	1,314				1,314
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.	6,000				6,000
Consorzio Cefriel	191,595				191,595
Consorzio Abi Lab	1,000				1,000
Partecipazione Ce.R.T.A.	360				360
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
Seta S.r.l.	33,041				33,041
Ditecfer S.c.a.r.l.	3,000				3,000
SIIT S.c.p.a	30,963				30,963
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		12,000			12,000
Fondazione Nest		20,000			20,000
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
Total	**2,403,533**	**417,000**	**-**	**-**	**2,820,533**

11 Non-current financial assets

(in Euro)

Description	12.31.2022	12.31.2021	Change
Non-current financial assets	284,393,434	1,429,552	282,963,882

This item includes the credit granted to the subsidiary Overlord Bidco S.p.A. of Euro 282.8 million. It also includes the recognition of the fair value of assets related to the exercise of options to purchase non-controlling interests.

12 Customer contract assets

(in Euro)

Description	12.31.2022	12.31.2021	Change
Customer contract assets	165,827,452	175,033,161	(9,205,709)

Customer contract assets and the related changes are shown hereunder:

(in Euro)

Description	12.31.2022	12.31.2021	Change
Initial customer contract assets	175,033,161	151,656,430	23,376,731
Initial change from merger	1,018,910		0
Adjustments and changes in customer contract assets	(41,707,857)	447,695	(41,136,642)
Amounts of costs incurred increased by profits recorded based on the completion percentage, net of losses	495,390,873	501,699,289	(6,308,416)
Invoicing actual progress in customer contract assets	(463,907,635)	(478,770,253)	14,862,619
Total	**165,827,452**	**175,033,161**	**(9,205,709)**

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

The Company 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 Company has therefore concluded that the expected credit loss for 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”.

During this period, the item “Customer contract assets” included reclassifications relating to the application of IAS 8, a change of Euro 43.8 million attributable to an adjustment to the estimates of contracts in progress relating to previous years of the Finance Department, as well as a prudential provision of approximately Euro 5.4 million for the other Divisions, as specified in the paragraph of General Information to which reference should be made.

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.

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

13 Deferred contract costs

(in Euro)

Description	12.31.2022	12.31.2021	Change
Deferred contract costs	4,986,085	4,457,989	528,097

During the year 2022, the Company recognised deferred contract costs related to the fulfilment of contracts, represented by the so-called transition costs (Euro 4.1 million). These are costs that are directly associated with the performance of the services offered and, in particular, refer to the costs incurred for the taking over of orders that will have benefits over their duration (transition cost).

The portions of cost pertaining to 2022, recognised in the income statement in the period, were determined on the basis of 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. These costs amounted to Euro 3.6 million.

Total deferred costs, equal to Euro 5.0 million, will be released in the income statement in the amount of Euro 2.6 million within one year, and Euro 2.4 million after one year.

14 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.

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Trade receivables	337,525,334	453,726,998	(116,201,663)

Trade receivables as at December 31, 2022 are broken down as follows:

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Customers	256,554,663	376,785,428	(120,230,765)
Subsidiaries	72,327,700	70,171,958	2,155,742
Associated companies	552,504	552,504	0
Others	8,090,467	6,217,107	1,873,359
Total	**337,525,334**	**453,726,998**	**(116,201,663)**

a) Customers

(in Euro)

Description	12.31.2022	12.31.2021	Change
Receivables on invoices issued	223,940,770	336,779,046	(112,838,275)
of which overdue	76,631,054	113,369,778	(36,738,723)
Invoices to be issued	64,233,098	65,222,508	(989,411)
Credit notes to be issued	(693,801)	(760,459)	66,658
Doubtful debt provision	(30,969,169)	(24,042,796)	(6,926,373)
Provision for interest in arrears	(870,283)	(870,283)	0
Others	914,047	457,411	456,636
Total	**256,554,663**	**376,785,428**	**(120,230,765)**

Receivables from customers, less allowance for doubtful accounts, amounted to Euro 256.6 million.

It is noted that, as at December 31, 2022, the Company factored trade receivables for the total amount of Euro 719.4 million (Euro 88.8 million as at December 31, 2021). 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 Statement of Financial Position, according to the consideration received by factoring companies.

The allowance for doubtful accounts as at January 1, 2022 increased by the provisions of the three merged companies for a total of Euro 0.9 million, the use in the period was Euro 2.4 million following the settlement of disputes for whose risks had already been subject to provision in previous years, while the provision for the period amounted to Euro 8.4 million; this provision also includes the write-down of some trade receivables for invoices to be issued for an amount of approximately Euro 0.3 million referring to a prudential provision as described in the paragraph General Information to which reference is made.

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

(in Euro)

Trade receivables	12.31.2022
Doubtful debt provision as at 12.31.2021	(24,042,796)
Initial change in merger	(945,924)
Provision for the period	(8,398,679)
Use of the fund	2,418,230
Doubtful debt provision as at 12.31.2022	**(30,969,168)**

The Company applies the simplified approach of IFRS 9 to measure the expected credit loss on all trade receivables and customer contract assets.

As already indicated in the paragraph “Use of estimates and assumptions”, starting from 2022, the Company adopted a new credit management procedure that 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 particular, on the basis of the historical series recorded, generic percentages of write-downs on past-due receivables were defined. These percentages are applied to the Aging 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 of total Euro 8.1 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.

(in Euro)

Customer contract assets, trade receivables from third parties, deferred contract costs, inventory	Not expired	Days falling due					Total as at 12.31.2021
		30	60	90	120	over 120	
Public Administration	117,119,991	6,935,336	1,557,645	787,010	144,225	16,378,079	142,922,286
Healthcare	36,789,974	1,257,401	1,041,918	826,831	437,276	15,904,238	56,257,638
Finance	113,679,458	24,445,397	793,452	857,168	960,096	5,509,670	146,245,241
Industry & Services	63,429,031	6,044,249	1,146,197	751,584	706,830	13,487,737	85,565,628
Energy & Utilities	74,704,908	3,034,607	1,644,814	382,555	579,335	4,571,839	84,918,058
Telco & Media	43,400,546	749,958	59,450	18,675	25,520	2,330,685	46,584,835
Total receivables	**449,123,907**	**42,466,948**	**6,243,477**	**3,623,823**	**2,853,283**	**58,182,248**	**562,493,686**
ECL rate	0.001%	0.02%	0.04%	0.04%	0.06%	0.009% - 0.399%	
Allowance for doubtful account-Expected credit loss	6,702	8,493	2,497	1,450	1,712	723,218	744,073

(in Euro)

Customer contract assets, trade receivables from third parties, deferred contract costs, inventory	Not expired	Days falling due					Total as at 12.31.2022
		30	60	90	120	over 120	
Public Administration	114,973,970	4,269,766	4,625,804	232,169	294,759	9,539,190	133,935,658
Healthcare	55,049,507	941,400	1,226,171	503,261	567,453	13,183,276	71,471,068
Finance	40,732,802	608,944	166,593	729,341	167,991	2,689,771	45,095,442
Industry & Services	58,541,960	4,449,847	2,269,487	2,423,648	1,069,848	17,453,483	86,208,274
Energy & Utilities	58,295,927	1,574,066	(9,541)	624,683	878,111	2,707,248	64,070,496
Telco & Media	31,233,448	775,089	85,135	72,667	5,908	2,505,484	34,677,731
Total receivables	**358,827,614**	**12,619,113**	**8,363,648**	**4,585,770**	**2,984,071**	**48,078,452**	**435,458,667**
%	0.002%	1.06%	2.03%	5.03%	7.06%	15.35%	
Doubtful debt provision - Expected credit loss	6,702	133,493	169,497	230,450	210,712	7,379,218	8,130,073

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

b) Subsidiaries

These receivables can be broken down as follows:

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Receivables on invoices issued	62,421,148	42,039,852	20,381,296
Invoices to be issued	33,037,139	44,368,376	(11,331,237)
Allowance for doubtful account	(24,195,507)	(17,347,171)	(6,848,337)
Credit notes to be issued	(43,530)	(26,675)	(16,855)
Others	1,108,450	1,137,575	(29,125)
Total	**72,327,700**	**70,171,958**	**2,155,742**

For further details on receivables from subsidiaries, reference should be made to the section herein "Transactions with related parties", which lists the subsidiaries and the related receivables by kind and amount.

Receivables from subsidiaries include the exposure as at December 31, 2022 to Sicilia e-Servizi Venture S.c.a.r.l. in liquidation ("SISEV") of Euro 49.6 million (of which Euro 9.0 million of customer contract assets) which, net of the related allowance for doubtful accounts of Euro 24.2 million, amounted to Euro 25.4 million. These receivables resulted from the IT activities connected with the building of an integrated IT platform for the Sicilian Region Administration 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. The convention expired on December 22, 2013.

The Directors, considering the legitimacy of the credit lines and the correct performance of the services rendered, and assessing the appraisal delivered by the independent experts as part of the writ of summons to obtain payment of an amount of their receivables, equal to approximately Euro 79.7 million, 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 difficulty of achieving an amicable agreement, considering the legal dispute and the objections filed by Sicilia Digitale S.p.A. and the Sicilian Region Administration, as at December 31, 2022, SISEV recognised the interest set out by law pertaining to the period considered (Euro 5.7 million) in the income statement and under financial income, in addition to the amount already recognised until December 31, 2021, (for a total amount of approx. Euro 52.3 million), and accrued additional provision for around Euro 16.1 million for a total allowance for doubtful account of around Euro 90.1 million, which includes the total impairment of the statutory interest shown above and recognised in the financial statements and, for the remaining portion, the impairment of the nominal value of the receivable.

c) Receivables from associated companies

(in Euro)

Description	12.31.2022	12.31.2021	Change
Receivables on invoices issued	552,504	552,504	0
Total	**552,504**	**552,504**	**0**

d) Others

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Commercial prepaid expenses	131,704	341,659	(209,954)
Other prepaid expenses	7,958,762	5,875,449	2,083,314
Total	**8,090,467**	**6,217,107**	**1,873,359**

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

15 Other current assets

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Other current assets	41,801,537	42,048,237	(246,700)

Other current assets are broken down as follows:

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Other assets and tax receivables	3,720,232	2,010,907	1,709,325
Others	38,081,305	40,037,330	(1,956,025)
Total	**41,801,537**	**42,048,237**	**(246,700)**

a) Other assets and tax receivables

The item is broken down as follows:

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Tax receivables	3,608,305	1,873,645	1,734,660
Social security institutions	111,927	137,262	(25,335)
Total	**3,720,232**	**2,010,907**	**1,709,325**

Tax receivables mainly include the following:

- Euro 2.4 million relating to the advance for IRAP;
- Euro 0.3 million relating to receivables from the tax authorities for recoverable VAT;
- Euro 0.4 million in tax refunds receivable.

b) Others

The item "Others" mainly includes:

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Applied research grants	27,042,331	29,402,781	(2,360,451)
Prepaid expenses	976	976	0
Others	11,037,999	10,633,573	404,426
Total	**38,081,305**	**40,037,330**	**(1,956,025)**

- Receivables from applied research, amounting to Euro 27.0 million, related to projects financed by national public entities or by the European Community.

