SYS-DAT S.p.A.

(a joint-stock company (società per azioni) governed by the laws of Italy with its registered office at Via Muzio Attendolo detto Sforza no. 7/9, 20141 – Milan (MI), Italy)

Admission to listing and trading of the ordinary shares of SYS-DAT S.p.A. on Euronext Milan, STAR segment (if the necessary requirements are met)

This prospectus (the "**Prospectus**") has been prepared exclusively in connection with the admission to listing and trading of the ordinary shares in the capital of SYS-DAT S.p.A. (the "**Company**" or "**SYS-DAT**"), each without nominal value (the "**Shares**") on Euronext Milan ("**Euronext Milan**"), STAR segment (if the necessary requirements are met), a regulated market organized and managed by Borsa Italiana S.p.A. ("**Borsa Italiana**" and such admission, the "**Admission**").

Concurrently with the admission to listing, the Company is offering for subscription up to 8,450,000 newly-issued Shares (the "**New Offer Shares**") and Vittorio Neuroni, Matteo Luigi Neuroni, Marta Neuroni and Emanuele Edoardo Angelidis (the "**Selling Shareholders**") are offering for sale up to 1,420,920 existing Shares (the "**Existing Offer Shares**" and together with the New Offer Shares, the "**Firm Offer Shares**"). The Firm Offer Shares and the Over-Allotment Shares (as defined below) are referred to herein as the "**Offer Shares**".

The Shares nor the Offer Shares mentioned herein have not been, and will not be, registered under the United States Securities Act of 1933 (the "**U.S. Securities Act**"). The Shares nor the Offer Shares may not be offered or sold in the United States. The Offer Shares are being offered and sold outside the United States, including in Italy, to institutional investors in offshore transactions in reliance upon Regulation S under the U.S. Securities Act. The Offer is made only in those jurisdictions in which, and only to those persons to whom, the Offer may be lawfully made. There will be no public offer of securities in the United States or in any other jurisdiction.

Prior to the commencement of trading on Euronext Milan, there has been no public trading market for the Shares. On 18 June 2024 with order no. 9001 Borsa Italiana approved the Shares for listing on Euronext Milan. On 18 June 2024 application has also been made to admit all of the Shares to trading on Euronext Milan under the symbol "SYS". The first trading date in the Shares on Euronext Milan will be determined by Borsa Italiana through the publication of a notice pursuant to Article 2.4.3, paragraph 6, of Borsa Italiana Market Rules (respectively, the "**Admission Notice**" and the "**First Trading Date**"). No assurance can be given that the application to admit all of the Shares to trading on Euronext Milan will be approved. In the event the Offer is suspended or withdrawn, the Admission will not occur.

Investing in the Shares involves risks. See "*Risk Factors*" for a description of the risk factors that should be carefully considered before investing in the Shares.

This Prospectus constitutes a prospectus for the purposes of, and has been prepared in accordance with, Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 (including any relevant delegated regulations), as amended (the "**Prospectus Regulation**"), and in compliance with Regulation implementing Italian Legislative Decree no. 58 of February 24, 1998, concerning the discipline of issuers, adopted by CONSOB under resolution no. 11971 of 14 May 1999 and subsequently amended. This Prospectus has been approved as a prospectus for the purposes of Article 3(3) of the Prospectus Regulation by, and filed with, CONSOB as competent authority under the Prospectus Regulation. CONSOB only approves this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the Shares. Investors should make their own assessment as to the suitability of investing in the Shares.

The validity of this Prospectus will expire on the earlier of (i) the First Trading Date and (ii) twelve months from the Prospectus Date provided that it is completed by any supplement if required pursuant to Article 23 of the Prospectus Regulation. The obligation to supplement a prospectus in the event of significant new factors, material mistakes or material inaccuracies shall cease to apply when this Prospectus is no longer valid (see "*Important Information—Supplements*").

Listing Agent

Intermonte

This Prospectus has been published on 19 June 2024, following the notice of approval issued by CONSOB on 19 June 2024, no. 0061583/24, and is available at the Company's registered office, Via Muzio Attendolo detto Sforza no. 7/9, 20141 – Milan (MI), Italy, as well as on the Company's website (https://www.sys-datgroup.com/).

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SUMMARY

Introduction and warnings

Introduction

This summary should be read as an introduction to the prospectus (the "**Prospectus"**) prepared in connection with the admission to listing and trading of the ordinary shares in the capital of SYS-DAT S.p.A. (the "**Company**"), a joint stock company (*società per azioni*) incorporated and organized under the laws of Italy, each without nominal value (the "**Shares**") on Euronext Milan ("**Euronext Milan**"), STAR segment (if the necessary requirements are met), a regulated market organized and managed by Borsa Italiana S.p.A. ("**Borsa Italiana**" and such admission the "**Admission**"). The offering (the "**Offer"**) is comprised of (i) an offering by the Company of up to 8,450,000 newly-issued Shares (the "**New Offer Shares**") and (ii) an offering by Vittorio Neuroni, Matteo Luigi Neuroni, Marta Neuroni and Emanuele Edoardo Angelidis (together, the "**Selling Shareholders**") of up to 1,420,920 existing Shares (the "**Existing Offer Shares**" and together with the New Offer Shares, the "**Firm Offer Shares**"). There will be no public offering of the Shares of the Company in any jurisdiction. Because the Offer consists of private placements in Italy and elsewhere in the European Economic Area to institutional investors that are "qualified investors" as defined in Article (2)(e) of the Prospectus Regulation and institutional investors elsewhere, pursuant to Italian law, the Offer is exempt from the requirement to publish an approved prospectus that follows from Article 3(1) of the Prospectus Regulation. Therefore, this Prospectus has been approved by CONSOB only in relation to the Admission.

The Company's registered office is Via Muzio Attendolo detto Sforza no. 7/9, 20141 – Milan (MI), Italy. The Company is registered with the Italian trade register under number 03699600155. The Company's telephone number is (+39) 02-507241. The Company's Legal Entity Identifier ("**LEI**") is 81560077224E78407E81. The Shares' International Security Identification Number ("**ISIN**") is IT0005595423.

The Prospectus was approved as a prospectus for the purposes of Article 3(3) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 (including any relevant delegated regulations), as amended (the "**Prospectus Regulation**") by, and filed with, the Italian Authority for the Financial Markets (*Commissione Nazionale per le Società e la Borsa*, "**CONSOB**") as a competent authority under the Prospectus Regulation, on 19 June 2024.

CONSOB's registered office is Via Giovanni Battista Martini 3, Rome, Italy. CONSOB's telephone number is +39 06 84771 and its website is www.consob.it.

Notices to investors

Any decision to invest in any Shares should be based on a consideration of the Prospectus as a whole by the investor and not just the summary. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in, or incorporated by reference into, the Prospectus is brought before a court, the plaintiff investor might, under the national law of the member states of the European Economic Area, have to bear the costs of translating the Prospectus and any documents incorporated by reference therein before the legal proceedings can be initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Shares.

Key information on the Company

Who is the Issuer of the Shares?

Domicile, legal form, LEI, legislation and country of incorporation.

The Company is a joint-stock company (*società per azioni*) governed by and operating under the laws of Italy, with registered office at Via Muzio Attendolo detto Sforza no. 7/9, 20141 – Milan (MI), Italy. The Company is registered with the Companies Register of Milano – Monza – Brianza – Lodi under number 03699600155 and with the REA – Repertorio Economico Amministrativo of the Companies Register of Milano – Monza – Brianza – Lodi under number MI-963005. The Company's telephone number is (+39) 02-507241. The Company's Legal Entity Identifier ("LEI") is 81560077224E78407E81. The Company operates under the laws of Italy, is tax resident in Italy and its place of effective management is in Italy.

Principal activities

The Company and its subsidiaries' (together, the "**Group**") is a leading ICT player in Italy, rooted in many years of experience developed in the market of IT solutions for the main industrial segments and services markets. The Group offers highly innovative IT solutions for its clients' mission critical processes. The Group's mission is to enable new business models to its customers, through software solutions and consulting services. The solutions provided by the Group in segment of activity may be applied, simultaneously or separately, in all or some of the following industry sectors: fashion & luxury, manufacturing, ceramics, food & beverage, healthcare, logistics, publishing, banking and professional services (law firms), retail and distribution.

As of the Prospectus Date, the Group consists of the parent operational company SYS-DAT and its 11 subsidiaries with strong vertical specialization, 441 employees and 20 offices throughout the Italian territory.

The Group's strength is based on centers of excellence in innovative solutions, technologies and, most importantly, knowledge in specific vertical markets, which mainly include fashion, manufacturing, sales and distribution and services. As of the Prospectus Date, the Group's customer base consists of over 2.600 companies, from small to blue chip companies, using the Group's software solutions.

For the years ended December 31, 2023, 2022 and 2021, the Group recorded revenues of Euro 46.5 million, Euro 38.0 million and Euro 29.1 million respectively and a net profit of Euro 4.2 million, Euro 3.7 million and Euro 3.6 million.

Share capital

As of the date of publication of this Prospectus (the "**Prospectus Date**"), the total issued share capital of the Company is Euro 1,015,000.00, represented by 20,300,000 Shares without nominal value. All of the issued and outstanding Shares have been validly issued and are fully paid up. The Shares' International Security Identification Number (ISIN) is IT0005595423.

Major shareholders

The following table sets out the Shares held by each shareholder of the Company as of the Prospectus Date.

Shareholder	No. of Shares held prior to the Offer	% of Share Capital
Vittorio Neuroni	8,830,500	43.5%
Matteo Luigi Neuroni	5,379,500	26.5%
Emanuele Edoardo Angelidis	4,060,000	20.0%
Marta Neuroni	2,030,000	10.0%
Total	20,300,000	**100%**

As of the Prospectus Date, none of the Company's current shareholders exercise the legal control over the Company, owing the majority of the Shares and voting rights. However, given Vittorio Neuroni's current and expected shareholding following the Offer and assuming the absence of other shareholders who, alone or jointly, could influence the decisions through the Company's ordinary or extraordinary Shareholders' Meeting after the First Trading Date, Vittorio Neuroni exercises at the Prospectus Date and is expected to continue to exercise, after the Admission, a *de facto* control over the Company according to Article 2359, second paragraph, no. 2, of the Italian Civil Code.

Executive directors

Mr. Matteo Luigi Neuroni is the Chief Executive Officer of the Company. Mr Vittorio Neuroni, Mr. Emanuele Edoardo Angelidis and Mrs. Marta Neuroni are executive Directors of the Company.

Independent auditor

BDO Italia S.p.A. ("**BDO**"), with registered office at Viale Abruzzi no. 94, 20131 Milan (MI), Italy, is the Company's independent auditor (*revisore legale*).

What is the key financial information regarding the Company?

Selected financial information

The following tables set forth the Company's selected consolidated statement of profit or loss, selected consolidated statement of financial position and selected consolidated statement of cash flows (restated) and other financial data as of the dates and for the periods indicated. The selected consolidated financial information as of and for the years ended December 31, 2023, 2022 and 2021 has been derived from the Three-Year Consolidated Financial Statements as of and for the years ended December 31, 2023, 2022 and 2021 of SYS-DAT S.p.A., beginning on page F-1 of the Prospectus (the "**Three-Year Consolidated Financial Statements**").

The Three-Year Consolidated Financial Statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board (IASB), as adopted by the European Union, to be included in the Prospectus. The Three-Year Consolidated Financial Statements have been approved by the Board of Directors on 20 March 2024, and have been audited by the Independent Auditor, as stated in their report appearing herein.

Three-Year Consolidated Income Statement

	For the year ended December 31,		
	2023	**2022**	**2021**
(in thousand of Euro)			
Total revenues..	**46,468**	**37,995**	**29,150**
Total operating costs..	37,168	30,082	23,197
EBITDA	**9,300**	**7,913**	**5,953**
EBIT...	**6,468**	**5,593**	**4,955**
Result before taxes...	**6,542**	**5,290**	**4,873**
Taxes...	2,301	1,599	1,252
Net result for the year	**4,241**	**3,691**	**3,621**
Year on year Net revenue growth	8,473	8,845	n.a.
Year on year Net revenue growth (%)	22%	30%	n.a.
Earnings per share	4.18	3.64	3.57

Three-Year Consolidated Statement of the financial position

(in thousand of Euro)	As of December 31, 2023	2022	2021
Total current assets	39,320	32,383	28,261
Total non-current assets	21,824	15,909	10,845
Total assets	**61,144**	**48,292**	**39,106**
Total current liabilities	22,044	15,895	11,698
Total non-current liabilities	19,811	16,433	14,703
Total liabilities	**41,855**	**32,328**	**26,401**
Total equity	**19,289**	**15,964**	**12,705**
Total liabilities and equity	**61,144**	**48,292**	**39,106**

Three-Year Consolidated Statement of cash flows – restated

Please note that the table above represents a restatement of the consolidated statement of cash flow for the years ended December 31, 2023, 2022 and 2021 included in the Three-Year Consolidated Financial Statements, in order to show the cash acquired (or transferred) from change in consolidation area as part of the cash flow generated (or absorbed) from investment activities.

(in thousand of Euro)	As of December 31, 2023	2022	2021
Net cash generated from operating activities	**7,296**	**5,660**	**5,551**
Net cash used in investing activities	**(4,241)**	**(5,258)**	**(3,676)**
Net cash generated from/(used in) financing activities	**(2,485)**	**(2,288)**	**2,504**
Net (decrease)/increase in cash and cash equivalents	570	(1,886)	4,379
Cash and cash equivalents at the beginning of the period	13,867	15,753	11,374
Cash and cash equivalents at the end of the period	**14,437**	**13,867**	**15,753**

Non-IFRS financial information

This summary and the Prospectus contain financial measures that are not recognized by IFRS. These measures are termed "Non-IFRS Measures" because they exclude amounts that are reported in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS or are calculated using financial measures that are not calculated in accordance with IFRS.