- The item "Others" includes the Company's receivable from the company Centurion Newco S.p.A. amounting to Euro 9.4 million, having joined the national tax consolidation scheme with the same.

16 Current financial assets

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Current financial assets	242,346,417	92,900,071	149,446,346

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Third parties	0	2,688,000	(2,688,000)
Subsidiaries	242,222,717	90,212,071	152,010,646
Parent companies	123,699		123,699
Total	**242,346,417**	**92,900,071**	**149,446,346**

Receivables from subsidiaries are mainly attributable for Euro 176.7 million to short-term loans granted to group companies and for Euro 54.4 million euro to receivables from cash pooling.

17 Cash and cash equivalents

(in Euro)

Description	12.31.2022	12.31.2021	Change
Cash on hand and cash equivalents	125,675,586	99,258,188	26,417,398

The balance includes cash and cash equivalents and bank and postal 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	12.31.2022	12.31.2021	Change
Banks	125,665,427	99,244,204	26,421,222
Cash	10,160	13,984	(3,824)
Total	**125,675,586**	**99,258,188**	**26,417,398**

For further information, please refer to the Cash Flow Statement present in these financial statements.

D) Shareholders' Equity

18 Information on Shareholders' Equity

(in Euro)

Description	12.31.2022	12.31.2021	Change
Shareholders' equity	863,549,540	768,183,342	95,366,198

All changes are shown in the table below:

(in Euro)

Shareholders' equity	Value as at 12.31.2021	Increase	Decrease	Value as at 12.31.2022
Share capital	34,095,537	0	0	34,095,537
Treasury Shares in Portfolio		0	0	
Receivables from shareholders for share capital still to be paid		0	0	
Total Share capital	**34,095,537**	**0**	**0**	**34,095,537**
Legal reserve	6,375,000	450,000	0	6,825,000
Reserve for the acquisition of treasury shares		0	0	
Share premium reserve	30,650,262	0	0	30,650,262
Merger reserve	33,023,358	0	0	33,023,358
Exchange translation reserve IAS 21		0	0	
Other reserves	472,734,528	53,770,334	0	526,504,862
Total reserves	**542,783,148**	**54,220,334**	**0**	**597,003,482**
Prior years' undistributed profits	146,325,418	60,228,289	(61,339,966)	145,213,740
First-time application of IAS/IFRS	1,700,058	0	(177,800)	1,522,258
IAS 19 actuarial gains/(losses)	(12,372,369)	0	(3,040,684)	(15,413,053)
Fair value reserve for effective portion of cash flow hedges		0	0	
Retained earnings/(Losses carried forward)	**135,653,107**	**60,228,289**	**(64,558,450)**	**131,322,946**
Profit/(loss) for the year	**55,651,549**	**101,127,575**	**(55,651,549)**	**101,127,575**
Total Shareholders' Equity	**768,183,342**	**215,576,197**	**(120,209,999)**	**863,549,540**

19 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.

20 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 increased by Euro 450,000 following the allocation of part of the 2021 profit and is available to cover losses but is not distributable.

- **Share premium reserve:**
  the share premium reserve of Euro 30,650,262, created as a result of new shares issued to implement the Stock Option plan.
  The reserve is available and distributable, after covering negative reserves.

- **Merger reserve:**
  the merger reserve of Euro 33,023,358 did not change.
  The reserve is available and distributable.

- **Other reserves equal to Euro 526,504,862 relate to:**
  - Special Egov research reserve:
    equal to Euro 72,000, is neither available nor distributable.

  - Special Erp Light research reserve:
    equal to Euro 168,000, is neither available nor distributable.

  - Special PIA project applied research reserve:
    equal to Euro 1,080,000, is neither available nor distributable.

  - Exemption reserve under Italian Law Decree 104/2020:
    equal to Euro 471,414,528 was established in 2021 following the application of the realignment procedure for all misalignments arising in the financial statements as at 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 ("August Decree"), converted into Italian Law No. 126 of October 13, 2020, (Article 110, paragraph 8), and 2021 Budget Law - Italian Law No. 178 of December 30, 2020 (Article 1, paragraph 83).
    The reserve is neither available nor distributable.

  - Reserve for future share capital increase:
    of Euro 53,770,334 attributable to the payment for future share capital increase by the parent company Centurion Bidco, which took place during the first nine months of the year.

21 Retained earnings

Retained earnings are equal to Euro 131,322,946 and include:

- **Prior years' undistributed profits amounting to Euro 145,213,740**
  Changes in the item are as follows:
  - increase of Euro 55,201,549 for the allocation of profits gained in 2021;
  - increase of Euro 5,026,739 due to the merger by incorporation relating to:
    - the merger of the subsidiary Engiweb Security S.r.l. of Euro 4,222,774;
    - the merger of the subsidiary Engineering 365 S.r.l. of Euro 629,861;
    - the merger of the subsidiary DEUS Technology S.r.l. of Euro 174,104;
  - decrease due to the distribution of prior years' profits to shareholders of Euro 17,500,000;
  - decrease of Euro 43,839,966 due to an adjustment of the estimates of contracts in progress recognised as "Customer contract assets" referring to previous years in application of IAS 8 (i.e. Paragraph. 1.1 of these explanatory notes).

  The reserve is available and distributable, after covering negative reserves.

- **First-time application of IAS/IFRS, amounting to Euro 1,522,258**
  The reserve is neither available nor distributable and relates to the first-time application of International Accounting Standards.

- **IAS 19 actuarial gains/(losses) amounting to Euro (15,413,053)**
  The reserve decreased by a total of Euro 3,040,684 due to:
  - actuarial gain net of deferred taxes of Euro 2,182,884;
  - as a result of the mergers of the companies Engiweb Security S.r.l. (Euro 383,351), Engineering 365 S.r.l. (Euro 334,775) and DEUS Technology S.r.l. (Euro 139,674).

E) Non-current liabilities

22 Non-current financial liabilities

(in Euro)

Description	12.31.2022	12.31.2021	Change
Non-current financial liabilities	470,425,259	129,163,182	341,262,076

Non-current financial liabilities relate to “Bank loans” and “Other non-current financial liabilities”.

(in Euro)

Description	12.31.2022	12.31.2021	Change
Bank loans	470,229,619	128,992,518	341,237,101
Other non-current financial liabilities	115,750	258,325	(142,575)
Value of financial payables at amortised cost	79,890	(87,661)	167,550
Total	**470,425,259**	**129,163,182**	**341,262,076**

Total Bank loans as at December 31, 2022 are broken down as follows:

(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	after 5 years	Total
MIUR PR. 248064 SAFE&SMART	2024	0.5000000	65,296	65,459					130,755
BANCO BPM	2024	2.4750000	3,750,000	1,875,000					5,625,000
BANCO BPM	2025	2.0730000	2,462,821	2,514,273	2,566,801				7,543,895
MISE FINDUSTRY	2029	0.1800000	122,065	122,285	122,505	122,726	122,947	246,558	859,085
MISE/MCC SUMMIT	2028	0.1700000	64,738	64,848	64,958	65,069	65,179	32,631	357,423
BNP RCF Loan	2023	Euribor 3 months 365 + 2.25	20,000,000						20,000,000
BNP RCF Loan	2023	Euribor 3 months 365 + 2.25	10,000,000						10,000,000
Centurion Bidco RCF Loan	2023	Euribor 3 months 365 + 2.25	20,000,000						20,000,000
Centurion Bidco Loan	2026	Euribor 3 months + 5.5				96,650,380			96,650,380
Centurion Bidco Loan	2026	Euribor 3 months 365 + 8.75				178,043,020			178,043,020
Centurion Bidco Loan	2026	Euribor 3 months 365 + 8.75				69,797,812			69,797,812
Centurion Bidco Loan	2026	Euribor 3 months 365 + 8.75				117,687,168			117,687,168
Total			**56,464,920**	**4,641,865**	**2,754,264**	**462,366,174**	**188,126**	**279,189**	**526,694,538**

Payables amounted to a total of Euro 526.7 million before amortised cost, of which Euro 470.2 million is due after one year as from 2023 and Euro 56.5 million is due within one year and are classified as current financial liabilities.

Some information and characteristics of the existing loans are shown hereunder:

- loans by the parent company Centurion Bidco S.p.A. of:
  - Euro 96.6 million against the initial value of Euro 114.4 million disbursed on July 23, 2020. The initial loan was partially repaid for Euro 17.8 million on September 29, 2022;
  - Euro 365.5 million, of which Euro 178 million granted on September 23, 2022, Euro 69.8 million granted on November 30, 2022 and Euro 117.7 million granted on December 22, 2022: transaction aimed at the Overlord/BE Shaping acquisition;
  - Euro 20 million against the initial value of Euro 70 million granted on November 11, 2022 and partially repaid for Euro 50 million on December 30, 2022.

- loans by BNP Paribas totalling Euro 30 million granted in two tranches (Euro 10 million and Euro 20 million) both on November 29, 2022.

- loans disbursed by Banco BPM:
  - on October 13, 2020 for Euro 15 million and a duration of 4 years to support current operations;
  - on December 22, 2021 for Euro 10 million and duration of four years;

- the three loans granted by MIUR (Smart&Safe) and MISE (Summit and Findustry) are at a subsidised fixed rate and are always linked to the implementation of research and technological development projects. The Safe & Smart loan was initially granted on January 25, 2019, the Summit on October 23, 2019 and the Findustry on June 3, 2021.

Covenants

The commitments/obligations set out in the contract for the loan granted by Banco BPM (loan of Euro 15 million of October 13, 2020), at a variable rate, reflect the provisions of the financial documentation signed in the context of the acquisition transaction of July 23, 2020. In particular, the following Financial Parameters must be respected:

Test Senior Secured Notes "SSN" FCCR (Fixed Charge Coverage Ratio): the fixed charge coverage ratio of the SSN Issuer ("FCCR") must be at least 2:1 pro-forma for the issue of the new debt. The calculation of the FCCR is detailed in the SSN Indenture and is essentially the ratio between the SSN Issuer's LTM EBITDA (EBITDA adjusted for acquisitions, disposals and run-rate synergies etc. for the four most recent consecutive fiscal quarters for which consolidated financial statements are available) and the SSN Issuer's consolidated fixed expenses (i.e. interest expense plus all dividends accrued or paid in cash or otherwise).

Test Payment in Kind "PIK" CTNLR (Consolidated Total Net Leverage Ratio (PIK Notes)): the consolidated total net leverage ratio of the PIK Issuer ("CTNLR") cannot exceed 5:1 pro-forma for the issue of the new debt. The calculation of the CTNLR is detailed in the PIK indenture and is essentially the ratio between the consolidated total net debt of the PIK Issuer (i.e. all indebtedness of the PIK Issuer and its subsidiaries excluding the indebtedness of the SSN Issuer incurred by virtue of factoring, securitisation, asset-backed loans and borrowings and other similar financing and hedging obligations, but including capitalised interest on the PIK Securities, less cash resulting from the PIK Issuer's financial statements on a consolidated basis) and the PIK Issuer's LTM EBITDA (EBITDA adjusted for acquisitions, disposals and run-rate synergies etc.) for the last four consecutive fiscal quarters for which consolidated financial statements are available).

If the SNN Issuer, or any of its Subsidiaries subject to restrictions, wants to secure the new debt ratio on the SSN guarantee, in addition to fulfilling the FCCR and PIK CTNLR tests, the consolidated senior secured net leverage ratio ("CSSNLR") of the SSN Issuer cannot exceed 5:1 pro-forma for the issue of the new debt.

CSSNLR (Consolidated Senior Secured Net Leverage Ratio (SSNs)) test: the consolidated senior secured net leverage ratio ("CSSNLR") of the SSN Issuer cannot exceed 5:1 pro-forma for the issue of the new debt. The calculation of the CSSNLR is detailed in the SSN indenture and is essentially the ratio between the consolidated senior secured net debt of the SSN Issuer (i.e. all indebtedness guaranteed with SSN guarantee less cash resulting from the SSN Issuer's consolidated financial statements) and the SSN Issuer's LTM EBITDA (EBITDA adjusted for acquisitions, disposals and run-rate synergies etc. for the four most recent consecutive fiscal quarters for which consolidated financial statements are available).

The Financial Parameters are revised twice a year with reference to the Consolidated Financial Statements and the Consolidated Half-Year Report.

The item “Other non-current financial liabilities” refers to security deposits the changes of which are shown in the following table:

(in Euro)

Description	12.31.2022	12.31.2021	Change
Security deposits	115,750	258,325	(142,575)
Total	**115,750**	**258,325**	**(142,575)**

The following table represents the movement of Financial Liabilities:

(in Euro)

Description	December 2020 Restated	Cash flows					Non-monetary changes	December 2021 Restated
		New loans - Third parties	Repayment of loans - Third parties	Reclassifi-cations	New loans/ Repayment of loans - Group	Other Group changes	Other changes	
Non-current financial liabilities	124,610,701	11,331,160	(3,937,509)	(2,595,877)			(245,292)	129,163,182
Non-current lease liabilities	121,802,068			(4,025,315)			(10,235,853)	107,540,901
Current financial liabilities	149,485,112	170,640,956	(130,000,000)	2,595,877	200,000	3,458,902	3,196,456	199,577,304
Current lease liabilities	12,924,512		(14,644,567)	4,025,315			13,545,859	15,851,118
Total	**408,822,393**	**181,972,116**	**(148,582,076)**	**0**	**200,000**	**3,458,902**	**6,261,170**	**452,132,506**

(in Euro)

Description	December 2021 Restated	Cash flows					Non-monetary changes	December 2022
		New loans - Third parties	Repayment of loans - Third parties	Reclassifi-cations	New loans/ Repayment of loans - Group	Other Group changes	Other changes	
Non-current financial liabilities	129,163,182	117,687,168	(24,294,557)	3,658			247,865,808	470,425,259
Non-current lease liabilities	107,540,901			(299,639)			12,973,902	120,215,163
Current financial liabilities	199,577,304	318,000,000	(328,712,999)	(3,658)	500,000	(76,320,960)	40,294,449	153,334,136
Current lease liabilities	15,851,118		(16,039,046)	299,639			15,980,483	16,092,194
Total	**452,132,506**	**435,687,168**	**(369,046,603)**	**0**	**500,000**	**(76,320,960)**	**317,114,641**	**760,066,752**

The item “Other changes” in non-monetary changes of Non-current financial liabilities is attributable mainly to loans taken out with the parent company Centurion Bidco S.p.A. and granted in turn to the subsidiary Overlord Bidco S.p.A. disbursed directly by Centurion Bidco S.p.A. itself. For the financial receivable from the subsidiary Overlord Bidco S.p.A., please refer to the paragraphs “Non-current financial assets” and “Current financial assets” of this document.

23 Non-current lease liabilities

(in Euro)

Description	12.31.2022	12.31.2021	Change
Non-current lease liabilities	120,215,163	107,540,901	12,674,262

With regard to the portion due within 12 months of lease liabilities, amounting to Euro 16.1 million, please refer to the paragraph on Current lease liabilities.

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

(in Euro)

Description	2022	2023	2024	2025	2026	After 5 years	Total
Amounts due for financial leases (former IAS 17)	1,657,523	38,204	40,381	8,265			1,744,373
Payables for lease offices and branches	11,727,045	13,237,161	14,077,433	14,762,808	14,109,576	60,794,155	128,708,178
Payables for vehicle lease	2,636,063	1,338,487	839,244	673,023	30,272		5,517,089
Payables for hardware and software lease	43,710	93,843	77,659	75,627	19,025		309,863
Other lease liabilities	27,854						27,854
Total	**16,092,194**	**14,707,694**	**15,034,717**	**15,519,724**	**14,158,873**	**60,794,155**	**136,307,357**

24 Deferred tax liabilities

Deferred tax liabilities were calculated on the following items at the current rates of 24% for IRES and, as regards IRAP, calculation is based on regional competence.

(in Euro)

Description	12.31.2022	12.31.2021	Change
Deferred tax liabilities	26,559,453	22,369,097	4,190,356

(in Euro)

Description	12.31.2022		12.31.2021	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Goodwill	15,529,144	4,332,631	14,589,587	4,070,495
Trademark	18,121,174	5,055,808	9,060,587	2,527,904
Other revenues - Research grants	184,564	51,493	157,574	43,963
Other revenues - Research grants taxed in 5 years	62,942,696	15,106,247	63,375,567	15,210,136
Property, plant and equipment	1,674,026	467,053	1,783,202	497,513
Customer relationship - Allocation of goodwill	5,493,157	1,532,591		
Other	55,083	13,629	79,524	19,086
Total	**103,999,844**	**26,559,453**	**89,046,040**	**22,369,097**

The following table shows details of the impact of deferred tax liabilities on the Income Statement:

(in Euro)

Description	Allowance for doubtful account	Trademark	Allocation of goodwill	R&D grants	Other temporary differences	Total
Balance as at 01.01.2021				**15,783,462**	**4,359,779**	**20,143,241**
Impact on the income statement		2,527,904		(529,363)	227,315	2,225,856
Impact on the comprehensive income statement						
Balance as at 12.31.2021		**2,527,904**		**15,254,099**	**4,587,094**	**22,369,097**
Change from merger			1,831,392	7,530	2,937	1,841,859
Impact on the income statement		2,527,904	(298,801)	(103,889)	223,283	2,348,497
Impact on the comprehensive income statement						
Balance as at 12.31.2022		**5,055,808**	**1,532,591**	**15,157,740**	**4,813,314**	**26,559,453**

25 Other non-current liabilities

(in Euro)

Description	12.31.2022	12.31.2021	Change
Other non-current liabilities	18,626,281	16,598,977	2,027,304

For a better disclosure, item “Contingent consideration for business combinations” was reclassified into item “Other non-current liabilities”.

The item “Other non-current liabilities” relates to:

- the payable for a non-competition agreement signed with the top management and consultants for Euro 1.4 million;
- the recognition of the payable amounting to Euro 2.3 million, in case payment is to be made to the Inland Revenue Office of the amount asked to the subsidiary Livebox;
- contingent considerations for business combinations, after one year, equal to Euro 14.9 million and referring to earn-outs.

26 Post-employment benefits

(in Euro)

Description	12.31.2022	12.31.2021	Change
Post-employment benefits	52,849,905	48,296,047	4,553,857

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 1.8217% to 2.7261% 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 departure (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)

Description		Discounting				
		-10%		100%		+10%
	-10%	**52,882,082**	1,096,341	**51,785,741**	(1,060,994)	**50,724,747**
		(1,097,289)	32,178	(1,064,163)	(2,125,158)	(1,032,360)
Infl.	100%	**53,979,371**	1,129,467	**52,849,905**	(1,092,798)	**51,757,107**
		1,128,094	2,257,561	1,093,773	(31,967)	1,060,831
	+10%	**55,107,466**	1,163,788	**53,943,677**	(1,125,740)	**52,817,938**

Description		Discounting				
		-10%		100%		+10%
	-10%	**+100.06%**	+2.07%	**+97.99%**	-2.01%	**+95.98%**
		-2.08%	+0.06%	-2.01%	-4.02%	-1.95%
Infl.	100%	**+102.14%**	+2.14%	**+100.00%**	-2.07%	**+97.93%**
		+2.13%	+4.27%	+2.07%	-0.06%	+2.01%
	+10%	**+104.27%**	+2.20%	**+102.07%**	-2.13%	**+99.94%**

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

Changes are detailed below:

(in Euro)

Description	
Balance as at 01.01.2021	**49,995,647**
Provisions	21,167,131
Amounts paid to social security institutions + INPS	(21,187,846)
Actuarial losses/(gains)	1,137,911
Benefits paid	(3,246,477)
Post-empl. benefits on acquisition of business units/subsidiaries	792,795
Transfer payables of business units/subsidiaries	(363,114)
Balance as at 12.31.2021	**48,296,046**
Change in opening balances due to merger	4,826,935
Provisions	23,643,546
Amounts paid to social security institutions + INPS	(23,589,998)
Actuarial losses/(gains)	2,872,216
Benefits paid	(3,385,020)
Post-empl. benefits on acquisition of business units/subsidiaries	369,407
Transfer payables of business units/subsidiaries	(183,228)
Balance as at 12.31.2022	**52,849,905**

G) Current liabilities

27 Current financial liabilities

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Current financial liabilities	153,334,136	199,577,304	(46,243,168)

For a better disclosure, item “Contingent consideration for business combinations” was reclassified into item “Other current liabilities”.