These Non-IFRS Measures include: *EBIT, EBIT Margin, EBITDA, EBITDA Margin, ROE, ROI, ROS, Net Financial Indebtedness, Net Financial Indebtedness/Equity, Net Financial Indebtedness/ EBITDA, DSO, Trade Receivables Turnover, DPO, Trade Payables Turnover, Net Fixed Capital, Net Working Capital, Commercial Working Capital, Net Invested Capital.*

Management uses such measures to assess the financial performance and liquidity of the businesses. Management believes that these and similar measures are used widely by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity and are intended to assist in the analysis of the operating results and profitability. The Non-IFRS Measures used by the Group may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools. Therefore, such measures should not be considered in isolation or as a substitute for the operating results as reported under IFRS.

Euro thousand, ratio and percentages	For the year ended December 31, 2023	2022	2021
EBIT	6,468	5,593	4,955
EBIT margin	13.9%	14.7%	17.0%
EBITDA	9,300	7,913	5,953
EBITDA margin	20.0%	20.8%	20.4%
ROE	22.0%	23.1%	28.5%
ROI	40.0%	51.3%	75.6%
ROS	13.9%	14.7%	17.0%
Net Financial Indebtedness	3,115	5,061	6,153
Net Financial Indebtedness / Equity	0.16	0.32	0.48
Net Financial Indebtedness / EBITDA	(0.33)	(0.64)	(1.03)
DSO	103	98	80
Trade receivables turnover	3.5	3.7	4.6
DPO	74.3	71.3	65.3
Trade payables turnover	4.9	5.1	5.6
Net fixed capital	13,038	9,091	5,134
Commercial net working capital	13,365	9,132	5,246
Net working capital	3,136	1,811	1,416
Net invested capital	16,174	10,902	6,550

Pro forma consolidated financial information

This Prospectus does not include pro-forma consolidated financial information.

What are the key risks that are specific to the Group?

- *The Group's economic performance is subject to a variety of internal and external factors, which may worsen the Group's results and margins.*
- *This Prospectus includes a medium to long term financial objective, characterized by a high level of uncertainty, which should not be read as a forecast, projection or expected result.*
- *Future performances of the Company different from the estimation and assumptions used for the impairment test, or unexpected negative variances to the financial parameters used to discount the cash in-flows occurred, should lead to write-offs of tangible or intangible and other non-current assets.*
- *Risk related to the Group's ability to finance its organic and inorganic growth strategy and to the negative cashflow of the investment activity experienced by the Group in the financial years required by the Prospectus Regulation.*
- *The Company may be exposed to a joint and several liability if Brick S.r.l. (beneficiary company) fails to meet its obligations under the real estate lease agreements.*
- *The potential interruption of relationships with the Group's strategic suppliers may undermine or delay the ordinary course of the Group's activities.*
- *The Group's business operations, results and financial position are partially dependent on the continuation of customer relationships as well as on the Group's success in the sale of software solutions. Loss of customers, failure in additional or cross-sales as well as potential decreases in the sales of the Group's service and software solutions could have a material adverse effect on the Group's business operations, results of operations and financial position.*
- *The Group could fail to find potential acquisition targets or to integrate possible acquisitions, and acquisitions could involve unforeseen challenges and liabilities.*
- *The Group could fail in choosing its strategy or in its implementation, which could have an adverse effect on the Group's profitability and business growth, and the Group may not necessarily succeed in reaching its financial targets.*
- *The Group's business is partially dependent on third-party technological innovations and software, and changes, interruptions and disruptions in such technologies and software could have an adverse effect on the functionality of the Group's software solutions and therefore have an adverse effect on the Group's customer satisfaction, reputation and business operations.*
- *The Group may be exposed to the applicability of the Italian foreign investment control regime ("Golden Power Regulation").*
- *Members of the Board of Directors and the Chief Executive Officer of the Company are subject to potential conflicts of interest.*

Key information on the Shares

What are the main features of the Shares?

Type, class and ISIN

The Shares are ordinary shares in the capital of the Company, without nominal value. The Shares are denominated in and will be traded in Euro on Euronext Milan, STAR segment (if the necessary requirements are met). The ISIN of the Shares is IT0005595423.

Currency, par value and duration

The Shares are denominated in "Euro", without nominal value and are subject to the dematerialization regime under the Legislative Decree no. 58/1998 (the "**Consolidated Financial Act**").

Rights attached to the Shares

The Offer Shares will, upon admission to trading, rank *pari passu* in all respects with each other and with all the existing Shares of the Company, including the right to cast one vote at the Company's ordinary and extraordinary shareholders' meeting (except for those situations in which voting rights are suspended pursuant to applicable law) and to receive dividends or other distributions declared, made, or paid after Admission. There are no restrictions on voting rights attaching to the Shares. Holders of Shares will be entitled to receive dividends or other distributions declared, made or paid on them, if any. Holders of Shares will have a right of pre-emption in case of issuances of Shares in proportion to their respective shareholdings. Such a pre-emptive right may, however, be excluded or limited under certain circumstances provided for by Italian law. No guarantee is attached to the Shares.

In the event of dissolution and liquidation, under Italian law, and subject to satisfaction of the claims of all other creditors, shareholders are entitled to a distribution of the remaining liquidated assets in proportion to the nominal value of the Shares they hold in the capital stock upon the winding up. Thereafter, if there are surplus assets, shareholders of ordinary shares are entitled to receive distribution of such surplus assets. The rehabilitation and resolution procedures under Directive 2014/59/EU of the European Parliament and the Council are not applicable to the Company.

Restrictions on free transferability of the Shares

There are no restrictions on free transferability of the Shares under the Company's by-laws. The transfer of Shares to persons who are located or resident in, or who have a registered address in jurisdictions other than Italy may, however, be subject to specific regulations and/or restrictions according to the securities laws applicable in such jurisdictions.

Dividend policy

As of the Prospectus Date, the Company has not adopted any policy regarding the distribution of future dividends. The shareholders will resolve upon the distribution of dividends from time to time. The dividends will be distributed to shareholders based on a payment proposal by the Board of Directors, after taking into consideration the compliance with any applicable financial covenants and, if any, with further financial needs of the Company.

Where will the Shares be traded?

Prior to the Offer and the Admission, there has been no public trading market for the Shares. The Shares have been approved for listing on Euronext Milan. On 18 June 2024 application has been made to admit all of the Shares to trading on Euronext Milan under the symbol "SYS". The First Trading Date on Euronext Milan will be determined by Borsa Italiana through the publication of the Admission Notice in accordance with Article 2.4.3, paragraph 6, of the Regulations of the Markets organized and managed by Borsa Italiana. No assurance can be given that the application to admit the Shares to trading on Euronext Milan will be approved.

Is there a guarantee attached to the Shares?

There is no guarantee attached to the Shares.

What are the key risks that are specific to the Shares?

The key risks relating to the Offer and the Shares include:

- *The price of the Share on Euronext Milan marketplace and the liquidity of the Share may not develop as expected*.
- *The Company cannot guarantee that it will pay dividends in the future*.
- *The Company's ownership structure is concentrated, and concentrated ownership could reduce the influence of other shareholders in the Company, undermine their confidence in the Company and reduce the liquidity of the Shares*.

Key information on the Offer and the Admission

Under which conditions and timetable can I invest in the Shares?

Admission

By order no. 9001 of 18 June 2024, Borsa Italiana admitted the Shares to listing on Euronext Milan. On 18 June 2024 application has also been made to Borsa Italiana to admit the Shares to trading on Euronext Milan. The First Trading Date will be determined by Borsa Italiana and published by way of a notice pursuant to Article 2.4.3., paragraph 6, of the rules for the markets organized and managed by Borsa Italiana ("**Borsa Italiana Market Rules**"). The Shares will trade in Euro on Euronext Milan, STAR segment (if the necessary requirements are met).

Offer

There will be no public offering of the Shares of the Company in any jurisdiction. The free float needed for the purposes of the Admission will be created through a private placement of the Offer Shares to certain institutional investors in the European Economic Area and other permitted jurisdictions, excluding the United States. The Offer is comprised of (i) an offering by the Company of up to 8,450,000 New Offer Shares and (ii) an offering the Selling Shareholders of up to 1,420,920 Existing Offer Shares.

The institutional placement will commence on 24 June 2024 and will close on 27 June 2024, unless extended or terminated earlier as announced by a press release to be published on the Issuer's website (https://www.sys-datgroup.com/) (the "**Institutional Placement**"). It should be noted that the timetable for the Offer is indicative and may be subject to change due to the occurrence of events and circumstances beyond the control of the Company and the Selling Shareholders, including, in particular, conditions of volatility in the financial markets, which may jeopardise the successful completion of the Institutional Placement. Any changes to the Offer period will be announced to the public by way of a press release to be published on the Issuer's website (https://www.sys-datgroup.com/). In view of the fact that the Offer consists of an institutional placement and that no offer to the general public in Italy and/or in any other country is envisaged, no specific subscription procedures are provided. The collection of orders under the Institutional Placement and the subscription will be carried out in accordance with international practice for similar transactions.

The Company and the Selling Shareholders, after consultation with the Global Coordinator, reserve the right to withdraw, revoke or suspend the Offer at any time prior to the Settlement Date, and to reduce the size of the Offer, in whole or in part (reducing the Existing Offer Shares, subject to meeting the requirements to establish the free float so that the Shares can be traded on Euronext Milan). In the event of a reduction in the number of shares offered, therefore, the shares offered by the Company for subscription will be placed first and, only where the latter are fully placed, the shares offered for sale by the Selling Shareholders will be placed, with the minimum objective of placing a number of shares at least equal to 25% of the post-Offer shares, a percentage necessary to allow for admission to trading on Euronext Milan, ordinary segment.

Payment for the shares allotted under the Institutional Placement is expected to be made on or before 2 July 2024.

Over-Allotment Option

The Company granted Intermonte (in its capacity as Stabilization Manager), the Over-Allotment Option, exercisable in whole or in part within a period of 30 calendar days after the First Trading Date, pursuant to which the Stabilization Manager may subscribe at the Offer Price up to 987,000 Over-Allotment Shares, corresponding to up to 10% of the total number of Offer Shares sold and subscribed in the Offer, solely for the purposes of covering short positions resulting from any over-allotments made in connection with the Offer or stabilization transactions, if any. Assuming the sale of all Offer Shares and no exercise of the Over-Allotment Option, the Offer Shares will constitute approximately 49% of the issued and outstanding share capital of the Company as of the Prospectus Date. Assuming the sale of all the Offer Shares and exercise in full of the Over-Allotment Option, the Offer Shares will constitute approximately 53% of the issued and outstanding share capital of the Company as of the Prospectus Date.

Jurisdictions

The Offer consists solely of private placements to certain institutional investors in Italy and other permitted jurisdictions. The Offer Shares are being offered and sold outside the United States, including in Italy, to institutional investors in offshore transactions in reliance upon Regulation

S under the U.S. Securities Act. The Offer is made only in those jurisdictions in which, and only to those persons to whom, the Offer may be lawfully made. There will be no public offering in any jurisdiction.

Offer Price and number of Offer Shares

The Offer Price is expected to be in the range of Euro 3.20 to Euro 3.80 (inclusive) per Offer Share (the "**Offer Price Range**"), as resolved by the Board of Directors on 17 June 2024, by virtue of the mandate conferred by the Shareholders' Meeting of 21 March 2024. The Offer Price may be set within, above or below the Offer Price Range. The Offer Price and the exact number of Offer Shares (including the maximum number of Over-Allotment Shares) will be determined by the Company and the Selling Shareholders based on consultation with the Bookrunner on the basis of a book building process and will be stated in the Pricing Statement that will be published through a press release on the Company's website (https://www.sys-datgroup.com) and transmitted to CONSOB.

Timetable

The First Trading Date will be determined by Borsa Italiana through the publication of the Admission Notice.

Global Coordinator and Bookrunner

Intermonte SIM S.p.A. ("**Intermonte**") is acting as global coordinator (the "**Global Coordinator**") and bookrunner of the Offer (the "**Bookrunner**").

Listing Agent

Intermonte is the Listing Agent with respect to the Admission.

Specialist

Intermonte is acting as specialist with respect to the Admission.

Stabilization Manager

Intermonte is the stabilization manager with respect to the Offer (the "**Stabilization Manager**").

Dilution

Based on the maximum number of New Offer Shares that will be offered by the Company, the issue of the New Offer Shares will result in a maximum dilution of the outstanding shares of the Company on the share capital of about 30%. The sale of the Existing Offer Shares by the Selling Shareholders will not result in the issuance of new Shares of the Company and therefore will not result in any dilutive effect to the Company's existing shareholders.

Estimated expenses

The costs and expenses related to the Offer and Admission (excluding the underwriting commissions due to the Bookrunner) are estimated at approximately Euro 1,250 thousand and include, among other items, the fees due to CONSOB and Borsa Italiana S.p.A., legal and administrative expenses, as well as publication costs, if any. Such costs and expenses will be borne by the Company. The underwriting commissions due to the Bookrunner, up to 5.0% of the gross proceeds of the Offer (including from the sale of any Over-Allotment Shares), will be borne by the Company and the Selling Shareholders *pro rata* in proportion to the Offer Shares sold by them in the Offer.

Who is the offeror and/or the person asking for Admission?