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Bank loans	76,464,920	87,114,790	(10,649,870)
Bank overdraft	111,253	66,787	44,466
Other current financial liabilities	52,768,626	12,761,162	40,007,465
Subsidiaries	23,906,004	99,634,565	(75,728,562)
Parent companies	83,333	0	83,333
Total	**153,334,136**	**199,577,304**	**(46,243,168)**

“Bank loans” amounted to Euro 76.5 million, of which Euro 56.5 million 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 20.0 million of which relates to short-term loans with a duration lower than six months.

“Other current financial liabilities” refer to:

(in Euro)

Description	12.31.2022	12.31.2021	Change
Other payables and Grants to be repaid	52,768,626	12,761,162	40,007,465
Total	**52,768,626**	**12,761,162**	**40,007,465**

“Other grants” refer to the following:

- Euro 31.9 million for collections received for research projects to be reversed to other partner subjects;
- Euro 20.9 million for collections received from customers for invoices transferred to factoring companies.

Current financial liabilities to Subsidiaries are attributable to cash pooling.

28 Current lease liabilities

(in Euro)

Description	12.31.2022	12.31.2021	Change
Current lease liabilities	16,092,194	15,851,118	241,076

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

29 Current tax payables

(in Euro)

Description	12.31.2022	12.31.2021	Change
Current tax payables	17,133,027	8,665,899	8,467,128

The breakdown is as follows:

(in Euro)

Description	12.31.2022	12.31.2021	Change
IRES	12,360,878	3,076,016	9,284,862
IRAP	(83,828)	552,729	(636,557)
Other tax payables	4,855,977	5,037,154	(181,177)
Total	**17,133,027**	**8,665,899**	**8,467,128**

The provision for income taxes as at December 31, 2022 is recorded net of the amounts paid for IRAP taxes.

The item “Other tax payables” refers to the portion of the substitute tax (Euro 4.9 million) due for the application of tax realignment, to be paid in 2023. The substitute tax totalling Euro 14.6 million was recognised in 2020, to be paid over three years. The first instalment was paid in June 2021, the second was paid in August 2022.

30 Current provisions for risks and charges

(in Euro)

Description	12.31.2022	12.31.2021	Change
Current provisions for risks and charges	6,179,308	7,401,419	(1,222,112)

(in Euro)

Description	12.31.2022	12.31.2021	Change
Provision for risks and charges	5,446,090	5,640,065	(193,975)
Provision for losses on projects	733,217	1,761,354	(1,028,137)
Total	**6,179,308**	**7,401,419**	**(1,222,112)**

The item “Provision for risks and charges” mainly includes provisions for the year of Euro 2.5 million relating to restructuring charges and Euro 2.8 million to cover the losses of the subsidiary WebResults S.r.l..

In the year, the loss compensation fund of the subsidiary WebResults S.r.l. was used in the previous year, as well as to cover risks and charges on projects already covered.

The item “Provision for losses on projects” refers to the risks of penalties and onerous contracts on certain existing projects.

Provisions are the best estimate made based on the information available to us at the reporting date.

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

(in Euro)

Description	
Balance as at 01.01.2021	**2,729,032**
Increase	6,597,185
Decrease	(1,924,798)
Balance as at 12.31.2021	**7,401,419**
Initial change from merger	68,500
Increase	5,389,438
Decrease	(6,680,050)
Balance as at 12.31.2022	**6,179,308**

31 Other Current Liabilities

(in Euro)

Description	12.31.2022	12.31.2021	Change
Other Current Liabilities	138,158,337	131,245,483	6,912,854

For a better disclosure, item “Contingent consideration for business combinations” was reclassified.

(in Euro)

Description	12.31.2022	12.31.2021	Change
Directors and Statutory Auditors	530,796	535,103	(4,307)
Consultants	1,550	931	619
Withholding taxes	228,731	87,406	141,324
Tax payables	17,587,043	21,378,207	(3,791,163)
Social security institutions	19,099,798	17,313,091	1,786,707
Others	11,749,880	9,097,389	2,652,491
Employees	75,584,919	74,646,462	938,458
Partners for research projects	13,154,543	8,028,219	5,126,324
Accrued interest for long-term loans	70,585	50,746	19,839
Other accrued expense	55,200	12,638	42,562
Other deferred income	95,292	95,292	0
Total	**138,158,338**	**131,245,483**	**6,912,854**

The item “Others” also includes the earn-outs still to be paid in relation to the companies FDL Servizi S.r.l., C Consulting S.p.A., Nexera S.p.A. and the new company acquired during the year, Plusure S.p.A.. The change from the previous year is mainly due to the reclassification from non-current to current liabilities of approximately Euro 3.5 million related to earn-outs to be paid.

The most significant changes relate to tax payables, the details of which are shown in the following table.

(in Euro)

Description	12.31.2022	12.31.2021	Change
VAT	4,219,162	9,539,875	(5,320,713)
Suspended VAT	1,120,578	1,121,277	(699)
Income tax on individuals (IRPEF)	12,247,277	10,717,028	1,530,249
Other	26	26	0
Total	**17,587,043**	**21,378,207**	**(3,791,163)**

32 Trade payables

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Trade payables	352,529,919	315,378,966	37,150,952

The balance is broken down as follows:

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Suppliers	236,206,873	217,675,812	18,531,062
Subsidiaries	53,990,399	53,488,682	501,717
Parent companies	130,834	4,272	126,563
Others	62,201,812	44,210,201	17,991,611
Total	**352,529,919**	**315,378,966**	**37,150,952**

a) Payables due to suppliers

(in Euro)

Description	12.31.2022	12.31.2021	Change
Due to suppliers	155,472,887	136,987,933	18,484,954
Due to foreign suppliers	5,698,399	4,734,913	963,486
Invoices to be received	75,765,094	76,202,654	(437,559)
Credit notes to be received	(729,507)	(249,688)	(479,819)
Total	**236,206,873**	**217,675,812**	**18,531,062**

b) Payables due to subsidiaries

(in Euro)

Description	12.31.2022	12.31.2021 Restated	Change
Invoices to be received	20,156,711	23,136,759	(2,980,048)
Invoices received	33,833,691	30,330,757	3,502,935
Deferred income	(3)	21,166	(21,169)
Total	**53,990,399**	**53,488,682**	**501,717**

c) Payables due to parent companies

(in Euro)

Description	12.31.2022	12.31.2021	Change
Invoices to be received	4,272	4,272	0
Invoices received	126,563		126,563
Total	**130,834**	**4,272**	**126,563**

d) Others

(in Euro)

Description	12.31.2022	12.31.2021	Change
Advances for future work	62,201,812	44,210,201	17,991,611
Total	**62,201,812**	**44,210,201**	**17,991,611**

Income statement

A) Total revenues

(in Euro)

Description	12.31.2022	12.31.2021	Change
Total revenues	997,653,640	975,476,306	22,177,334

33 Total revenues

(in Euro)

Description	12.31.2022	12.31.2021	Change
Revenues from sales and services	927,807,686	919,151,263	8,656,423
Cgs. finished products and construction contracts	31,483,238	22,999,035	8,484,203
Other revenues	38,362,716	33,326,008	5,036,708
Total	**997,653,640**	**975,476,306**	**22,177,334**

Total revenues shown take into account the correction of errors that occurred during the year, in accordance with IAS 8 para. 5.

Note that for the comparison period, the year 2021 is represented by the values of Engineering only and does not take into account the values of the merged companies, Engineering 365 S.r.l., Engiweb Security S.r.l. and DEUS Technology S.r.l..

The Company 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				Total
	Deliverable-based contracts	Resource-based contracts	Service-based contracts	Assistance and maintenance-based contracts	
At a point in time			52,072,730		52,072,730
Over time	523,034,729	109,926,925		274,256,540	907,218,193
Total	**523,034,729**	**109,926,925**	**52,072,730**	**274,256,540**	**959,290,924**

The portion of revenues recognised in the current year relating to liabilities arising from customer contracts that arose in previous years amounted to Euro 37 million.

34 Other revenues

(in Euro)

Description	12.31.2022	12.31.2021	Change
Other revenues	38,362,716	33,326,008	5,036,708

The breakdown of “Other revenues” is as follows:

(in Euro)

Description	12.31.2022	12.31.2021	Change
Grants	18,140,360	14,918,664	3,221,696
Other income	6,971,307	5,331,465	1,639,841
Other revenues from parent company		3,716	(3,716)
Sundry revenues from subsidiaries	13,251,049	13,072,163	178,887
Total	**38,362,716**	**33,326,008**	**5,036,708**

Other revenues refer mainly to grants for research projects financed by national bodies and by the European Union.

The item “Sundry revenues from subsidiaries” is mainly attributable to the charging of overheads.