The Company is asking for Admission. The Company is a joint-stock company (*società per azioni*) governed by and operating under the laws of Italy, with registered office at Via Muzio Attendolo detto Sforza no. 7/9, 20141 – Milan (MI), Italy. The Company is registered with the Companies Register of Milano – Monza – Brianza – Lodi under number 03699600155 and with the REA – *Repertorio Economico Amministrativo* of the Companies Register of Milano – Monza – Brianza – Lodi under number MI – 963005. The Company's Legal Entity Identifier ("LEI") is 81560077224E78407E81.

Why is the Prospectus being produced?

Reasons for the Offer and Admission

The Offer is functional to the distribution of the Shares and their listing on Euronext Milan, STAR segment (if the necessary requirements are met). The Offer also responds to the Company's desire to continue its growth path by expanding its production capacity and strengthening its capital structure. Following the Offer, the Company will acquire the status of a listed company so as to be able to achieve greater visibility in its reference market and increase its ability to access the capital market to support its growth and development objectives as well as benefit from the possibility of making potential acquisitions by payment of the consideration in listed shares. Because the Offer consists only of a private placement to institutional investors, pursuant to the Prospectus Regulation the Offer is exempt from the requirement to publish an approved prospectus under the Prospectus Regulation. Therefore, this Prospectus has been approved by CONSOB only in relation to the Admission.

Net proceeds

The net proceeds from the Offer accruing to the Company, amounting to Euro 30,505 thousand (based on an Offer Price equal to the maximum of the Offer Price Range), net of the costs and expenses and maximum commissions (including certain discretionary components, if any) to be paid to the Global Coordinator will be used by the Company to pursue external growth opportunities, as well as to implement its strategy, in particular, to expand its business capacity, develop new technologies, strengthen its capital structure and further expand its geographic footprint.

Underwriting agreement

Assuming the Offer is successfully completed, the Company, the Selling Shareholders and the Bookrunner will enter into an underwriting agreement (the "**Underwriting Agreement**") with respect to the Offer Shares.

Material conflicts of interest pertaining to the Offer and the Admission

Intermonte, as Global Coordinator, Bookrunner and Listing Agent has potential conflicts of interest as will enter into an institutional underwriting agreement under which will undertake to place and underwrite, for the shares within its competence, the placement of the Offer Shares. Intermonte will receive (i) a fee for this activity and (ii) a compensation in relation to the services provided as Listing Agent. Intermonte or companies of the group to which it belongs, in the normal exercise of their activities, may: (i) provide investment banking or other financial services in favour of the Issuer, the Selling Shareholders and/or their respective groups and/or their respective shareholders and/or parties controlled by them and/or linked to them and/or in which they hold an interest and/or other parties involved directly or indirectly in the Offer; (ii) carry out brokerage and/or research and/or other financial services on the financial instruments of the parties indicated in point (i) above and/or on financial instruments linked to them and/or hold positions in the said financial instruments.

NOTA DI SINTESI

(ITALIAN TRANSLATION OF THE SUMMARY OF THE PROSPECTUS)

Introduzione ed avvertenze

Introduzione

La presente nota di sintesi deve essere letta come un'introduzione al prospetto informativo (il "**Prospetto**") redatto in relazione all'ammissione a quotazione e alla negoziazione delle azioni ordinarie di SYS-DAT S.p.A. (la "**Società**" o l'"**Emittente**"), ciascuna priva di valore nominale (le "**Azioni**") su Euronext Milan ("**Euronext Milan**"), Segmento STAR (ove ne ricorrano i requisiti) mercato regolamentato organizzato e gestito da Borsa Italiana S.p.A. (rispettivamente, "**Borsa Italiana**" e l'"**Ammissione**"). L'offerta (l'"**Offerta**") consiste in: (i) un'offerta da parte della Società di massime n. 8.450.000 Azioni di nuova emissione (le "**Azioni di Nuova Emissione**") e (ii) un'offerta da parte di Vittorio Neuroni, Matteo Luigi Neuroni, Marta Neuroni ed Emanuele Edoardo Angelidis (gli "**Azionisti Venditori**") di massime n. 1.420.920 azioni esistenti (le "**Azioni Esistenti**" e, insieme alle Azioni di Nuova Emissione e alle Azioni oggetto dell'Opzione di Over-Allotment, le "**Azioni in Offerta**"). Non è prevista alcuna offerta pubblica delle Azioni della Società in nessuna giurisdizione. Poiché l'Offerta consiste in un collocamento privato, in Italia e nello Spazio Economico Europeo riservato a investitori istituzionali che siano "investitori qualificati" ai sensi dell'articolo 2, lett. e) del Regolamento (UE) 1129/2017 del Parlamento Europeo e del Consiglio del 14 giugno 2017 (inclusi i relativi regolamenti delegati), come modificato (il "**Regolamento Prospetto**"), nonché all'estero riservato ad investitori istituzionali, l'Offerta è esente dall'obbligo di pubblicazione di un prospetto ai sensi dell'articolo 3(1) del Regolamento Prospetto. Pertanto, il presente Prospetto è stato approvato dalla Commissione Nazionale per le Società e la Borsa ("**CONSOB**") e depositato presso la stessa unicamente in relazione all'Ammissione.

La sede legale della Società si trova presso Via Muzio Attendolo detto Sforza no. 7/9, 20141 – Milano (MI), Italia. La Società è iscritta al Registro delle Imprese presso la Camera di Commercio di Milano – Monza – Brianza – Lodi con codice fiscale e numero di iscrizione 03699600155. Il numero di telefono della Società è (+39) 02-507241. Il codice Legal Entity Identifier ("**LEI**") della Società è 81560077224E78407E81. L'*International Security Identification Number* ("**ISIN**") delle Azioni è IT0005595423.

Il Prospetto è stato approvato come prospetto ai fini dell'articolo 3(3) del Regolamento Prospetto da, e depositato presso, la CONSOB, l'autorità di vigilanza italiana sui mercati, in qualità di autorità competente ai sensi del Regolamento Prospetto, in data 19 giugno 2024.

La sede legale della CONSOB si trova presso Via Giovanni Battista Martini, 3, Roma, Italia, telefono +39 06 84771, sito internet www.CONSOB.it.

Avviso agli investitori

Qualsiasi decisione di investire nelle Azioni deve basarsi sull'esame del Prospetto completo da parte dell'investitore e non solo sulla nota di sintesi. Un investitore potrebbe perdere tutto o parte del capitale investito. Qualora sia proposto un ricorso dinanzi all'organo giurisdizionale in merito alle informazioni contenute nel Prospetto, l'investitore ricorrente potrebbe essere tenuto, a norma del diritto nazionale degli Stati membri dello Spazio Economico Europeo, a sostenere le spese di traduzione del Prospetto e di qualsiasi documento incorporato per riferimento in esso prima dell'inizio del procedimento. La responsabilità civile incombe solo alle persone che hanno presentato la nota di sintesi, comprese le relative traduzioni, ma soltanto se tale nota risulta fuorviante, imprecisa o incoerente se letta insieme con le altre parti del Prospetto o non offre, se letta insieme con le altre parti del Prospetto, le informazioni fondamentali per aiutare gli investitori al momento di valutare l'opportunità di investire in Azioni.

Informazioni fondamentali concernenti la Società

Chi è l'emittente delle Azioni?

Domicilio e forma giuridica, codice LEI, ordinamento in base alla quale opera e Paese in cui ha sede.

L'Emittente è costituito in forma di società per azioni e opera in base alla legislazione italiana, e ha sede legale in Via Muzio Attendolo detto Sforza no. 7/9, 20141 – Milano (MI), Italia. La Società è iscritta al Registro delle Imprese presso la Camera di Commercio di Milano – Monza – Brianza – Lodi con codice fiscale e numero di iscrizione 03699600155, R.E.A. di Milano n. MI-963005. Il numero di telefono dell'Emittente è (+39) 02-507241. Il codice LEI dell'Emittente è 81560077224E78407E81. La Società opera in base alla legislazione italiana, è residente fiscalmente in Italia e ha la propria sede operativa in Italia.

Attività principali

La Società e le sue controllate (congiuntamente, il "**Gruppo**") è un operatore di riferimento in Italia nel settore ICT, che fonda le sue radici in un'esperienza pluriennale sviluppata nel mercato delle soluzioni di *information technology* destinate ai principali segmenti industriali e del mercato dei servizi. Il Gruppo SYS-DAT offre soluzioni IT altamente innovative per tutti i processi *mission critical* dei propri clienti. La missione del Gruppo è quella di abilitare nuovi modelli di *business* a beneficio dei propri clienti, attraverso soluzioni *software* e servizi di consulenza. Le soluzioni fornite dal Gruppo possono essere applicate, simultaneamente o separatamente, in tutti o alcuni dei seguenti settori industriali: *fashion & luxury*, *manufacturing*, *ceramics*, *food & beverage*, *healthcare*, *logistics*, *publishing*, *banking* and *professional services* (studi legali), *retail and distribution*.

Alla Data del Prospetto Informativo il Gruppo è composto dalla capogruppo SYS-DAT e da 11 società controllate, ciascuna di esse caratterizzata da una forte specializzazione verticale, 441 dipendenti e 20 uffici su tutto il territorio italiano.

La forza del gruppo SYS-DAT si basa su centri di eccellenza in soluzioni innovative, tecnologie e, soprattutto, conoscenze in specifici mercati verticali, che includono principalmente moda, produzione, vendita, distribuzione e servizi. Alla Data del Prospetto Informativo, la base clienti del Gruppo è costituita da oltre 2.600 aziende, da piccole imprese a società *blue-chip*, che utilizzano le soluzioni software del Gruppo.

Per gli esercizi chiusi al 31 dicembre 2023, 2022 e 2021, il Gruppo ha registrato ricavi pari rispettivamente a Euro 46,5 milioni, Euro 38,0 milioni e Euro 29,1 milioni e un utile pari rispettivamente a Euro 4,2 milioni, Euro 3,7 milioni e Euro 3,6 milioni.

Capitale sociale

Alla data di pubblicazione del Prospetto (la "**Data del Prospetto**"), il capitale sociale della Società è pari ad Euro 1.015.000,00, rappresentato da n. 20.300.000 Azioni prive di indicazione del valore nominale. Tutte le Azioni emesse e in circolazione sono state validamente emesse e sono interamente liberate. L'*International Security Identification number* (ISIN) delle azioni è IT0005595423.

Maggiori Azionisti

La seguente tabella riporta le Azioni detenute da ciascun azionista della Società alla Data del Prospetto.

Azionista	**N. di azioni detenute prima dell'Offerta**	**% Capitale Sociale**
Vittorio Neuroni	8.830.000	43,5%
Matteo Luigi Neuroni	5.379.500	26,5%
Emanuele Edoardo Angelidis	4.060.000	20,0%
Marta Neuroni	2.030.000	10,0%
Totale	20.300.000	**100%**

Alla Data del Prospetto, nessuno degli attuali Azionisti della Società è titolare della maggioranza delle Azioni e dei diritti di voto e quindi controlla di diritto la Società. Tuttavia, in considerazione della partecipazione di cui è attualmente e atteso essere titolare Vittorio Neuroni all'esito dell'Offerta e assumendo l'assenza di altri azionisti che, da soli o congiuntamente, possano influenzare le decisioni dell'assemblea ordinaria o straordinaria della Società dopo la data di avvio delle negoziazioni delle Azioni su Euronext Milan (la "**Data di Avvio delle Negoziazioni**"), Vittorio Neuroni esercita alla Data del Prospetto e continuerà a esercitare, dopo l'Ammissione, il controllo di fatto sulla Società ai sensi dell'art. 2359, secondo comma, n. 2, del Codice Civile.

Amministratori esecutivi

Matteo Luigi Neuroni è l'Amministratore Delegato della Società. Vittorio Neuroni, Emanuele Edoardo Angelidis e Marta Neuroni sono Amministratori esecutivi della Società.

Revisore Legale

BDO Italia S.p.A. ("**BDO**"), con sede legale in Viale Abruzzi n. 94, 20131 Milano (MI), Italia, è il revisore legale della Società.

Quali sono le informazioni fondamentali relative alla Società?

Informazioni finanziarie selezionate

Le seguenti tabelle riportano il conto economico consolidato selezionato, lo stato patrimoniale consolidato selezionato e il rendiconto finanziario consolidato selezionato (riesposto) e altri dati finanziari del Gruppo alle date e per i periodi indicati. Le informazioni finanziarie consolidate selezionate per gli esercizi chiusi al 31 dicembre 2023, 2022 e 2021 sono state ricavate dal bilancio consolidato triennale per gli esercizi chiusi al 31 dicembre 2023, 2022 e 2021 di SYS-DAT S.p.A., riportato a partire dalla pagina F-1 del Prospetto (il "**Bilancio Consolidato Triennale**").

Il Bilancio Consolidato Triennale è stato redatto in conformità agli *International Financial Reporting Standards* ("**IFRS**") emessi dall'*International Accounting Standards Board* (IASB), così come adottati dall'Unione Europea. Il Bilancio Consolidato Triennale è stato approvato dal consiglio di amministrazione in data 20 marzo 2024 ed è stato assoggettato a revisione contabile dalla Società di Revisione del Gruppo, come indicato nella relazione che viene allegata in calce al Prospetto.