35 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, paras. 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 Company 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	Project 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)	07.21.2022 09.19.2022 **Total**	35,615 92,670 **128,285**
CIDOIMO	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.	Min. of Defence - Navarm - Segredifesa - Naval Armaments Department	11.07.2022 **Total**	64,263 **64,263**
DEMAND-MISE	Engineering is the project leader and is responsible for the entire life cycle of the DEMAND solution, from the collection of user requirements to the design of the software architecture. Engineering is also responsible for the design of the semantic consumer model and the implementation of the EMS (Energy Management System) logic for the intelligent monitoring and control of energy flows.	Ministry of Economic Development	05.30.2022 **Total**	118,672 **118,672**
ECO SYSTEM FASE3	Creation of a decision-support platform for the classification of objects detected in open sea, through the analysis of acoustic signals obtained using sonar sensors.	Min. of Defence - Navarm - Segredifesa - Naval Armaments Department	06.20.2022 **Total**	108,553 **108,553**
ECO-SYSTEM	Creation of a decision-support platform for the classification of objects detected in open sea, through the analysis of acoustic signals obtained using sonar sensors.	Min. of Defence - Navarm - Segredifesa - Naval Armaments Department	09.19.2022 **Total**	71,172 **71,172**
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)	09.23.2022 **Total**	58,119 **58,119**
PRJ SAFE&SMART	Within the Safe&Smart research project, activities were carried out to provide support for the design and development of innovative applications with the aim of developing a Service-Oriented Architecture (SOA) capable of making heterogeneous systems interoperable to ensure the integrity of the information exchanged within the typical processes of the agri-food supply chains. The project also included the development of a prototype system to carry out the functional validation of the smart chain.	MUR (Ministry of University and Research)	03.09.2022 **Total**	33,058 **33,058**
PROG AMELIE	The objective of AMELiE is to create a platform that integrates methodology, information technology and services for the optimisation of the integrated management of the product life cycle. To achieve this, the project provides interesting results on the innovation of business processes and the product life cycle, on the monitoring of processes related to the product life cycle and also defines techniques and methods to facilitate implicit collaboration mechanisms and the generation of ideas that are the real capital for a company.	Sicilian Region Administration	12.06.2022 **Total**	3,160,159 **3,160,159**
PROG SERVIFY FORMAZIONE	Collaboration, teaching and tutoring in the Training project linked to the related Research project.	MUR (Ministry of University and Research)	11.18.2022 **Total**	15,290 **15,290**
RECON-UV	Implementation of an underwater reconnaissance support system using Underwater Vehicle to facilitate inspection, search, discovery and reconnaissance activities in "very shallow water" and in the "surf zone" (close to a "landing zone", i.e. a short distance from the coast or within shallow waters).	Min. of Defence - Navarm - Segredifesa - Naval Armaments Department	10.14.2022 **Total**	86,375 **86,375**
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)	07.21.2022 07.22.2022 **Total**	182,672 71,996 **254,668**
SCREAM	Engineering is the Project co-ordinator and is responsible for the activities related to the definition of the SCREAM Framework to identify the reference architecture for the development of remote M&C solutions for production machines. It is also in charge of the Big Data Infrastructure for remote and secure M&C systems aimed at defining the infrastructure for Industrial Big Data Analytics based on a hybrid edge-cloud model and a complete toolkit of algorithms and analysis techniques to support machine tool analysis. Engineering is also involved in the design of application services for remote M&C systems of production machines in order to offer advanced services and support to decision-makers and in the implementation of applications for remote M&C systems of production machines. Finally, engineering carries out the integration of the various components envisaged in the SCREAM Framework.	Ministry of Economic Development	12.05.2022 **Total**	322,281 **322,281**
SERVIFY	The Servify project aims at the creation of an Open Service Innovation Laboratory and the definition of an environment for the creation of “"multi-sided market"” initiatives, which enable cooperation mechanisms between companies in the T-KIBS (Technology - Knowledge Intensive Business Services) sector. The laboratory represents the physical and virtual space where Open Innovation processes applied to services can be implemented. These processes were tested by using the Living Lab methodology, a user-centred methodology to identify, prototype, validate and refine complex solutions in multiple real-life contexts. The project focused on a new conceptual and technological service model, called “"Ubiquituum Service"”, which not only meets the ubiquity requirements typical of nomadic services, but also ensures continuity (“"continuum"”) and consistency in the user experience even when the context changes. This service is always available (“"always-on"”, without interruptions or barriers due to time, movement and the simultaneous use of multiple services and devices); it is pervasive and socially and technologically immersive (i.e. able to involve users and take advantage of their skills, knowledge and social relationships through an immersive environment that makes them active participants). The Ubiquituum Service benefited from the evolution of mobile devices and the creation of new devices embedded in everyday objects, which make it possible to define new ways of using services, through advanced models of human-machine interaction, and evolved models of social interaction, in which objects, in line with Web 4.0, also provide information and value-added content. In particular, the project focuses on the concept of social sensor networks, an architecture that, based on the characteristics and concepts of the Internet of Things, simplifies and improves the creation of new services by using the “"relationships"” that exist between these smart objects.	MUR (Ministry of University and Research)	11.18.2022 **Total**	4,885,000 **4,885,000**
SIGAGE	The Integrated System for the Management of Electronic Warfare Activities (SIGAGE) proposes the creation of a technologically advanced prototype platform that can increase the current national electronic warfare capabilities (at this stage for ELINT - ELectronic-signal INTelligence only). SIGAGE, through the use of artificial intelligence algorithms, will be able to self-learn over time, supporting the user in the decision-making process.	Min. of Defence - Navarm - Segredifesa - Naval Armaments Department	10.21.2022 **Total**	271,948 **271,948**
SiMonA	As part of the SiMonA project, Engineering dealt with: the architectures of the new monitoring systems in the real production environment; the software infrastructure in terms of data acquisition capabilities from heterogeneous and distributed sources to be transferred to a cloud-based solution for batch or real-time processing depending on the application needs to be met; the collection of data from sensors and their transmission to cloud platforms; and a new advanced sensor paradigm.	Piedmont Region Administration (through FinPiemonte)	10.20.2022 **Total**	146,000 **146,000**
Grand total				**9,723,842**

ENGINEERING INGEGNERIA INFORMATICA

B) Operating expenses

36 Operating expenses

(in Euro)

Description	12.31.2022	12.31.2021	Change
Operating expenses	966,991,915	889,305,578	77,686,337

The operating expenses shown take into account the correction of errors that occurred during the year, in accordance with IAS 8 para. 5.
Note that for the comparison period, the year 2021 is represented by the values of Engineering only and does not take into account the values of the merged companies, Engineering 365 S.r.l., Engiweb Security S.r.l. and DEUS Technology S.r.l..

The breakdown of “Operating expenses” is as follows:

(in Euro)

Description	12.31.2022	12.31.2021	Change
Raw materials and consumables	37,750,929	15,651,921	22,099,009
Service costs	388,690,564	389,332,409	(641,845)
Personnel costs	469,385,898	441,250,621	28,135,277
Amortisation and depreciation	40,478,203	33,494,967	6,983,236
Provisions	25,554,400	5,907,325	19,647,076
Other costs	5,131,920	3,668,336	1,463,584
Total	**966,991,915**	**889,305,578**	**77,686,337**

37 Raw materials and consumables

(in Euro)

Description	12.31.2022	12.31.2021	Change
Raw materials and consumables	37,750,929	15,651,921	22,099,009

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

(in Euro)

Description	12.31.2022	12.31.2021	Change
Hardware	1,974,781	1,657,784	316,997
Software	25,253,488	10,854,525	14,398,963
Consumables	10,522,621	3,139,611	7,383,010
Other	39	0	39
Total	**37,750,929**	**15,651,921**	**22,099,009**

38 Service costs

(in Euro)

Description	12.31.2022	12.31.2021	Change
Service costs	388,690,564	389,332,409	(641,845)

Service costs are listed hereunder:

(in Euro)

Description	12.31.2022	12.31.2021	Change
EDP purchases, services and data lines	1,244,311	2,645,833	(1,401,522)
Insurance	4,131,754	3,494,165	637,589
Bank commissions	2,314,281	1,746,628	567,653
Technical support and consultancy	206,586,170	219,624,220	(13,038,050)
Consultancy from subsidiaries	74,673,900	99,336,441	(24,662,541)
Legal and administrative consultancy	25,060,643	6,396,645	18,663,999
Training and refresher courses	3,358,085	2,008,670	1,349,415
Consultants	208,582	346,022	(137,441)
Cost of corporate boards	855,310	2,485,193	(1,629,883)
Building rental	633,194	699,940	(66,746)
Maintenance of property, plant and equipment and intangible assets	14,537,270	11,771,810	2,765,460
Canteen and other personnel costs	10,420,805	7,799,181	2,621,624
Automotive expenses	6,342,037	4,998,560	1,343,477
Hardware and software rental	197,020	93,975	103,046
Services from parent companies	126,563		126,563
Services from subsidiaries	14,561,165	13,258,894	1,302,271
Maintenance and security services	2,762,885	2,247,177	515,708
Advertising and sales rep. expenses	2,203,170	826,961	1,376,209
Travel costs	6,331,175	2,778,280	3,552,895
Postage and shipping expenses	2,316,532	1,226,405	1,090,127
Utilities	6,114,436	4,184,208	1,930,228
Other	3,711,276	1,363,200	2,348,076
Total	**388,690,564**	**389,332,409**	**(641,845)**

The main changes are attributable to the operating performance in the year, with the exception of the item "Legal and administrative consultancy", which increased on an extraordinary basis due to consultancy activities for the company's strategic plan following the change management in 2021.

The table below shows the fees paid to the Auditing Company for these financial statements, pursuant to Article 149-duodecies of the Consolidated Law on Finance.

(in Euro)

Service	Provider	Beneficiary	Remuneration
Audit	Deloitte & Touche S.p.A.	Engineering Ingegneria Informatica S.p.A.	317,000
Sustainability report	Deloitte & Touche S.p.A.	Engineering Ingegneria Informatica S.p.A.	23,100

Fees are net of expenses.

39 Personnel costs

(in Euro)

Description	12.31.2022	12.31.2021	Change
Personnel costs	469,385,898	441,250,621	28,135,277

Personnel costs consist of:

(in Euro)

Description	12.31.2022	12.31.2021	Change
Salaries and wages	344,522,942	322,552,448	21,970,494
Social security expenses	91,131,185	81,104,500	10,026,684
Post-employment benefits	23,643,546	21,167,131	2,476,415
Restructuring and reorganising personnel	8,429,172	13,430,153	(5,000,981)
Other personnel costs	1,659,053	2,996,389	(1,337,336)
Total	**469,385,898**	**441,250,621**	**28,135,277**

The item “Salaries and wages” includes costs related to holidays and leave pays, indemnities, overtime and bonuses.

The change in the item “Salaries and wages” refers to the increase in the workforce due partly to the mergers that took place in the first nine months (157 resources from Engiweb Security S.r.l., 150 resources from Engineering 365 S.r.l. and 34 resources from DEUS Technology S.r.l.) and partly to new hires in the period.

The overall change of Euro 28.1 million is mainly due to merit increases, higher provisions for unused holidays and leave, commissions and partly to the increase in personnel during the year.

“Restructuring and reorganising personnel” contains the cost of incentives for employees that went into early retirement during the year.

The item “Other personnel costs” includes the reclassification of amortisation and depreciation of Euro 3.1 million relating to cars assigned to employees as required by IFRS 16, net of the charge-back of fringe benefits.

The average number of employees is as follows:

(units)

Average number of employee	12.31.2022	12.31.2021	Change
Executives	337	321	16
Managers	1,736	1,635	101
Clerks	5,890	5,307	583
Total	**7,963**	**7,263**	**699**

40 Amortisation and Depreciation

(in Euro)

Description	12.31.2022	12.31.2021	Change
Amortisation and depreciation	40,478,203	33,494,967	6,983,236

The breakdown is as follows:

(in Euro)

Description	12.31.2022	12.31.2021	Change
Depreciation of property, plant and equipment	3,575,430	3,486,168	89,261
Amortisation of intangible assets	23,525,224	17,343,231	6,181,993
Depreciation and amortisation IFRS 16	13,377,549	12,665,567	711,982
Total	**40,478,203**	**33,494,967**	**6,983,236**

41 Provisions and write-downs

(in Euro)

Description	12.31.2022	12.31.2021	Change
Provisions	25,554,400	5,907,325	19,647,076

The breakdown is as follows:

(in Euro)

Description	12.31.2022	12.31.2021	Change
Allocation to doubtful debt provision	14,844,961	592,720	14,252,241
Risk provision	10,709,439	5,314,605	5,394,835
Total	**25,554,400**	**5,907,325**	**19,647,076**

Amounts recognised in the financial statements are the best estimates and assumptions based on the best information available at the reporting date.

The item "Allocation to allowance for doubtful accounts" mostly includes the following:

- the release of provisions made in previous years for adjustments to Customer contract assets amounting to Euro 0.4 million;
- the provision for the year amounts to Euro 14.8 million, which mainly includes Euro 1.6 million for invoices to be issued and Euro 6.8 million for the provision to the subsidiary Sicilia e-Servizi Venture S.c.a.r.l.. With regard to the application of what is illustrated in the paragraph 15 - Trade receivables - of these explanatory notes in relation to the new credit policy, a provision of Euro 6.0 million was allocated.

The item "Provision for risks" mainly includes restructuring charges of Euro 2.5 million, provisions for risks on customer contract assets for Euro 5.4 million and Euro 2.8 million to cover losses of the subsidiary WebResults S.r.l..

42 Other costs

(in Euro)

Description	12.31.2022	12.31.2021	Change
Other costs	5,131,920	3,668,336	1,463,584

Other costs are broken down as follows:

(in Euro)

Description	12.31.2022	12.31.2021	Change
Dues and subscriptions	1,011,432	886,546	124,886
Taxes	1,071,872	1,117,169	(45,297)
Gifts and donations	355,495	197,774	157,722
Charges for social causes	462,337	312,290	150,047
Other	2,230,784	1,154,558	1,076,226
Total	**5,131,920**	**3,668,336**	**1,463,584**

The item "Other" includes mainly costs for third-party transactions, amounting to Euro 0.9 million.

43 Net Financial income/(expenses)

(in Euro)

Description	12.31.2022	12.31.2021	Change
Net Financial income/(expenses)	(12,781,164)	(5,633,134)	(7,148,031)

Financial income is broken down as follows:

(in Euro)

Description	12.31.2022	12.31.2021	Change
Interest income	9,187,573	1,414,960	7,772,613
Fair value gain (differential from derivative)	156,440	2,496,535	(2,340,095)
Other financial income	3,295,066	400,318	2,894,748
Total	**12,639,079**	**4,311,813**	**8,327,266**

Interest income is mainly attributable to interest deriving from loans disbursed to subsidiaries.

The item “Other Financial Income” mainly includes exchange rate gains recognised on the loan to the subsidiary IT Soft USA Inc..

Financial expenses consist of:

(in Euro)

Description	12.31.2022	12.31.2021	Change
Interest expense	19,205,419	9,254,798	9,950,621
Other	6,214,825	690,149	5,524,676
Total	**25,420,243**	**9,944,947**	**15,475,297**

Interest expense is due principally to loans detailed in paragraph “Non-current financial liabilities” hereof.

The item “Other” mainly includes exchange losses recognised on the loan to the parent company Centurion Bidco S.p.A. that was discharged during the period under review as well as the repayment of a derivative previously opened for the purchase of the residual stake in the subsidiary Digitelematica S.r.l..

44 Income/(expenses) from equity investments

(in Euro)

Description	12.31.2022	12.31.2021	Change
Income/(expenses) from equity investments	95,217,779	(12,033,381)	107,251,160

The breakdown is as follows:

(in Euro)

Description	12.31.2022	12.31.2021	Change
Gains on equity investments	65,194	111,471	(46,276)
Write-downs of equity investments	(15,847,415)	(12,144,851)	(3,702,564)
Other Income from equity investments	111,000,000		111,000,000
Total	**95,217,779**	**(12,033,381)**	**107,251,160**

The item “Other Income from equity investements” refers to receivables for dividends of Euro 111 million from the subsidiaries Engineering Dhub S.p.A., Nexen S.p.A. and Livebox S.r.l. resolved by them and collected in the period under review.

The item “Write-down of equity investments” relates to write-downs of the following companies:

- Euro 13.9 million for the subsidiary ITS Holding AG;
- Euro 1.9 million for the subsidiary Nexera S.p.A..

45 Income taxes

(in Euro)

Description	12.31.2022	12.31.2021	Change
Income taxes	11,970,766	12,852,665	(881,899)

The breakdown of taxes is as follows:

(in Euro)

Description	12.31.2022	12.31.2021	Change
Current	13,236,374	11,900,309	1,336,065
Deferred	(1,265,609)	952,356	(2,217,964)
Total	**11,970,766**	**12,852,665**	**(881,899)**

For details on temporary differences giving rise to deferred taxation, reference is made to the previous paragraphs "Deferred tax assets" and "Deferred tax liabilities" herein.

Reconciliation between the theoretical and IRES effective tax rate is shown below:

(in Euro)

	December 31, 2022		December 31, 2021	
Profit before taxes	**113,098,340**		**66,517,214**	
Ordinary rate applied	**27,143,602**	**+24.0%**	**15,964,131**	**+24.0%**
Income taxable in prior years	5,121,747	+4.5%	4,256,679	+6.4%
Income not taxable	(30,100,720)	-26.6%	(3,580,485)	-5.3%
Expenses not deductible	13,159,385	+11.6%	5,652,776	+8.5%
Deductible expenses not charged to Income Statement	(5,762,412)	-5.1%	(6,150,320)	-9.2%
Total assessable IRES	**39,840,007**		**67,261,589**	
Tax/Tax rate	**9,561,602**	**+8.5%**	**16,142,781**	**+24.3%**

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.

46 Other information

COMMITMENTS UNDERTAKEN

Disclosures relating to commitments undertaken by the Company:

(in Euro)

Description	12.31.2022
Third party sureties	339,245,451
Guarantees in favour of other companies	10,901,870
Bid Bond and Performance Bonds	6,514,665
Total commitments undertaken	**356,661,986**

47 Breakdown of financial instruments by category

For all transactions the (financial or non-financial) balances for which an accounting standard requires or permits measurement at fair value and which fall within the scope of IFRS 13, the Company 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 counterparty 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 counterparty 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 counterparty 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 at December 31, 2022:

(in Euro)

Items as of 12.31.2022	Assets at amortised cost	Assets at FVOCI	Assets at FVPL
Other non-current assets	2,820,533		
Non-current financial assets	283,288,434	1,105,000	
Trade receivables	337,525,334		
Other current assets	41,801,537		
Current financial assets	242,346,417	-	
Cash and cash equivalents	125,675,586		
Total assets	**1,033,457,842**	**1,105,000**	**0**

(in Euro)

Items as of 12.31.2021	Assets at amortised cost	Assets at FVOCI	Assets at FVPL
Other non-current assets	2,403,533		
Non-current financial assets	324,552	1,105,000	
Trade receivables	453,726,998		
Other current assets	42,048,237		
Current financial assets	90,212,071	2,688,000	
Cash and cash equivalents	99,258,188		
Total assets	**687,973,579**	**3,793,000**	**0**

(in Euro)

Items as of 12.31.2022	Assets at amortised cost	Assets at FVOCI	Assets at FVPL
Non-current financial liabilities	470,425,259	-	
Non-current lease liabilities	120,215,163		
Other non-current liabilities	18,626,281		
Current financial liabilities	153,334,136	-	
Current lease liabilities	16,092,194		
Other current liabilities	138,158,337		
Trade payables	352,529,919		
Total assets	**1,269,381,289**	**-**	**0**

(in Euro)

Items as of 12.31.2021	Assets at amortised cost	Assets at FVOCI	Assets at FVPL
Non-current financial liabilities	129,163,182	0	
Non-current lease liabilities	107,540,901		
Other non-current liabilities	16,598,977		
Current financial liabilities	199,577,304	0	
Current lease liabilities	15,851,118		
Other current liabilities	131,245,483		
Trade payables	315,378,966		
Total assets	**915,355,932**	**0**	**0**

Assets and liabilities measured at fair value, as shown in the table above, are included in Level 2 (iii).

For a better disclosure, item “Contingent consideration for business combinations” was reclassified into item “Other current and non-current liabilities”.

48 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.

The table below summarises both the trade and financial exchanges.

(in Euro)

Description	Revenues	Costs	Financial income (expenses)	Trade receivables	Trade payables	Financial receivables	Financial payables
Municipia S.p.A.	7,458,949	910,643	452,438	6,948,665	854,904	34,719,117	511,210
Engineering Sardegna S.r.l.	995,516	786,962	35,152	700,667	1,377,457	2,369,327	0
Nexen S.p.A.	4,655,524	7,993,362	(75,101)	4,434,163	4,717,714	0	4,579,989
Engineering do Brasil S.A.	855,251	837,888	190,959	865,097	175,010	6,703,049	0
Sicilia e-Servizi Venture S.c.a.r.l.	60,000		3,640	25,413,879	33,295	736,867	0
Engineering International Belgium S.A.	1,352,605	540,687	27,000	1,959,349	510,939	2,100,000	0
Engineering D. HUB S.p.A.	17,238,662	36,406,952	(331,547)	18,137,251	22,037,931	75,022	11,297,055
Engi da Argentina S.A.	0			2,049,303	15,801	0	0
WebResults S.r.l.	3,868,661	15,986,446	(67,483)	7,278,668	4,955,496	0	6,511,976
Engineering Sofware Labs d.o.o.	129,942	8,157,199		849,751	3,910,074	2,137	0
Engineering ITS GmbH	1,386,655	130,292	30,015	4,207,229	174,727	3,030,523	0
Engineering S.L.	675,269	1,143,837		1,585,566	1,416,091	0	0
Livebox S.r.l.	2,324,319	5,311,919	398,020	2,476,381	4,660,363	16,132,403	0
Engineering USA Inc.	4,028,769	271,265	1,005,423	5,878,417	447,293	51,633,588	0
Pragma S.r.l.	19,550	10,200		34,913	10,200	0	0
Cybertech S.r.l.	1,701,447	9,600,557	31,871	2,689,628	6,597,542	3,657,405	0
Digitelematica S.r.l.	213,978	1,516,689		313,884	1,081,831	0	0
FDL Servizi S.r.l.	35,914	304,100	(5,774)	41,966	339,697	0	1,005,774
Eng Mexico Informatica S. de R.L.	17,273	96,877		24,291	19,390	0	0
Nexera S.p.A.	0		(1,608)	(13,830)	0	1,450,000	0
C Consulting S.p.A.	11,278			1,538	0	0	0
Movilitas Consulting LLC		74,781		0	0	0	0
Movilitas Consulting GmbH		63,418		0	63,418	0	0
Movilitas France SAS	33,163			7,700	0	0	0
Plusure S.p.A.	12,498	21,600		12,498	21,600	0	0
Overlord Bidco S.p.A.			5,808,603	0	0	392,410,276	0
Be Shaping	190,204	256,671	43,836	300,147	569,628	10,043,836	0
Total	**47,265,425**	**90,422,347**	**7,545,443**	**86,197,122**	**53,990,399**	**525,063,550**	**23,906,004**

Financial receivables and payables include the use of the cash pooling system, dividends recognised at that date, and group loans as detailed below:

(in Euro)

Description	12.31.2022
granted to:	
Engineering USA Inc.	50,628,164
Engineering do Brasil S.A.	3,000,000
Engineering International Belgium S.A.	2,100,000
Livebox S.r.l.	5,000,000
Nexera S.p.A.	1,450,000
Sicilia e-Servizi Venture S.c.a.r.l.	728,000
Overlord Bidco S.p.A.	386,601,672
Be Shaping The Future S.p.A.	10,000,000
Total granted	**459,507,837**
received from:	
F.D.L. Servizi S.r.l.	1,000,000
Total received	**1,000,000**

It should also be noted that Loans were disbursed by the company Centurion Bidco S.p.A. for Euro 482.2 million, the details of which are shown in the table "Non-current financial liabilities" herein.