Conto economico consolidato triennale

	Esercizio chiuso al 31 dicembre		
	2023	**2022**	**2021**
(Euro migliaia)			
Totale ricavi.	**46.468**	**37.995**	**29.150**
Totale costi operativi	37.168	30.082	23.197
EBITDA	**9.300**	**7.913**	**5.953**
EBIT	**6.468**	**5.593**	**4.955**
Risultato prima delle imposte	**6.542**	**5.290**	**4.873**
Imposte dell'esercizio	2.301	1.599	1.252
Risultato d'esercizio	**4.241**	**3.691**	**3.621**
Crescita annuale dei ricavi	8.473	8.845	n.a.
Crescita annual dei Ricavi (%)	22%	30%	n.a.
Utile per azione	4,18	3,64	3,57

Situazione patrimoniale-finanziaria consolidata aggregata

	31 dicembre		
	2023	**2022**	**2021**
(Euro migliaia)			
Totale attività correnti	39.320	32.383	28.261
Totale attività non correnti	21.824	15.909	10.845
Totale attività	**61.144**	**48.292**	**39.106**
Totale passività correnti	22.044	15.895	11.698

(Euro migliaia)	31 dicembre 2023	2022	2021
Totale passività non correnti	19.811	16.433	14.703
Total passività	**41.855**	**32.328**	**26.401**
Patrimonio Netto	**19.289**	**15.964**	**12.705**
Total passività e Patrimonio Netto	**61.144**	**48.292**	**39.106**

Rendiconto finanziario consolidato triennale – riesposto

Si segnala che la tabella che segue riporta una riesposizione del rendiconto finanziario per gli esercizi Chiusi al 31 dicembre 2023, 2022 e 2021 incluso nel Bilancio Consolidato Triennale, al fine di mostrare le disponibilità liquide acquisite (o trasferite) da variazioni del perimetro di consolidamento quale parte del flusso di cassa generato (o assorbito) dall'attività di investimento.

(Euro migliaia)	Esercizio chiuso al 31 dicembre 2023	2022	2021
Flusso di cassa generato dalle attività operative	**7.296**	**5.660**	**5.551**
Flusso di cassa assorbito dalle attività di investimento	**(4.241)**	**(5.258)**	**(3.676)**
Flusso di cassa assorbito dalle attività di finanziamento	**(2.485)**	**(2.288)**	**2.504**
Incremento/(decremento) delle disponibilità liquide nell'esercizio	570	(1.886)	4.379
Disponibilità liquide all'inizio dell'esercizio	13.867	15.753	11.374
Disponibilità liquide al termine dell'esercizio	**14.437**	**13.867**	**15.753**

Informazioni finanziarie non-IFRS

La presente Nota di Sintesi e il Prospetto contengono misure finanziarie non riconosciute dai principi contabili internazionali IFRS ("**IFRS**"). Queste misure sono definite "**IAP**" perché escludono importi che sono inclusi o includono importi che sono esclusi dalle misure più direttamente comparabili calcolate e presentate in conformità agli IFRS, oppure sono calcolate utilizzando misure finanziarie non calcolate in conformità agli IFRS.

Gli IAP includono: EBIT, EBIT Margin, EBITDA, EBITDA Margin, ROE, ROI, ROS, Indebitamento Finanziario Netto, Indebitamento Finanziario Netto/Patrimonio Netto, Indebitamento Finanziario Netto/ EBITDA, Giorni medi di incasso dei crediti commerciali, Indice di rotazione dei crediti commerciali, Giorni medi di pagamento dei debiti commerciali, Indice di rotazione dei debiti commerciali, Capitale immobilizzato netto, Capitale circolante netto commerciale, Capitale circolante netto, Capitale investito netto.

La Società utilizza tali misure per valutare la *performance* finanziaria e la liquidità delle attività economiche. La Società ritiene che queste e altre misure simili siano ampiamente utilizzate da alcuni investitori, analisti di titoli e altre parti interessate come misure supplementari di *performance* e liquidità e siano intese come ausilio nell'analisi dei risultati operativi e della redditività. Gli IAP utilizzati dal Gruppo potrebbero non essere omogenee con gli IAP con titolo simile utilizzate da altre società e presentano limitazioni come strumenti analitici. Pertanto, tali misure non devono essere considerate isolatamente o in sostituzione degli indicatori previsti dagli IFRS.

		Esercizio chiuso al 31 dicembre	
Euro migliaia, rapporto e percentuali)	**2023**	**2022**	**2021**
EBIT	6,468	5,593	4,955
EBIT margin	13.9%	14.7%	17.0%
EBITDA	9,300	7,913	5,953
EBITDA margin	20.0%	20.8%	20.4%
ROE	22.0%	23.1%	28.5%
ROI	40.0%	51.3%	75.6%
ROS	13.9%	14.7%	17.0%
Indebitamento Finanziario Netto	3,115	5,061	6,153
Indebitamento Finanziario Netto / Patrimonio Netto	0.16	0.32	0.48
Indebitamento Finanziario Netto / EBITDA	(0.33)	(0.64)	(1.03)
Giorni medi di incasso dei crediti commerciali	103	98	80
Indice di rotazione dei crediti commerciali	3.5	3.7	4.6
Giorni medi di pagamento dei debiti commerciali	74.3	71.3	65.3
Indice di rotazione dei debiti commerciali	4.9	5.1	5.6
Capitale immobilizzato netto	13,038	9,091	5,134
Capitale circolante netto commerciale	13,365	9,132	5,246
Capitale circolante netto	3,136	1,811	1,416
Capitale investito netto	16,174	10,902	6,550

Informazioni finanziarie proforma

Il presente Prospetto non contiene informazioni finanziarie proforma.

Quali sono i principali rischi specifici della Società?

- *La performance economica del Gruppo è soggetta ad una varietà di fattori interni ed esterni che potrebbero peggiorare i risultati e i margini del Gruppo.*
- *Il Prospetto contiene un obiettivo finanziario a medio-lungo termine, caratterizzato da un alto grado di incertezza, che non deve essere letto come una previsione, proiezione o risultato atteso.*
- *Performance del Gruppo diverse dalle stime e dalle assunzioni utilizzate per l'impairment test o scostamenti negativi inattesi dei parametri finanziari utilizzati per l'attualizzazione dei flussi di cassa, potrebbero determinare svalutazioni delle attività materiali o immateriali e attività non correnti.*
- *Il Gruppo potrebbe non essere capace di finanziare la propria strategia di crescita organica e inorganica e potrebbe registrare un cashflow negativo dell'attività di investimento, come accaduto negli esercizi finanziari richiesti dal Regolamento Prospetti.*
- *La Società potrebbe essere esposta a una responsabilità solidale nel caso in cui Brick S.r.l. (società beneficiaria) non adempia agli obblighi previsti dai contratti di locazione immobiliare.*
- *La possibile interruzione dei rapporti con i fornitori strategici del Gruppo potrebbe pregiudicare o rallentare il corso ordinario delle attività del Gruppo.*
- *L'attività, i risultati e la posizione finanziaria del Gruppo dipendono dalla continuità dei rapporti con i clienti e dal successo del Gruppo nella vendita di soluzioni software. La perdita di clienti, l'incapacità del Gruppo di sviluppare attività di cross-selling e la potenziale diminuzione delle vendite di servizi e soluzioni software potrebbero avere un effetto negativo rilevante sulle operazioni commerciali, sui risultati economici e sulla posizione finanziaria del Gruppo.*
- *Il Gruppo potrebbe non trovare società o aziende da acquisire o non riuscire ad integrare eventuali acquisizioni effettuate, con il rischio che si verifichino problematiche e responsabilità impreviste.*
- *Il Gruppo potrebbe fallire nella scelta della propria strategia di sviluppo o nella sua attuazione, circostanze che potrebbero avere un effetto negativo sulla redditività e sulla crescita del business del Gruppo e sulla sua capacità di raggiungere i propri obiettivi finanziari.*
- *L'attività del Gruppo dipende parzialmente da innovazioni tecnologiche e software di terzi, pertanto, cambiamenti, interruzioni o problematiche nelle predette tecnologie e software potrebbero avere un effetto negativo sulla funzionalità delle soluzioni software del Gruppo e, di conseguenza, sulla soddisfazione dei clienti, sulla reputazione e sulle operazioni commerciali del Gruppo.*
- *Il Gruppo potrebbe essere esposto all'applicazione della misura di controllo degli investimenti esteri (il "Regolamento Golden Power").*
- *I membri del Consiglio di Amministrazione e l'Amministratore Delegato della Società sono soggetti a potenziali conflitti di interesse.*

Informazioni fondamentali sulle Azioni

Quali sono le caratteristiche principali delle Azioni?

Tipologia, classe e codice ISIN

Le Azioni sono azioni ordinarie del capitale della Società, prive di indicazione del valore nominale. Le Azioni sono denominate e saranno negoziate in Euro su Euronext Milan, Segmento STAR (ove ne ricorrano i requisiti). L'ISIN delle Azioni è IT0005595423.

Valuta, valore nominale e durata

Le Azioni sono denominate in "Euro", prive di valore nominale e sono soggette al regime di dematerializzazione previsto dal Decreto Legislativo n. 58/1998 (il "**Testo Unico della Finanza**").

Diritti connessi alle azioni

Le Azioni in Offerta, al momento dell'ammissione alle negoziazioni, avranno le medesime caratteristiche a tutti gli effetti tra loro e con tutte le Azioni esistenti della Società, compreso il diritto di esprimere un voto nelle assemblee ordinarie e straordinarie della Società (ad eccezione delle situazioni in cui il diritto di voto è sospeso ai sensi della legge applicabile) e di ricevere dividendi o altre distribuzioni dichiarate, effettuate o pagate dopo l'Ammissione. Non vi sono restrizioni ai diritti di voto connessi alle Azioni. I titolari di Azioni avranno diritto a ricevere i dividendi o altre distribuzioni dichiarate, effettuate o pagate su di essi, se del caso. I titolari di Azioni avranno un diritto di prelazione in caso di emissione di Azioni in proporzione alle rispettive partecipazioni. Tale diritto di prelazione può tuttavia essere escluso o limitato in determinate circostanze previste dalla legge italiana. Alle Azioni non è associata alcuna garanzia.

In caso di scioglimento e liquidazione, ai sensi della legge italiana, e subordinatamente al soddisfacimento delle pretese di tutti gli altri creditori, gli azionisti hanno diritto alla distribuzione dell'attivo residuo di liquidazione in proporzione al valore nominale delle Azioni che detengono nel capitale sociale al momento della liquidazione. Gli azionisti di azioni di risparmio o privilegiate, se tali azioni dovessero essere emesse dalla Società, avrebbero la priorità in tale distribuzione fino al valore nominale di tali Azioni. Successivamente, in caso di eccedenza di attività, gli azionisti di azioni ordinarie hanno diritto a ricevere la distribuzione di tale eccedenza. Le procedure di risanamento e risoluzione previste dalla Direttiva 2014/59/UE del Parlamento europeo e del Consiglio non sono applicabili alla Società.

Limitazioni alla libera negoziazione delle Azioni

Lo statuto della Società non prevede restrizioni alla libera trasferibilità delle Azioni. Il trasferimento di Azioni a persone che si trovano o sono residenti o hanno un indirizzo registrato in giurisdizioni diverse dall'Italia può, tuttavia, essere soggetto a regolamenti e/o restrizioni specifici in base alle leggi sui titoli applicabili in tali giurisdizioni.

Politica in materia di dividendi

Alla Data del Prospetto, la Società non ha adottato alcuna politica in merito alla distribuzione di dividendi futuri. I soci delibereranno di volta in volta sulla distribuzione dei dividendi.

Dove saranno negoziate le Azioni?

Prima del completamento dell'Offerta e dell'inizio delle negoziazioni su Euronext Milan, le Azioni non sono state negoziate in alcun mercato regolamentato. Le Azioni sono state ammesse alla quotazione su Euronext Milan. In data 18 giugno 2024 è stata inoltre presentata domanda di ammissione alle negoziazioni di tutte le Azioni su Euronext Milan con il simbolo "SYS". La Data di Avvio delle Negoziazioni delle Azioni su Euronext Milan sarà disposta mediante pubblicazione di un avviso da parte di Borsa Italiana ai sensi dell'articolo 2.4.3, comma 6, del Regolamento dei Mercati organizzati e gestiti da Borsa Italiana. Non vi è alcuna garanzia che la domanda di ammissione alle negoziazioni delle Azioni su Euronext Milan venga approvata.

Alle Azioni è connessa una garanzia?

Alle Azioni non è connessa alcuna garanzia.

Quali sono i principali rischi specifici delle Azioni?

I rischi principali relativi all'Offerta e alle Azioni includono:

- il prezzo e la liquidità delle Azioni sul mercato Euronext Milan potrebbero non evolvere come previsto;
- la Società non può garantire la distribuzione in futuro di dividendi;
- la struttura proprietaria della Società è concentrata e tale circostanza potrebbe ridurre la capacità degli altri azionisti di influenzare le attività della Società, minare la loro fiducia nella Società e ridurre la liquidità delle Azioni.

Informazioni fondamentali sull'Offerta e sull'Ammissione

A quali condizioni posso investire nelle Azioni e quale è il calendario previsto?

Ammissione

Con provvedimento n. 9001 del 18 giugno 2024, Borsa Italiana ha ammesso le Azioni alla quotazione su Euronext Milan. In data 18 giugno 2024 è stata inoltre presentata domanda di ammissione a Borsa Italiana delle Azioni alle negoziazioni su Euronext Milan. La Data di Avvio delle Negoziazioni sarà determinata da Borsa Italiana e pubblicata mediante avviso ai sensi dell'articolo 2.4.3, comma 6, del regolamento dei mercati organizzati e gestiti da Borsa Italiana (il "**Regolamento Borsa Italiana**"). Le Azioni saranno negoziate in euro su Euronext Milan.

Offerta

Non è prevista alcuna offerta pubblica delle Azioni della Società in nessuna giurisdizione. Il flottante necessario ai fini dell'Ammissione sarà creato attraverso un collocamento privato delle Azioni in Offerta a determinati investitori istituzionali nello Spazio Economico Europeo e in altre giurisdizioni. L'Offerta consiste in: (i) un'offerta da parte della Società delle Azioni di Nuova Emissione e (ii) un'offerta da parte degli Azionisti Venditori delle Azioni Esistenti.

Il collocamento istituzionale inizierà il 24 giugno 2024 e si chiuderà il 27 giugno 2024, salvo proroga o chiusura anticipata annunciata da un comunicato stampa che sarà pubblicato sul sito web dell'Emittente (https://www.sys-datgroup.com/) (il "**Collocamento Istituzionale**"). Si precisa che il calendario dell'Offerta è indicativo e può essere soggetto a modifiche a causa del verificarsi di eventi e circostanze al di fuori del controllo della Società e degli Azionisti Venditori, tra cui, in particolare, condizioni di volatilità dei mercati finanziari, che potrebbero compromettere il buon esito del Collocamento Istituzionale. Eventuali modifiche al periodo di Offerta saranno rese note al pubblico mediante comunicato stampa da pubblicarsi sul sito internet dell'Emittente (https://www.sys-datgroup.com/).

In considerazione del fatto che l'Offerta consiste in un Collocamento Istituzionale e che non è prevista un'offerta al pubblico indistinto in Italia e/o in altri Paesi, non sono previste specifiche modalità di sottoscrizione. La raccolta degli ordini nell'ambito del Collocamento Istituzionale e la sottoscrizione saranno effettuate secondo la prassi internazionale per operazioni simili.

La Società e gli Azionisti Venditori, sentito il Global Coordinator, si riservano il diritto di ritirare, revocare o sospendere l'Offerta in qualsiasi momento prima della Data di Pagamento, nonché di ridurre l'ammontare dell'Offerta, in tutto o in parte (riducendo le Azioni Esistenti, fermo restando il rispetto dei requisiti per la costituzione del flottante al fine di consentire la negoziazione delle Azioni su Euronext Milan). In caso di riduzione del numero di Azioni in Offerta, pertanto, saranno collocate in primo luogo le Azioni di Nuova Emissione offerte in sottoscrizione dalla Società e, solo in caso di integrale collocamento di queste ultime, saranno collocate le Azioni Esistenti offerte in vendita dagli Azionisti Venditori, con l'obiettivo minimo di collocare un numero di azioni almeno pari al 25% delle azioni *post* Offerta, percentuale necessaria per consentire l'ammissione alle negoziazioni delle Azioni su Euronext Milan, segmento ordinario.

Il pagamento delle azioni assegnate nell'ambito del Collocamento Istituzionale è previsto entro il 2 luglio 2024.

Opzione di Over-Allotment

La Società ha concesso a Intermonte (in qualità di Responsabile della Stabilizzazione), l'Opzione di Over-Allotment, esercitabile in tutto o in parte durante un periodo di 30 giorni di calendario dalla Data di Avvio delle Negoziazioni, ai sensi della quale il Responsabile della Stabilizzazione può richiedere alla Società di sottoscrivere al Prezzo di Offerta fino a 987.000 Azioni di Over-Allotment, che corrispondono a fino al 10% del numero totale di Azioni in Offerta vendute e sottoscritte nell'ambito dell'Offerta, al solo scopo di coprire le posizioni corte risultanti da eventuali sovra-allocazioni effettuate in relazione all'Offerta o a eventuali operazioni di stabilizzazione. Nell'ipotesi di collocamento di tutte le Azioni in Offerta e di mancato esercizio dell'Opzione di Over-Allotment, le Azioni in Offerta costituiranno circa il 49% del capitale sociale attualmente emesso della Società alla Data del Prospetto. Nell'ipotesi di vendita di tutte le Azioni in Offerta e di pieno esercizio dell'Opzione di Over-Allotment, le Azioni in Offerta costituiranno circa il 53% del capitale sociale attualmente emesso della Società alla Data del Prospetto.

Giurisidizioni

L'Offerta consiste esclusivamente in un collocamento privato a determinati investitori istituzionali in Italia e in altre giurisdizioni. Le Azioni in Offerta sono offerte e vendute al di fuori degli Stati Uniti, inclusa l'Italia, a investitori istituzionali in transazioni *offshore* conformi alle previsioni della *Regulation S* ai sensi dello *U.S. Securities Act*. L'Offerta è effettuata solo in quelle giurisdizioni in cui, e solo a quelle persone a cui, l'Offerta può essere legalmente effettuata. Non vi sarà alcuna offerta pubblica in nessuna giurisdizione.

Prezzo di Offerta e numero di Azioni in Offerta

Si prevede che il Prezzo di Offerta sia compreso tra Euro 3,20 ed Euro 3,80 (compresi) per Azione in Offerta (l'"**Intervallo di Prezzo di Offerta**"), come deliberato dal Consiglio di Amministrazione in data 17 giugno 2024, in virtù della delega conferita dall'Assemblea del 21 marzo 2024. Il Prezzo di Offerta può essere fissato all'interno, al di sopra o al di sotto dell'Intervallo di Prezzo di Offerta. Il Prezzo di Offerta e il numero esatto di Azioni in Offerta (compreso il numero massimo di Azioni di Over-Allotment) saranno determinati dalla Società e dagli Azionisti Venditori a seguito di un processo di *bookbuilding* e saranno indicati nel comunicato stampa che sarà pubblicato sul sito web della Società (www.sys-datgroup.com) e trasmesso alla CONSOB.

Calendario

La Data di Avvio delle Negoziazioni delle Azioni su Euronext Milan sarà determinata da Borsa Italiana mediante pubblicazione di un avviso ai sensi dell'articolo 2.4.3, comma 6, del Regolamento Borsa Italiana.

Global Coordinator and Bookrunner

Intermonte SIM S.p.A. ("**Intermonte**") agisce in qualità di *global coordinator* (il "**Global Coordinator"**) e *bookrunner* (il "**Bookrunner**").

Listing Agent

Intermonte è Listing Agent in relazione all'Ammissione.

Specialist

Intermonte agisce in qualità di *specialist* in relazione all'Ammissione.

Responsabile della stabilizzazione

Intermonte è il responsabile della stabilizzazione con riferimento all'Offerta (il "**Responsabile della Stabilizzazione**").

Diluizione

Sulla base del numero massimo di Azioni di Nuova Emissione che saranno offerte dalla Società, l'emissione delle Azioni di Nuova Emissione comporterà una diluizione massima delle azioni esistenti della Società in termini di partecipazione pari a circa il 30%.

La vendita delle Azioni Esistenti da parte degli Azionisti Venditori non comporterà l'emissione di nuove Azioni della Società e, pertanto, da essa non risulterà alcuna diluizione per gli attuali azionisti.

Spese stimate

I costi e le spese relativi all'Offerta e all'Ammissione (escluse le commissioni per il Bookrunner) sono stimati in circa Euro 1.250 migliaia e comprendono, tra l'altro, le commissioni dovute a CONSOB e Borsa Italiana S.p.A., le spese legali e amministrative, nonché gli eventuali costi di pubblicazione applicabili. Tali costi e spese saranno a carico della Società. Le commissioni di sottoscrizione dovute al Bookrunner, fino al 5% dei proventi lordi dell'Offerta (incusi quelli derivanti dalla vendita di eventuali Azioni in Over-Allotment), saranno sostenute dalla Società e dagli Azionisti Venditori in proporzione alle Azioni Offerte di ciascuno di essi collocate nell'ambito dell'Offerta.

Chi è l'offerente e/o il soggetto che chiede l'Ammissione alla negoziazione?

La Società è il soggetto che richiede l'Ammissione. La Società è costituita in forma di società per azioni e ha sede legale in Via Muzio Attendolo detto Sforza no. 7/9, 20141 – Milano (MI), Italia. La Società è iscritta al Registro delle Imprese presso la Camera di Commercio di Milano – Monza – Brianza – Lodi con codice fiscale e numero di iscrizione 03699600155, R.E.A. di Milano n. MI-963005. Il codice LEI dell'Emittente è 81560077224E78407E81.

Perché è redatto il presente Prospetto?

Ragioni dell'Offerta e dell'Ammissione

L'Offerta è funzionale alla distribuzione delle Azioni e alla loro quotazione su Euronext Milan, Segmento STAR (ove ne ricorrano i requisiti). L'Offerta risponde anche alla volontà dell'Emittente di proseguire il proprio percorso di crescita attraverso l'ampliamento della propria capacità di *business* e il rafforzamento della propria struttura patrimoniale. A seguito dell'Offerta il Gruppo acquisirà lo *status* di società quotata così da poter raggiungere una maggiore visibilità sul proprio mercato di riferimento ed accrescere la capacità di accesso al mercato dei capitali per supportare i propri obiettivi di crescita e sviluppo nonché beneficiare della possibilità di realizzare potenziali acquisizioni mediante pagamento del corrispettivo in azioni quotate.

Poiché l'Offerta consiste unicamente in un collocamento privato presso investitori istituzionali, ai sensi del Regolamento Prospetti l'Offerta è esente dall'obbligo di pubblicare un prospetto approvato ai sensi del Regolamento Prospetti. Pertanto, il presente Prospetto è stato approvato dalla CONSOB solo in relazione all'Ammissione.

Proventi netti

I proventi netti derivanti dall'Offerta spettanti alla Società, pari a Euro 30.505 migliaia (calcolati sulla base del massimo dell'Intervallo di Prezzo di Offerta) dal netto dei costi e delle spese e delle commissioni massime (ivi incluse alcune eventuali componenti discrezionali) da riconoscersi al Global Coordinator, saranno utilizzati dall'Emittente per perseguire opportunità di crescita per linee esterne, nonché per realizzare la propria strategia e, in particolare, espandere la propria capacità di *business*, sviluppare nuove tecnologie, rafforzare la propria struttura del capitale ed espandere ulteriormente la propria presenza territoriale.

Underwriting agreement

In caso di positivo completamento dell'Offerta, è previsto che la Società, gli Azionisti Venditori e il Bookrunner stipulino un accordo di sottoscrizione in relazione all'Offerta (l'"**Underwriting Agreement**").

Conflitti di interesse più significativi che riguardano l'Offerta e l'Ammissione

Intermonte, in qualità di Global Coordinator, Bookrunner e Listing Agent, è soggetto a potenziali conflitti di interesse in quanto stipulerà un contratto di Collocamento Istituzionale ai sensi del quale si impegnerà a collocare e sottoscrivere, per le azioni di propria competenza, le Azioni in Offerta. Intermonte percepirà (i) una commissione per tale attività e (ii) compensi in relazione ai servizi prestati in qualità di Listing Agent. Intermonte o le società del gruppo di appartenenza, nel normale esercizio delle loro attività, potranno: (i) prestare servizi di investment banking o altri servizi finanziari a favore dell'Emittente, degli Azionisti Venditori e/o dei rispettivi gruppi e/o dei rispettivi azionisti e/o di soggetti da questi controllati e/o ad essi collegati e/o partecipati e/o di altri soggetti coinvolti direttamente o indirettamente nell'Offerta; (ii) svolgere attività di intermediazione e/o ricerca e/o altri servizi finanziari sugli strumenti finanziari dei soggetti indicati al precedente punto (i) e/o su strumenti finanziari ad essi collegati e/o detenere posizioni su detti strumenti finanziari.

RISK FACTORS

An investment in the Shares (including the Offer Shares) involves risks. Before investing in the Shares (including the Offer Shares), prospective investors should consider carefully the following risk factors and all information contained in this Prospectus to ensure that they have understood the general and specific risks that the Group faces and that affect the industry in which the Group operates, as well as the risks related to investing in the Shares (including the Offer Shares). If any of these events occur, the Group's business, financial condition, results of operations or prospects could be materially and adversely affected and an investor could lose all or part of the invested capital in the Share (including the Offer Shares).

All of these risk factors and events are contingencies which may or may not occur. The Group may face a number of these risks described below simultaneously, and one or more risks described below may be interdependent. Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks, or of the scope of any potential negative impact to the Group's business, results of operations, financial condition and prospects. While the risk factors below have been divided into categories and the Group has included each risk in the most appropriate category, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section.

The risk factors featured in the Prospectus are limited to risks which are specific to the Company or the Shares and which are material for taking an informed investment decision. The materiality of the risk factors has been assessed based on the probability of their occurrence and the expected magnitude of their negative impact. The risk factors are presented in categories depending on their nature. In each category the most material risk factors are mentioned in order of relevance according to the assessment based on the probability of their occurrence and the expected magnitude of their negative impact. The risks mentioned may materialize individually or cumulatively.

Risks relating to the Group's economic and financial condition

The Group's economic performance is subject to a variety of internal and external factors, which may worsen the Group's result and margins

With regard to the consolidated results for the financial year 2023, the Group recorded: (i) revenues of Euro 46.5 million (Euro 37.9 million in 2022 and Euro 29.1 million in 2021); (ii) EBITDA of Euro 9.300 million (Euro 7.913 million in 2022 and Euro 5.953 million in 2021); and (iii) EBIT of Euro 6.468 million (Euro 5.593 million in 2022 and Euro 4.955 million in 2021).

Between 2021 and 2023, even though the Group's EBITDA growth trend showed a year-on-year increase, the EBITDA margin increased from 20.4 in 2021 to 20.8% in 2022, and then decreased to 20.0% in 2023. Such dynamic was mainly due to the increase in costs, with particular reference to personnel costs, due both to an increase in the number of personnel (with a significant increase of units in relation to the average number of employees), and to the search for increasingly qualified personnel to support the growth undertaken by the Company.

Both in 2023 and 2022 the Group's revenues increase was mainly driven by organic growth, which contributed in 2023 for 94,1% of the total revenues growth and in 2022 for 89% of the total revenues growth.