No transactions were entered into with key managers and their related parties. With regard to the stability pact in place with certain senior managers, please refer to the section "Other non-current liabilities" hereof.

49 Events occurring after December 31, 2022

The main events occurred after the reporting date are described hereunder:

- on February 23, 2023, the Board of Directors approved the plan for the reverse merger of the parent company Centurion Bidco S.p.A. in Engineering Ingegneria Informatica S.p.A., which is expected to be completed during the first half of 2023 and will take effect retroactively as of January 1, 2023.

50 Information on the members of the Board of Directors and the Board of Statutory Auditors

BOARD OF DIRECTORS

On March 28, 2022, the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A. resolved as follows:

- the Director Michele Cinaglia resigned from his office of member of the Company's Board of Directors;
- Maximo Ibarra remains a member of the Board of Directors and Chief Executive Officer;
- Gaetano Micciché was appointed member of the Board of Directors and Chairman of the Board of Directors;

On September 28, 2022, the Director Armando Iorio resigned from his office of member of the Board of Directors of the Company.

On October 17, 2022, the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A. appointed Carlo Achermann as a member of the Board of Directors.

The composition of Corporate Bodies is as follows:

Gaetano Miccichè	Chairman
Maximo Ibarra	Director and Chief Executive Officer
Carlo Achermann	Director
Aurelio Regina	Director
Christophe Patrick M. Jacobs van Merlen	Director
Fabio Cosmo Domenico Cané	Director
Giovanni Camera	Director
Luca Bassi	Director
Pietro Galli	Director
Stefano Bontempelli	Director
Stuart James Ashley Gent	Director
Riccardo Bruno	Director
Vito Cozzoli	Director

BOARD OF STATUTORY AUDITORS

Maurizio Salom	Chairman
Domenico Muratori	Standing Auditor
Stefano Roberto Tronconi	Standing Auditor
Monica Antonia Castiglioni	Alternate Auditor
Alice Lubrano	Alternate Auditor

SUPERVISORY BODY

Roberto Fiore	Chairman
Annalisa Quintavalle	Member
Frida Fransson	Member

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

51 Conclusions and Shareholders' Meeting proposals

Net profit for the year amounted to Euro 101,127,575.

The Board of Directors proposes Shareholders to approve the 2022 Financial Statements and to allocate the net profit achieved of Euro 101,127,575 to a reserve for non-distributed net profits.

The Chairman, on behalf of the Board of Directors, points out that the financial statements are audited by the Independent Auditors Deloitte & Touche S.p.A..

52 Summary table of Centurion Holdco S.à.r.l.

As required by Art. 2497-bis, paragraph 4, a data summary is provided below relating the last approved financial statements of Centurion Holdco S.à.r.l., which carries out activities of management and coordination on our Company:

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494
Email :
centralebilans@statec.etat.lu

RCSL Nr. : B241329	Matricule : 20192483426

BALANCE SHEET

Financial year from 01 01/12/2019 **to** 02 31/12/2020 *(in* 03 EUR*)*

Centurion Holdco S.à r.l.
4 Rue Lou Hemmer
L-1748 Senningerberg

ASSETS

		Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101		101		102	
I. Subscribed capital not called	1103		103		104	
II. Subscribed capital called but unpaid	1105		105		106	
B. Formation expenses	1107		107		108	
C. Fixed assets	1109		109	678,753,034.00	110	
I. Intangible assets	1111		111		112	
1. Costs of development	1113		113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115		116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117		118	
b) created by the undertaking itself	1119		119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121		122	
4. Payments on account and intangible assets under development	1123		123		124	
II. Tangible assets	1125		125		126	
1. Land and buildings	1127		127		128	
2. Plant and machinery	1129		129		130	

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B241329	Matricule : 20192483426

		Reference(s)		Current year		Previous year
3. Other fixtures and fittings, tools and equipment	1131		131		132	
4. Payments on account and tangible assets in the course of construction	1133		133		134	
III. Financial assets	1135	2.2.1, 3	135	678,753,034.00	136	
1. Shares in affiliated undertakings	1137	3.1	137	678,753,034.00	138	
2. Loans to affiliated undertakings	1139		139		140	
3. Participating interests	1141		141		142	
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Investments held as fixed assets	1145		145		146	
6. Other loans	1147		147		148	
D. Current assets	1151		151	4,893,579.91	152	
I. Stocks	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work in progress	1157		157		158	
3. Finished goods and goods for resale	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163	2.2.1	163	535.00	164	
1. Trade debtors	1165		165		166	
a) becoming due and payable within one year	1167		167		168	
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171		171		172	
a) becoming due and payable within one year	1173		173		174	
b) becoming due and payable after more than one year	1175		175		176	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other debtors	1183		183	535.00	184	
a) becoming due and payable within one year	1185		185	535.00	186	
b) becoming due and payable after more than one year	1187		187		188	

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B241329	Matricule : 20192483426

		Reference(s)		Current year		Previous year
III. Investments	1189		189		190	
1. Shares in affiliated undertakings	1191		191		192	
2. Own shares	1209		209		210	
3. Other investments	1195		195		196	
IV. Cash at bank and in hand	1197		197	4,893,044.91	198	
E. Prepayments	1199		199	0.00	200	
TOTAL (ASSETS)			201	683,646,613.91	202	0.00

RCSL Nr. : B241329	Matricule : 20192483426

CAPITAL, RESERVES AND LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301	4	301	678,132,419.85	302	0.00
I. Subscribed capital	1303	4.1	303	12,000.00	304	
II. Share premium account	1305	4.2	305	695,115,488.00	306	
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309		310	
1. Legal reserve	1311		311		312	
2. Reserve for own shares	1313		313		314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves, including the fair value reserve	1429		429		430	
a) other available reserves	1431		431		432	
b) other non available reserves	1433		433		434	
V. Profit or loss brought forward	1319		319		320	
VI. Profit or loss for the financial year	1321		321	-16,995,068.15	322	0.00
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
B. Provisions	1331		331		332	
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335		336	
3. Other provisions	1337		337		338	
C. Creditors	1435	2.2.3	435	5,514,194.06	436	
1. Debenture loans	1437		437		438	
a) Convertible loans	1439		439		440	
i) becoming due and payable within one year	1441		441		442	
ii) becoming due and payable after more than one year	1443		443		444	
b) Non convertible loans	1445		445		446	
i) becoming due and payable within one year	1447		447		448	
ii) becoming due and payable after more than one year	1449		449		450	
2. Amounts owed to credit institutions	1355		355		356	
a) becoming due and payable within one year	1357		357		358	
b) becoming due and payable after more than one year	1359		359		360	

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B241329		Matricule : 20192483426			
	Reference(s)		Current year		Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361	361		362	
a) becoming due and payable within one year	1363	363		364	
b) becoming due and payable after more than one year	1365	365		366	
4. Trade creditors	1367	367	5,513,659.06	368	
a) becoming due and payable within one year	1369	369	5,513,659.06	370	
b) becoming due and payable after more than one year	1371	371		372	
5. Bills of exchange payable	1373	373		374	
a) becoming due and payable within one year	1375	375		376	
b) becoming due and payable after more than one year	1377	377		378	
6. Amounts owed to affiliated undertakings	1379	379		380	
a) becoming due and payable within one year	1381	381		382	
b) becoming due and payable after more than one year	1383	383		384	
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385		386	
a) becoming due and payable within one year	1387	387		388	
b) becoming due and payable after more than one year	1389	389		390	
8. Other creditors	1451	451	535.00	452	
a) Tax authorities	1393 2.2.3.1	393	535.00	394	
b) Social security authorities	1395	395		396	
c) Other creditors	1397	397		398	
i) becoming due and payable within one year	1399	399		400	
ii) becoming due and payable after more than one year	1401	401		402	
D. Deferred income	1403	403	0.00	404	
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405	683,646,613.91	406	0.00

The notes in the annex form an integral part of the annual accounts

Annual Accounts Helpdesk :

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RCSL Nr. : B241329	Matricule : 20192483426

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/12/2019 **to** 02 31/12/2020 *(in* 03 EUR*)*

Centurion Holdco S.à r.l.
4 Rue Lou Hemmer
L-1748 Senningerberg

PROFIT AND LOSS ACCOUNT

		Reference(s)		Current year		Previous year
1. Net turnover	1701		701		702	
2. Variation in stocks of finished goods and in work in progress	1703		703		704	
3. Work performed by the undertaking for its own purposes and capitalised	1705		705		706	
4. Other operating income	1713		713		714	
5. Raw materials and consumables and other external expenses	1671	5	671	-16,978,068.28	672	
a) Raw materials and consumables	1601		601		602	
b) Other external expenses	1603	5.1	603	-16,978,068.28	604	
6. Staff costs	1605		605		606	
a) Wages and salaries	1607		607		608	
b) Social security costs	1609		609		610	
i) relating to pensions	1653		653		654	
ii) other social security costs	1655		655		656	
c) Other staff costs	1613		613		614	
7. Value adjustments	1657		657		658	
a) in respect of formation expenses and of tangible and intangible fixed assets	1659		659		660	
b) in respect of current assets	1661		661		662	
8. Other operating expenses	1621		621		622	

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B241329		Matricule : 20192483426			
	Reference(s)		Current year		Previous year
9. Income from participating interests	1715	715		716	
a) derived from affiliated undertakings	1717	717		718	
b) other income from participating interests	1719	719		720	
10. Income from other investments and loans forming part of the fixed assets	1721	721		722	
a) derived from affiliated undertakings	1723	723		724	
b) other income not included under a)	1725	725		726	
11. Other interest receivable and similar income	1727	727	15,975.33	728	
a) derived from affiliated undertakings	1729	729		730	
b) other interest and similar income	1731	731	15,975.33	732	
12. Share of profit or loss of undertakings accounted for under the equity method	1663	663		664	
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	665		666	
14. Interest payable and similar expenses	1627	627	-32,440.20	628	
a) concerning affiliated undertakings	1629	629		630	
b) other interest and similar expenses	1631	631	-32,440.20	632	
15. Tax on profit or loss	1635	635		636	
16. Profit or loss after taxation	1667	667	-16,994,533.15	668	0.00
17. Other taxes not shown under items 1 to 16	1637 7	637	-535.00	638	
18. Profit or loss for the financial year	1669	669	-16,995,068.15	670	0.00

The notes in the annex form an integral part of the annual accounts

Report of the Board of Statutory Auditors on the Financial Statements as at December 31, 2022

Engineering Ingegneria Informatica SpA

Piazzale dell'Agricoltura, 24 - 00144 Rome

Share capital: Euro 34,095,537.11 fully paid-up

Sole Shareholder: Centurion Bidco S.p.A.