Between 2021 and 2023, even though the Group's EBIT growth trend showed a year-on-year increase, the EBIT margin decreased from 17% in 2021, to 14.7% in 2022 and 13.9% in 2023. Such dynamic was mainly due to the increase in amortization costs, mainly connected to new investments for R&D activities.

As of 31 December 2023, 2022 and 2021 the ROE was equal to 22.0%, 23.1% and 28.5%, respectively. Such decrease was mainly due to the inorganic growth of the business, including the acquisition activities during the three-year period which resulted in an equity increase, which was only partially offset by the increase in net result and, consequently by the increase in net result for the year.

As of 31 December 2023, 2022 and 2021 the ROI was equal to 40.0%, 51.3% and 75.6%, respectively. The trend in ROI during the three-year period shows the ongoing investment process started by the Company.

As of 31 December 2023, 2022 and 2021 the ROS was equal to 13.9%, 14.7% and 17.0%, respectively. The trend in ROS was mainly due to the growth of the business, which leads the Company to a revenue increase higher than the EBIT's one, related to the lower profitability of the new companies acquired.

To this regard, it is specified that the Group's economic performance is subject to a variety of internal and external factors. The occurrence of external circumstances and factors beyond management's control, including the macroeconomic conditions and the consequences of the conflicts on going between Russia and Ukraine and Israel and Hamas, could have a material adverse effect on the Group's business, financial condition and results of operations. In particular, the Group's inability to fully and/or timely pass-through to its customers future increases in prices may result in the Group's inability to absorb the increased prices with material adverse effects on the Group's profitability. At the same time, the increase of costs related to the financing of the Group's growth and of the R&D activities might reduce economic margins, even in a situation of growing results.

This Prospectus includes a medium- to long-term financial objective, characterized by a high level of uncertainty, which should not be read as a forecast, projection or expected result.

The Group has established an aspirational financial medium to long-term financial objective which it aims to achieve by executing its strategy which envisages organic and inorganic growth. Such aspirational objective is to maintain a CAGR from revenues of at least 26%. The Group's CAGR for the Three-Year Period was 26.3% (the reference market's CAGR for the Three-Year Period was 8.1%). The Group has not defined, and does not intend to define, "medium to long term". This Group's medium- to long-term financial objective should not be read as a forecast, projection or expected result and should not be read as indicating that the Group is targeting such metrics for any particular year, rather it is a merely objective. The Group's ability to meet this objective depends on its ability to successfully execute its strategy, as well as, on the accuracy of a number of assumptions involving factors that are significantly or entirely beyond the Group's control. The objective is also subject to known and unknown risks, uncertainties and other factors that may result in the Group being unable to achieve it.

Therefore, this Group's medium- to long-term financial objective is characterized by a high level of uncertainty.

As a result, the Group's results may differ significantly from the medium to long term objective set out above.

The Group's medium- to long-term financial objective does not constitute "Profit Forecasts" as defined in art. 1 (d) of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing the Prospectus Regulation (the "**EU Regulation 2019/980**"), as the medium- to long-term financial objective neither has the features provided in such definition nor the features set forth in Annex 1, Section 11 of the EU Regulation 2019/980, including among others, the feature of indicating a likely level of profits or losses for current or future financial periods and being specific and precise.

Future performances of the Company different from the estimation and assumptions used for the impairment test, or unexpected negative variances to the financial parameters used to discount the cash in-flows occurred, should lead to write-offs of tangible or intangible and other non-current assets

Total non-current assets of the Company amounted to Euro 21,824 thousand, Euro 15,909 thousand and Euro 10,845 thousand as of 31 December 2023, 31 December 2022 and 31 December 2021 respectively. Total non-current assets ratio on total assets was 36%, 33% and 26% as of 31 December 2023, 2022 and 2021 respectively; total non-current assets ratio on net equity amounted to 114%, 101% and 87% over the same financial period.

Among non-current assets, the intangible assets amounted to Euro 16,338 thousand, Euro 9,686 thousand and Euro 5,868 thousand as of 31 December 2023, 2022 and 2021. The intangible assets with an indefinite useful life are represented by goodwill from business combinations only and amounted to Euro 8,954 thousand, Euro 5,779 thousand and Euro 4,002 thousand over the period under analysis. The Company performed a PPA analysis of all the business combinations occurred in the period 2021-2023; as a consequence, the goodwill booked among the intangible assets represents the residual value after the allocation of the net assets acquired fair values.

The Directors of the Company review periodically the carrying amounts of non-current assets held and utilized in the business cycle and of those ones that should be dismissed, when facts and circumstances (such as impairment indicators) require the analysis. When the carrying amount of a non-current assets is impaired, the Company books a write-off corresponding to the difference between the carrying amount and the recoverable amount, calculated as the higher between the value in use or the fair value less cost to sell.

As of 31 December 2023, the Company performed an impairment test of the goodwill deriving from the business combinations; in accordance with IAS 36 requirements, the Company has firstly identified the Cash Generating Units (CGU) or the smaller group of activities that generates operating cash in-flows that are independent from the operating cash in-flows generated by other activities or group of activities. According to the definition, the Company decided that the CGU corresponds to each legal entity acquired, since because of the different business activities and client portfolio the cash in-flows could be considered as independent.

As of 31 December 2023, the carrying amounts of each CGU was tested for impairment in order to verify potential impairment losses; the carrying amounts (net invested capital of each CGU) have been compared to the respective value in use, calculated as the present value of the discounted future cash in-flows deriving from the use of the asset and from the disposal at the end of the useful file. The Three-Year Consolidated Financial Statements of the Company was approved on 20 March 2024. The value in use has been estimated as the present value of the cash in-flows shown in the Business Plan 2024-2027 approved by the Board of Directors on 20 March 2024.

To determine the value in use of each CGU, the Company considered the present value of the cash in-flows over the period 2024-2027 (explicit projections) extracted from the Business Plan. To those cash-inflows was added a terminal value that was calculated as the present value of a perpetuity. The Company has used to discount the future cash in-flows the weighted average cost of capital (WACC), equal to 12,3%, calculated taking into consideration the business segment, the countries where the business is realized, the structure of indebtedness at the end of the Business Plan and the economic environment. For the perpetuity the growth rate "g" that has been used was equal to 1,00%. The Impairment Test performed by the Company led to a recoverable amount of each CGU higher than the carrying amount; no impairment losses as of 31 December 2023 on goodwill has been booked accordingly. In relation to the assumptions, a sensitivity analysis with respect to WACC and perpetuity growth rate "g" has been performed by the Company. The sensitivity analysis confirmed the results of the Impairment Test, and no impairment losses were recorded accordingly. The total headroom coming out from the Impairment Test amounted to Euro 64,3 million on a consolidated basis.

Given that, if either the future performances of the Company were different from the estimation and assumptions used for the Impairment Test, or unexpected negative variances to the financial parameters used to discount the cash in-flows occurred (also considering the uncertainties related to the economic global environment), this should lead to write-offs of tangible or intangible assets that can affect significantly the consolidated financial statements of the Company.

Risk related to the Group's ability to finance its organic and inorganic growth strategy and to the negative cashflow of the investment activity experienced by the Group in financial years required by the Prospectus Regulation

The Group intends to support its organic and inorganic growth strategy through self-financing and, residually, by outside financing. As represented in the restated Consolidated statement of cash flows for the Three-Year Period, in 2023 and 2022 the item (B) "*Net cash flows from/(for) investment activities*", which represents the investment activity of the Group absorbed cash equal to Euro 4,241 thousand and Euro 5,258 thousand, respectively. This trend was mainly attributed to (i) the external growth activity of the Group put in place by the Company through the several acquisition of companies made during 2022 and 2023, partially compensated by the cash transferred from change in consolidation area; (ii) the investment in bonds and investment fund units made by the Company; and (iii) the year-on-year increase in development investments.

In addition, the item "*Total cash flows (A)+(B)+(C)*" for the 2022, as represented in the restated Consolidated statement of cash flows for the Three-Year Period, was negative for Euro 1,886 thousand.

The Company has a positive net financial indebtedness of Euro 3,675 thousand for the period ended 31 March 2024, Euro 3,115 thousand for the year ended 31 December 2023, Euro 5,061 thousand for the year ended 31 December 2022 and Euro 6,154 thousand for the year ended 31 December 2021. Net financial indebtedness worsened during the Three-Year Period mainly due to M&A activities, which led to higher earn-out debts for the period for a total of Euro 5,846 thousand and lower liquidity for Euro 1,316 thousand, partially offset by a reduction in long-term bank debts (for Euro 1,374 thousand) and higher investments in temporary investment in bonds and investment fund (for Euro 2,469 thousand). It is also specified that the Group's Net Financial Indebtedness as of 31 March 2023 (and for the Three-Year Period) is entirely at a fixed rate.

If the Group experiences future negative cash flow, it may require additional outside financing and be exposed to risks relating to the availability of additional financing or lack thereof. Negative changes, such as a general deterioration of the financial markets or increased regulation of the banking sector, could reduce the opportunities of banks and other financial institutions to offer financing alternatives and lead to stricter terms for financing. Such adverse changes could have a negative effect on the Group's opportunities to secure additional financing. The Group may not succeed in securing sufficient additional financing in a timely manner and under favorable terms or at all in order to make acquisitions, maintain sufficient liquidity and finance the costs and investments of its business operations. Changes in the availability of equity financing and debt financing and in the terms of available financing could impact the Group' s ability to invest in developing and growing its business operations in the future.

As of 31 December 2023, the Group had Euro 2,345 thousand in fixed interest-bearing liabilities. The Group's interest-bearing debt and the potential growth of business operations using other outside financing expose the Group to risks relating to indebtedness. If financing costs increase due to the incurrence of debt and the Group is forced to use a significant portion of its cash flows from operating activities to pay debt principal and interest, this would decrease the cash flows and assets available for the Group's business and the development thereof. If the Group's cash flows from operating activities is not sufficient to cover current or future debt servicing costs, the Group may have to, for example, limit its business operations, acquisitions, investment and capital expenditures, sell assets, restructure its loans or seek additional financing on the markets. The aforementioned factors could weaken the Group's financial position, and increased indebtedness could also weaken the Group's ability to obtain additional financing on terms equivalent to, or more favorable than, its current financing arrangements.

Future negative cashflows, failure to acquire financing, an increase in financing costs, unfavorable financing terms or an increase in interest expenses could have a material adverse effect on the Group's business operations, future prospects, results of operations and financial position.

The financial information included in the Prospectus is not fully comparable due to the Group's recent acquisitions.

Since 2021, the Company accelerated its growth by acquiring 8 companies (3 of them subsequently merged into existing Group's companies). The acquisitions completed by the Group during the financial years 2023 and 2022 have resulted in a discrepancy in the perimeter of the Group considered for the financial years 2023, 2022 and 2021, which affects the comparability of the historical financial information included in the Prospectus. As a result, the consolidated financial data for the years ending 31 December 2023 and 2022, and 2021 are not fully comparable and could mislead the investor in the correct interpretation of the economic and financial performance of the Group and thus in the possible choice of investment.

Non-IFRS Measures must be interpreted in light of certain limitations and examination by investors of those Non-IFRS Measures without considering these limitations may cause a misunderstanding of the Group's economic, capital and/or financial situation.

With the aim of facilitating the understanding of the Group's economic and financial performance, certain Non-IFRS Measures are included in this Prospectus. In accordance with the ESMA/2015/1415 guidelines of October 5, 2015 (entering into force on July 3, 2016), Non-IFRS Measures refers to those financial, economic or cash flow performance indicators, historical or prospective, other than those defined or specified in the applicable financial reporting regulations. The Non-IFRS Measures presented in this Prospectus relate to the years ended December 31, 2023, 2022 and 2021.

When interpreting those Non-IFRS Measures, the following should be considered: (i) Non-IFRS Measures are constructed on the basis of historical data and do not indicate the future performance of the Group; (ii) Non-IFRS Measures are not governed or required by international accounting standards (IAS/IFRS) and are not subject to audit; (iii) Non-IFRS Measures must not be considered as substitutes for the indicators provided for under international accounting standards; (iv) the definitions and presentation of the Non-IFRS Measures used by the Group may not be consistent with those adopted by other companies and are and therefore not comparable with similarly titled measures used by other companies; and (v) Non-IFRS Measures must be read together with the other financial information included in this Prospectus.

Any examination by investors of the Non-IFRS Measures without considering the above limitations may create a misunderstanding of the Group's business, capital and financial conditions and results of operations and lead to incorrect, inappropriate or inadequate investment decisions.

The Company may be exposed to a joint and several liability if Brick S.r.l. (beneficiary company) fails to meet its obligations under the real estate lease agreements.

The partial and proportional demerger (the "Demerger") of the Company's entire real estate assets in favor of a newly established company Brick S.r.l. ("Brick") has been approved on 17 October 2023 by the Shareholders' Meeting of the Company and concerned some offices, parking spaces and garages located in Milan and Turin and two real estate lease agreements with UniCredit Leasing S.p.A. and Alba Leasing S.p.A. Brick's failure to meet its obligations under such real estate lease agreements could lead to a joint and several liability for the Company, which could have an adverse effect on the Group's business operations, future prospects, results of operations and financial position.

Risks relating to the Company's business operations and industry

The potential interruption of relationships with the Group's strategic suppliers may undermine or delay the ordinary course of the Group's activities

As of the Prospectus date, the Group relies on certain strategic suppliers, namely SAP for reselling its software platforms, WIIT for reselling hosting, housing and cloud services, AbleTech for reselling electronic invoicing services and Microsoft for reselling Microsoft software platforms.