Rome Register of Companies and Tax Code 00967720285, VAT no. 05724831002

Company subject to management and coordination by Centurion Holdco S.à r.l.

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REPORT OF THE BOARD OF STATUTORY AUDITORS

ON THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

PURSUANT TO ART. 2429 OF THE ITALIAN CIVIL CODE

Dear Shareholders,

the financial statements for the year ended as of 31 December 2022 submitted for your approval were approved by the Board of Directors at the meeting on 16 March 2023 and closed with a profit of Euro 101,127,575.

The draft financial statements were made available to us, complete with explanatory notes, the cash flow statement and the report on operations which, as required by Article 40, paragraph 2-bis, of Italian Legislative Decree 127/91, were drafted in a single document, both for the separate financial statements and the consolidated financial statements, also prepared in accordance with the IFRS.

By means of this report, we inform you of the most significant aspects of the activities performed by us in 2022 and the relevant outcomes, as well as the result for the year ended as of 31 December.

As you are aware, pursuant to Article 2409-bis, paragraph 1 of the Italian Civil Code, the responsibility for the independent audit of your Company lies with Deloitte & Touche S.p.A., so that our controls on the financial statements are limited to the correctness of the general approach and overall compliance with the law.

<u>MONITORING ACTIVITIES PERFORMED BY THE BOARD OF STATUTORY AUDITORS PURSUANT TO ART. 2403 OF THE ITALIAN CIVIL CODE</u>

The share capital of Engineering S.p.A. is wholly-owned by Centurion Bidco S.p.A. as Sole Shareholder.

The activities carried out by the board concerned, from a timing perspective, the whole year and, during said year, meetings were regularly held pursuant to Article 2404 of the Italian Civil Code, and the appropriate minutes were drawn up for said meetings, duly signed for unanimous approval.

Our activities during the year adhered to the legislative and regulatory principles and were based on the rules of conduct of the Board of Statutory Auditors recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Institute of Chartered Accountants).

In particular, we:

- monitored observance of the law and the articles of association and respect for the principles of proper administration;
- regularly held and took minutes for the meetings pursuant to Article 2404 of the Italian Civil Code;
- took part in the shareholders' meetings and the meetings of the Board of Directors, held in observance of the statutory, legislative and regulatory provisions that govern their functioning;
- obtained information from the directors during the meetings held on the general operating performance and its outlook, as well as on the most significant transactions, in terms of size or characteristics, carried out by the Company. Therefore, we can reasonably ensure that the decisions taken conform to the law and to the articles of association and are not manifestly imprudent, risky, do not involve a potential conflict of interest or are not in contrast to the resolutions passed by the shareholders' meeting or are as such to compromise the integrity of company assets;
- monitored, for matters within our competence, the adequacy of the Company's organisational structure, also by collecting information from those responsible for organisational positions and have no observations to make in this regard;

- monitored the adequacy of the Company's administrative and accounting system and its suitability in correctly representing management events, by requesting and obtaining all necessary information from the managers of the competent company functions and conducting all necessary checks, and did not identify any exceptions worthy of note;
- engaged, according to the provisions of Article 2409-*septies* of the Italian Civil Code, in a periodic exchange of information with the independent auditors Deloitte & Touche, and no information came to light which needs to be highlighted in this report;
- also examined the financial statements of the subsidiaries, within the limits deemed necessary for the drafting of this report and for the purposes of expressing our considerations on the Company's financial statements as at 31 December 2022, but not also on the individual financial statements of the subsidiaries;
- met with the Supervisory Body and acknowledged the report of the Supervisory Body pursuant to Italian Legislative Decree 231, relating to the control activities for 2022, which does not contain any especially significant criticalities;
- did not receive any complaints pursuant to Article 2408 of the Italian Civil Code.

In addition, during our monitoring activities as described above, no other significant facts came to light that needed to be mentioned in this report.

OBSERVATIONS AND PROPOSALS REGARDING THE FINANCIAL STATEMENTS AND THEIR APPROVAL

We examined the draft financial statements for the year ended as of 31 December 2022, regarding which we report as follows:

- given we were not tasked with the analytical verification of the content of the financial statements, we focused attention on the general approach to the draft financial statements, their overall compliance with the law for matters relating to their formation and structure, as well as their consistency with the facts and information which we are aware of;
- the financial statements for the year ended as of 31 December 2022 have been prepared in compliance with the 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 19 July 2002 applied consistently to the periods reported;

- we also verified the observance of the law regarding the preparation of the report on operations;
- we monitored the accounting approach to the main extraordinary transactions approved or carried out in 2022:
  - With statutory effects from 1 March 2022 and tax and accounting effects from 1 January 2022, the subsidiaries Engineering 365 S.r.l., Deus Technology S.r.l. and Engiweb Security S.r.l. were merged into Engineering Ingegneria Informatica S.p.A.
  - On 1 March 2022, Engineering Ingegneria Informatica S.p.A. acquired 100% of the share capital of the Company PluSure S.p.A.
  - On 25 July 2022, the company Overlord Bidco S.p.A. was established with payment of the entire share capital of Euro 50,000. On 23 September 2022, an additional Euro 60,822,685 was paid in by way of a future share capital increase
  - On 15 November 2022, Engineering acquired 100% of Atlantic Technologies S.p.A. As a result of this transaction, Engineering Ingegneria Informatica S.p.A. indirectly holds full control of Atlantic Technologies Europe Ltd.
  - On 30 November 2022, the remaining 20% of the equity investment of Digitelematica S.p.A. was acquired
  - in 2022, the boards of directors of Engineering S.p.A. and Centurion Bidco S.p.A. approved the launch of the reverse merger by incorporation of Centurion Bidco S.p.A. in the subsidiary Engineering S.p.A. , which is expected to be completed in 2023;
- in compliance with the international accounting standards, and in particular with the criteria and methodologies set forth in IAS 36 – Impairment of assets, the Company performed the impairment test on intangible assets with indefinite life, booked for a total of Euro 453,279,031 under the item "Trademarks", and for a total of Euro 67,353,301 to the item "Goodwill",

providing evidence of this in the report approved by the Board of Directors on 16 March 2023. The analysis carried out confirmed the sustainability of the values booked to assets, given no evidence of impairment emerged. As required by the international accounting standards, the basic assumptions, the key data and the results relating to the performance of the impairment test are described extensively in the explanatory notes. During the course of our monitoring activities, we examined the Directors' report on the impairment test and the information on that point in the explanatory notes and have no comments to make in this regard;

- pursuant to Article 2426, no. 5 of the Italian Civil Code, we expressed our consent to the recognition, under balance sheet assets, of the item "Development costs" of intangible assets, amounting to Euro 33,516,088 net of amortisation. As reported in the explanatory notes, development costs are amortised based on their useful life or, when this cannot be determined accurately, in a period not exceeding 5 years. Furthermore, additional development costs for Euro 969,188 were booked to fixed assets in progress relating to intangible assets, as they were incurred as part of projects for the creation of new IT solutions still not completed;
- in application of IAS 8 (Accounting standards, changes in accounting estimates and errors), and as a result of the errors detected, it became necessary to make changes to the financial statements for the year 2022 in order to correct an overestimation of the 2022 operating result equal to Euro 10.9 million and an overestimation of the balance sheet assets as at 1 January 2022 of Euro 43.8 million, all as better explained and illustrated in the explanatory notes to which reference is made.

INDEPENDENT AUDITOR'S REPORT

- The independent audit, assigned to the independent auditors Deloitte & Touche S.p.A., today prepared its report pursuant to Article 14 of Italian Legislative Decree no. 39 of 27 January 2010, in which it expressed a judgment without any remarks and certifies that the financial statements for the year ended as of 31 December 2022 represent a true and fair view of the financial position, the economic result and the cash flows of the Company, also certifying that the report on operations is consistent with the financial statements for the year ended as of 31 December 2022.

CONCLUSIONS

Based on the checks carried out and in consideration of the above, taking into account that the report issued by the independent auditors does not contain any remarks and/or reservations, we proposed that you approve the draft financial statements for the year ended as of 31 December 2022 prepared by the Directors, and the proposed allocation of profit for the year of Euro 101,127,575 formulated by them to allocate the achieved net profit of Euro 101,127,575 to a non-distributed retained earnings reserve.

Rome, Milan 3 April 2023

THE STATUTORY AUDITORS

Maurizio Salom

Domenico Muratori

Stefano Roberto Tronconi

Resolutions of the Shareholders' Meeting

On April 21, 2023, at 10:15 a.m., the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A., convened in full, resolved:

1. to approve the Financial Statements of Engineering Ingegneria Informatica S.p.A. closed as of December 1, 2022, as a whole and in each item, which report a profit of Euro 101,127,575;

2. to approve the proposal of the Board of Directors to allocate the net profit of Euro 101,127,575 to the reserve for undistributed profits.

With the approval of the Financial Statements at December 31, 2022, the mandate conferred on the Board of Directors and the Board of Statutory Auditors of the Company has expired. The Shareholders' Meeting has therefore appointed the new Board of Directors and the new Board of Statutory Auditors for three financial years, until the approval of the Financial Statements which will close at December 31, 2025.

Graphic Design: Ergon Com S.r.l.

ENGINEERING

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