In particular, the business and technology relationship with SAP is strategic for the Group, as it sells the SAP platform as an integrated component in its solutions and builds both proprietary and third-party add-on components over the SAP platform to provide a product capable of handling the customer's business-critical processes. In addition, the partnership with SAP gives the Group access to preferential discounts when purchasing products and provides end customers with

SAP technical support for all after-sales and maintenance activities. The Group sells the SAP platform as an integrated component in its solutions and builds a product based on customer needs to meet business specifications.

The relationship with WIIT is strategic for the Group as all of the Group's software solutions that require cloud space use WIIT's pure cloud services provision, with servers located at the customer's premises, or solutions involving the integrated provision of cloud services and servers at WIIT.

The relationship with Able Tech is strategic for the Group, as all Group companies use Able Tech's systems to manage the processes of issuing, sending and receiving electronic invoices IX-FE and for the digital storage of information documents. This strategic relationship is also reflected in the solutions that the Company offers to its customers, as the interfaces created by the company provide for and link the services offered by Able Tech to those of SAP.

The relationship with Microsoft is strategic for the Group as it sells the Microsoft platform as an integrated component of its solutions and builds both proprietary and third-party add-on components over the Microsoft platform to provide a product suitable to handle the customer's business-critical processes.

In 2023, the aforementioned strategic suppliers accounted in total for 17.1% of the Group's procurement costs (SAP for 6.6%, Microsoft for 5.2%, WIIT for 3.0% and Able Tech for 2.3%). The same suppliers accounted in total for 17.8% in 2022 and 20.6% in 2021. It should be noted that the revenue generated in 2023 with WIIT products amount to Euro 2.688 thousand (5,8% of 2023 total revenue), with SAP products the revenue generated in 2023 amount to Euro 2.158 (4,6% of 2023 total revenue), with Microsoft products the revenue generated in 2023 amount to Euro 1.773 (3,8% of 2023 total revenue) and with Able Tech products the revenue generated in 2023 amount to Euro 614 thousand (1,3% of 2023 total revenue). As of the Prospectus Date, none of the contracts with the above-mentioned strategic suppliers is about to expired, nor provides for unusual clauses of termination.

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

As of the Prospectus Date, the Group's customer base consisted of over 2,600 customers. In 2023, the 10 largest customers accounted for approximately 13 percent of the Group's net sales. The Group's net sales could reduce significantly if several of the relationships with the Group's main customer were to end. The Group's customer contracts could end, for example, due to changes in customer strategy, corporate transactions, their amalgamation with groups adopting different software solutions or the financial difficulties of the counterparties or due to the parties not reaching an understanding on the terms of the contract, extension, pricing of products and services. Disputes between the Group and its customers could lead to the end of customer relationships as well as to claims for damages or litigation. If several customer relationships were to end, this could reduce the Group's net sales and, thus, weaken its financial position.

The Group's net sales are also impacted by, among other things, the demand for and sales of software solutions, the number and retention of customers as well as market developments that are beyond Company's control. In accordance with its strategy, the Group seeks to increase the volume of current sales to customers as well as to offer customers additional software solutions. Weakened competitiveness of the Group's software solutions or dissatisfaction of current or potential customers with the Group's operations, intensifying competition or general macroeconomic developments could lead to the Group failing to meet the expected sales targets of its software solutions. In that case, current customers might switch to using software solutions offered by the Group's competitors. The Group may also fail to acquire new customers.

Loss of customers, failure in making additional or cross-sales as well as potential decreases in the sales of the Group's software solutions could have a material adverse effect on the Group's business operations, results of operations, financial position, future prospects and on the value of the Shares (including the Offer Shares).

The Group could fail to find potential acquisition targets or to integrate possible acquisitions, and acquisitions could involve unforeseen challenges and liabilities

The Group will seek to also grow inorganically through selective acquisitions in accordance with its strategy. For this reason, the implementation of the Group's growth strategy is partially dependent on the Company finding suitable targets for acquisition. However, there can be no assurance that the Company's potential future acquisitions can be carried out on favorable terms from the perspective of the Group's strategy or that suitable target companies will be available. A potential failure to integrate target companies, such as a delay, loss of customers or unexpected increase in costs, or the implementation of an acquisition in a manner deviating from the Company's expectations could have an adverse effect on the Group's business operations and financial position. For example, the Company may not be able to fully ensure in advance that the systems, processes and operating models of the Company and its target companies are compatible.

Acquisitions can thus cause the Company unexpected challenges and additional costs due to the need to integrate systems, processes and operating models. If the Company fails, *inter alia*, in integrating the systems, processes and operating models of the Company and its target companies that are necessary for financial reporting, it may fail in ensuring the correctness of the financial reporting and in complying with regulations and standards that apply to the reporting. In addition, while the Company and the Group companies normally agree to customary representations and warranties, and indemnities in connection with the acquisitions, the Group may become exposed in relation thereto to liabilities that are not adequately covered by contractual indemnity protections or in relation to which the contractual arrangements provides for a limited indemnity or if it is not possible, for any reason, to obtain indemnification. Potential acquisitions could also involve other unexpected liabilities and integration costs, in addition to which the target companies' customer relationships could cease or the Company could fail to retain its key persons. The Company deems to support future acquisitions through self-financing (including by the use of the Offer's proceeds) and, residually, by liquidity from dedicated bank credit lines.

In some of the Group's acquisition transactions effected in the recent years, a portion of the total price or the price of the remaining minority interests was tied to the performance of the acquired businesses (specifically EBITDA or net worth) over a specified period of time. This mechanism (known as the earn-out mechanism) exposes the Group to the risk that the total price or the price of the put option may be subject to significant fluctuations in value. This applies in particular to: (i) the variable part of the price of the acquisition of 18% of the share capital of Sys-Dat Verona; (ii) the variable part of the acquisition price of OS2; (iii) the variable part of the acquisition price of Emmedata; (iv) the variable part of the acquisition price of Equalis; (v) the price of the acquisition of 30% of the share capital and the variable part of VCube; (vi) the variable part of the acquisition price of Trizeta; and (vii) the variable part of the acquisition price of SiSolution.

As of the date of this Prospectus, based on the information available to the Company on the acquired companies for 2023, the balance to be paid by the Company in respect of the above transactions would amount to a maximum of Euro 9.3 million (Euro 3,4 million in 2024, Euro 2,5 million in 2025, Euro 1,9 in 2026 and Euro 1,5 in 2027), which the Company deems to pay through self-financing (including by the use of the Offer's proceeds) and, residually, by liquidity from dedicated bank credit lines. However, it cannot be ruled out that, depending on the future performance of the companies concerned in relation to the periods covered by the earn-out clauses contained in the agreements, the payment due by the Company may be lower, higher, or even significantly higher.The factors mentioned above, if realized, could have a material adverse effect on the Group's business operations, results of operations, financial position, future prospects and on the value of the Shares (including the Offer Shares).

Intensifying competition in the Group's market could affect its ability to maintain or increase its market share, to improve the profitability of its operations or to retain current customers or acquire new customers, and therefore intensifying competition could have an adverse effect on the Company's net sales, profitability and market share

Currently, the Group operates exclusively in the Italian ICT market, primarily as a product and service provider for SMEs. There is a great deal of competition in the Italian ICT Market and, in particular, in the software solutions and ERP segment, where the industry is highly fragmented. Furthermore, competition in the Company's markets could intensify due to current or new operators. As of the Prospectus Date, the Group's sales were generated exclusively in Italy. There can be no assurance that the Group will succeed in the future in maintaining or increasing its market share, improve the profitability of its operations or retain its current customers or acquire new customers.

In software solutions and ERP segment, the Group competes both with companies that specialize in specific industries or provide special solutions and with companies producing more comprehensive ERP solutions. Some of the main competitors specialized in market sectors are (i) Venistar, Alterna, MBM, Porini, Datatex in the fashion and luxury sector, (ii) E-one, Deda Group, Retelit in the tile sector, (iii) E-libra, Easylex in the legal sector, (iv) Dedalus, Gipo, Astrolabio and Bcs in the healthcare sector, (v) Replica Sistemi in the logistic sector, and (vi) Retail Pro, Cegid, Autel in the retail sector. In addition, some of the main cross-industry competitors are Reply, Var Group, Altea, EOS, Zucchetti, Teamsystem and San Marco Informatica.

In smaller tendering processes, in particular, the Group competes with smaller and agile operators. New operators competing for smaller customers enter the market on a regular basis, which could increase price competition and introduce new requirements for usability. In addition to small and agile operators, the Group also competes for larger customers with operators that are often larger than the Group. Thus, some competitors have more extensive financial resources than the Group, which enables them to make larger investments in marketing and sales as well as product and service development than the Group. The Group's competitors might be able to react more quickly to new technologies and changes in customer needs and preferences, to price their products and services more competitively than the Company or to allocate greater resources to the development, marketing and sale of their products and services than the Group. It is also possible that the Group 's competitors will be able to utilize the opportunities of digitalization more quickly or efficiently than the Group, which could reduce the Group's market share. It is also possible that new competitors or amalgamations of the Group's competitors could enter the market with better financial, technical, marketing or other resources than the Group in one or more market segments. If the competitiveness of the Group's software solutions is weakened, it could lose its market share and its net sales could decline. Competition can also lead to a decrease in the margins of the Group's software solutions, which would reduce its profitability.

Changes in the competitive environment as well as the Group's potential failure to adapt to and manage such changes could have a material adverse effect on the Group's business operations, results of operations, financial position, future prospects and on the value of the Shares (including the Offer Shares).

The Group could fail in choosing its strategy or in its implementation, which could have an adverse effect on the Group's profitability and business growth, and the Group may not necessarily succeed in reaching its financial targets

One of the main goals of the Group's strategy is to increase the Group's market share and penetration by increasing the net sales from the Group's current customer base, by winning new customers, by optimizing pricing with segment and product specific pricing as well as by bundling products and services into various product and service packages. There can be no assurance that the Group will succeed in implementing its strategy, in achieving its financial targets pertaining to the strategy or in managing strategic risks. The successful implementation of the Group's strategy depends on numerous factors, some of which are either entirely or partially beyond the Company's control. Changes in market conditions or a failure to retain and recruit skilled employees, to increase sales to current customers, to accelerate acquisition of new customers, to develop new software solutions, to improve gross margin, to achieve economies of scale or to execute other strategic actions may result in the Group failing to successfully implement its strategy. The Group's strategy can also prove unsuccessful. The Company may also decide to alter its business strategy in response to changes in its business environment. Even if the Group's net sales increased as projected, the Group may not be able to maintain or improve its profitability. Achieving the targeted growth could also prove to be more challenging than anticipated, which could weaken the Group's profitability. A failure by the Company in choosing or implementing its strategy could have a material adverse effect on the Group's business operations, results of operations, financial position, future prospects and on the value of the Shares (including the Offer Shares). The total revenues of the ICT Services and Software and ICT Solutions markets registered a combined CAGR of 8.1% in the 2021-2023 three-year period, compared with the Group's total revenues in the same time period which registered a CAGR of 26.3% (including organic and inorganic growth). The market is expected to report an average annual growth rate of +8.9% in the 2023-2026 period. Past performance of the Group, however, is no guarantee of future results and the Group may experience in the future growth rates lower than expected.

The competitiveness of the Group's software solutions could weaken if the Group fails to meet the requirements arising from technological changes in the operational environment or in customer demand, and the weakening of competitiveness could have an adverse effect on the Group's business operations, results of operations and financial position

Rapid and frequent technological development are characteristic of the Group's industry. Key pending changes are, for example, the development and increased use of cloud services and artificial intelligence solutions, changes in the nature of work that accelerate digitalization, progression of digitalization to smaller companies and to wider levels in organizations, automation of business processes and digitalization of financial administration. The Group's operational environment is also significantly impacted by general technological development and rapid digitalization of the society, *i.e.* the shift of products and services into electronic form and being available to end users online. Changes and developmental trends in the Group's operating environment have a central impact on the Group's business operations. One significant factor in the Group's success is its ability to bring software solutions onto the market and to continually develop and improve the software solutions for both current customers and to attract new customers. The Group must be able to meet the continually increasing demands of customers. The Group's ability to bring new software solutions onto the market is particularly important in order for the Group to be able to take advantage of new market opportunities, increase its share of the market and reach its growth and profitability targets.

Changes in the customers' business operations and financial position could have an adverse effect on the Group's business operations and on the demand for its software solutions. Throughout its operating history, the Group has put considerable efforts into product development, and the Group will seek to continue its product development in the future in order to maintain its competitiveness. On 31 December 2023, around 79% of the Group's personnel worked in the Group's product development department. The Company's management deems that the Group's success is partially dependent on its ability to respond to customer needs by developing software solutions that are user friendly and that support the customers' success by improving efficiency of business processes and cost savings. To this regard, the Group may not be able to react quickly enough to changes in the needs of its customers' business operations and changes in demand, which could have an adverse effect on the Group's ability to retain its customers and to maintain its position when competing for new customers.

The development of and changes in technologies, the requirements of customer industries, legislation and authority provisions or other similar factors could lead to rapid changes in customers' service and product needs as well as in the ways they are addressed. If the Group does not succeed in improving current software solutions or developing new ones to meet changes in technology, customer industries, regulatory development or customer preferences, the Group's software solutions could lose their attractiveness or become obsolete, which would have an adverse effect on the Group's business operations and results of operations. Successfully bringing new and improved software solutions onto the market depends on numerous factors, such as the ability to identify customer needs, the ability to gain customer approval for new software solutions, the ability to differentiate the Group's offering, the ability to price software solutions competitively and the ability to predict the actions of competitors and sell software solutions efficiently.

If the Group fails to meet the requirements arising from changes in the operational environment or in customer demand, it could lose customers and market share, which could have a material adverse effect on the Group's business operations, results of operations, financial position, future prospects and on the value of the Shares (including the Offer Shares).

The loss of key persons and skilled personnel could have an adverse effect on the Group's business operations and financial position, and the Group may not necessarily succeed in recruiting and retaining people with the required skill set

There is competition in the Group's industry for qualified IT experts and other key persons, and the availability of skilled personnel is a challenge for the entire IT industry. The Group's success and opportunities for organic growth largely depend on how well the Group is able to recruit skilled personnel, motivate and retain its personnel, and maintain and develop the skills of its personnel. The service offerings of IT companies and the development thereof require an increasingly versatile skill set that may be challenging or expensive to obtain and that requires time to develop.

At the Prospectus Date, the Group's management team is formed by professionals who have significant experience in the vertical sectors in which the Group operates, in addition to an extraordinary in-depth knowledge of the IT market, merger and acquisition (M&A) activities and corporate finance.

Even though the Company's management deems that its business operations are not dependent on one or more individuals of its top management or skilled workforce, replacing key persons could prove challenging, particularly in the short term. Throughout its operating history, the Company has invested heavily in continuous product development, and product development is expected to continue to be a key part of the Group's organic growth strategy in the future. If the Group fails to retain persons working in product development or generally to recruit new employees, this could have a material adverse effect on the implementation of the Group's organic growth strategy and on the success of the Group.

The loss of key persons or skilled personnel could undermine the quality and long-term competitiveness of the Group's services, hinder operative business and product development and prevent the Group from developing and growing its business operations successfully. Even if the Company were to seek to mitigate the detrimental effects of the loss of key persons and skilled personnel by recruiting persons with equivalent skills, this could be challenging and expensive and require time and resources. The Group's ability to fulfil its increasing need of labour and at the same time to control its labour costs depends on various external factors, such as the availability of qualified personnel and the competition for workforce, the current level of salaries, health insurance and other insurance expenses, trade union membership among employees, possible litigation and any changes in labour legislation or other provisions related to employment. In the future, the Group's labour costs may rise faster than expected as a result of both the increase in the number of personnel and any salary increases.

In addition, if one or more key persons were to decide to engage in competing activities or start working for a competitor of the Group, such key persons might solicit the Group's employees to work for a competitor and current or potential future customers could choose to become the customers of such competitors. Even though at the Prospectus Date the Company has entered into non-competition agreements with a selected number of senior managers and certain qualified resources, in relation to the functions performed by each of them, the Group's contractual protections may prove to be insufficient to cover the aforementioned risk.

The loss of the Group's key persons and skilled personnel and a failure to recruit and retain skilled personnel could have a material adverse effect on the Group's business operations, results of operations, financial position, future prospects and on the value of the Shares (including the Offer Shares).

Defects in the Group's software solutions or negligence or abuses by the Group's personnel may cause the Group to incur significant reputational harm, financial losses or other damage

The software solutions offered by the Group, the third-party services integrated into the Group's software solutions or the execution of software implementation and adoption could have defects or deficiencies that may cause disruptions in the software offered by the Group to its customers and, thus, disrupt the operations of customers, particularly in the short term. These disruptions could cause financial losses and reputational harm to the Group and its customers. The Group's customers make versatile use of the Group's software products, and the Group offers a wide variety of services, which means that the aforementioned defects and deficiencies as well as their effects could be multifold. For example, when developing new products or updates and improvements for existing products, the Group could make errors in design or implementation due to which the product will not work properly or its efficiency may be undermined. The Group may not necessarily be able to remedy defects in its services and products within a reasonable time or at all.

Furthermore, the Group's personnel may in the performance of their duties have access to information concerning, among other things, customers' data, such as business secrets, personal data and other confidential information. Negligence or abuses could occur when processing customer data, for example, by granting incorrect access rights to a customer's data systems or by abusing or disseminating data. It is also possible that, in addition to errors in data processing, the Group's employees may commit some other human errors or act dishonestly or criminally when offering the Group's services or developing its software products. Errors or abuses by the Group's employees cannot always be prevented and may be difficult to detect, and the Group's and its customers' precautions may not be sufficient in this respect.

Any material deficiencies or defects in the Group's software solutions or delays in the development or repair of software solutions could harm the Group's reputation, lead to losses of customers, decrease sales, hinder operations, tie up personnel resources and give rise to claim for damages and increase other costs. If realized, the factors described above could have a material adverse effect on the Group's business operations, results of operations, financial position, future prospects and on the value of the Shares (including the Offer Shares).

The Group's business is partially dependent on third-party technological innovations and software, and changes, interruptions and disruptions in such technologies and software could have an adverse effect on the functionality of the Group's software solutions and therefore have an adverse effect on the Group's customer satisfaction, reputation and business operations

The market in which the Group operates is characterized by rapid and significant technological change, the continuous introduction of new products and services, evolving industry standards, changing customer needs and preferences and the entry of new operators. In this competitive environment, the Group's success depends, among other things, on its ability to adapt and innovate its product and service offerings to foreseeable technological developments and to anticipate market trends.

In addition, some of the products and services offered by the Group are partially based on third-party technological innovations and software generally available on the market. The Group also supplements its own technology ecosystem with integrated services of partners and other third parties. The integrated services include, for example, third party's platforms, cloud, software, IT infrastructure and payment services. The Group's ability to offer its services largely depends on the ability of the Group's partner companies and other third parties to perform their agreed obligations and on the services offered by them continuing to be suitable for the Group's business operations and commercial needs. As of 31 December 2023, 2022 and 2021, respectively: the Group's largest supplier represented approximately 11.5%, 14.2% and 12.1% by contribution to total expenses for supplies and services; the 5 largest suppliers represented approximately 28.9%, 33.5% and 30.7% by contribution to total expenses for supplies and services; and the 10 largest suppliers represented approximately 38.6%, 43.9% and 47.5% by contribution to total expenses for supplies and services. Any interruption in supply and/or these relationships or the expiry and non-renewal of contracts, as well as the Group's inability to promptly identify alternative suppliers capable of meeting the Group's needs, could result in difficulties in procuring the relevant components or services in quality or sufficient quantities and on a timely basis to ensure the continuity of sales activities. Even if the Group were able to obtain such components and/or services elsewhere, it could be forced to obtain them from other suppliers on less favorable terms, resulting in higher costs and charges and the loss of certain benefits (such as the application of discounts on charges for individual deliveries).

If one or more of the technology ecosystems or one or more of the Group's significant business partners or other third parties providing integrated services would decide to abruptly and materially change a technology, software or integrated service used by the Group in a manner that is unfavorable to the Group's business operations or to entirely cease maintaining, developing or offering a technology, software or integrated service that is material to the Group's business operations, the Group may not necessarily be able to find replacement technology, software or integrated service in a reasonable time, and the implementation of a replacement technology, software or integrated service could give rise to unforeseen costs. A third party could also change its pricing in a manner unfavorable to the Group, which could have a material adverse effect on the Group's profitability. Furthermore, disruptions and interruptions in the operations of a third-party technology, software or integrated service could reduce the Group's customer satisfaction and have an adverse effect on the Group's reputation. The materialization of the above risks could have a material adverse effect on the Group's business operations, results of operations, financial position, future prospects and on the value of the Shares (including the Offer Shares).

Damage to the Group's brand and reputation could have an adverse effect on the Group's business operations

One of the goals of the Group is to increase and develop its general recognition and reputation among potential customers, business partners, employees and investors, also through the Admission. Both the general satisfaction of customers with the Group and the service it offers and customer satisfaction with the Group's software are key to the Group's successful business operations. The Group's ability to create customer relationships and maintain customer loyalty depends in part on the image of the quality and the data protection and security associated with the software solutions offered by the Group. Negative images of the Group, negative publicity received by the Group or potential violations, negligence, employee errors, unethical behavior or abuses could harm the Group's brand and reputation in the eyes of customers and the public. A deterioration of reputation could also hinder the Group's recruiting and retention of employees. Potential negative publicity, deterioration of reputation or a failure to develop the Group's brand and reputation could have a material adverse effect on the Group's business operations, results of operations, financial position and future prospects and on the value of the Offer Shares.

The Group's operations and software solutions largely rely on IT systems, and any malfunctions and breaches in such networks and solutions as well as potential failures in customer information system development projects may adversely affect the reputation, business operations and financial position of the Group

The Group offers software solutions and products that are highly dependent on the usability, reliability, quality, confidentiality and integrity of the IT systems and network connections used in its own business operations. The administration and maintenance of the IT systems offered or used by the Group rely also on third-party services, such as public or private cloud and application support, and it may not be possible to remedy disruptions to such services in a reasonable time. In addition, the IT systems offered and used by the Group process, transfer and store electronic data, some of which is confidential or sensitive, such as personal data concerning employees, customers and other business partners or customers' business secrets.

At least the following factors may cause malfunctions or security breaches in the Group's, or its customers', business partners', suppliers' or other third parties' relevant information systems: criminal hackers, hacktivists, or state sponsored organizations; computer viruses and worms, denial of service or phishing attacks, or industrial espionage; advertent or inadvertent human errors or misconduct by current or former employees, customers or third parties in implementing or using the Group's software solutions; technological errors resulting from maintenance and upgrading activities; power outages or surges as well as floods, fires or natural disasters; or telecommunication outages in wide area network backbone, local last mile connections, site local area network or mobile connections.

Any malfunctions in IT systems and network connections or security breaches could engender disruptions to the Group's service offering. Such malfunctions or breaches could expose the Group and its customers, among other things, to risks of misuse of information or systems, the compromise of confidential information, manipulation and destruction of data, fraudulent actions, defective products and operational disruptions. In addition, such breaches in security of the Group's or customers' IT systems or network connections could result in litigation, regulatory action and potential liability, as well as the costs and operational consequences of implementing further data protection measures. It may also be difficult for the Group and its customers to detect security breaches upon their occurrence, which could have an impact on the extent of damage. Any and all information security risks and incidents, particularly in the systems and software developed by the Group, may lead to damages and to a loss of market share to competitors and may have an adverse effect on the development of the results of the Group's operations, increase the Group's costs and cause reputational damage.

Materialization of any of the above factors could have a material adverse effect on the Group's business operations, results of operations, financial position, future prospects and on the value of the Shares (including the Offer Shares).

The Group may not succeed in managing and protecting its intellectual property, and the Group may be targeted by intellectual property right infringement claims

The Group's ability to protect the intellectual property that underpins its brand portfolio, technology and know-how is critical to its competitiveness. The Group seeks to protect its intellectual property against third party infringement, on the basis of case-by-case analysis, through the registration of trademarks and through other means including licenses, confidentiality and non-disclosure agreements.

Currently, the Group have filed no. 9 trademark applications; in this regard, the filing of applications for the registration of trademarks does not exclude the risk that (i) their actual registrability may be challenged by the relevant offices (e.g., by refusing registration on the merits) or challenged by third parties through extrajudicial, administrative or judicial actions (e.g., through oppositions); (ii) once registered, trademarks may be challenged by third parties claiming prior industrial property rights; and (iii) third parties file, register and/or use industrial property rights or otherwise use signs that conflict with those of the Group. In general, should the registration of trademarks with pending applications be unsuccessful, the Group may not be able to effectively protect its distinctive signs in the countries in which it operates and for the relevant classes and/or products relating to its activities.

Given this fact, the Group currently uses de facto trademarks. De facto trademarks generally enjoy limited protection compared to registered trademarks, consisting essentially of the right to use the unregistered trademark without, for example, being able to prevent third parties from filing an identical or similar trademark in a different area from which the de facto trademark is known (except when the de facto trademark has a national recognition). Furthermore, unlike registered trademarks (whose validity is presumed), the burden of proof relating to the validity of the de facto trademark lies with its owner.

In addition, the Group owns various domain names. The registration of the domain names does not preclude them from being challenged by third parties, nor from infringing other third parties' intellectual property rights. Finally, in the event that the Group fail to renew its expiring domain names in a timely manner, third parties could register them, thus taking their availability away from the Group.

With regard to the protection of software, the Group's policy does not provide for intellectual property registration, but implements specific technical procedures, which include restricted access to source code, authentication and access control systems, regular updating of authorisations, monitoring systems and periodic software security assessments.

The Group also adopt third-party software components. To this regard, it cannot be excluded the risk that the Group may be obliged to make available all or part of the source code relating to its proprietary programs because of open-source license terms. More generally, there is a risk that the Group does not comply with the terms of open-source licenses and that, as a result, the relevant copyright holder may initiate legal actions against the Group aimed at enforcing the violation of its intellectual property rights. If such circumstances were to occur, the Group could be exposed to the risk of (i) having to pay compensation for any damages; (ii) being unable to continue the use of the open-source software under dispute and (iii) having to identify or develop alternative software to be incorporated within its proprietary software.

The Group has adopted precautionary measures to preserve the confidentiality of its know-how and trade secrets (such as control procedures designed to maintain confidentiality and restrict unauthorized access by third parties). There can be no assurance that such measures will in practice be successful in preventing the loss of confidentiality or that the Group's employees or third parties will not disclose or engage in unauthorized use of the Group's know-how and secrets. More generally, there is no assurance that the Group may be able to demonstrate in court the legal requirements necessary to access the specific protection provided for know-how and trade secrets, with the connected risk of (i) having to base its litigation strategy predominantly on claims of unfair competition and/or breach of contract; and (ii) having to deal with costs relating to the proceedings, with potential adverse effects on the Group's economic, assets and financial situation.

In addition, there can be no assurance that the Group manages to acquire the intellectual property rights it may need in its business operations with terms that are favorable to it or that it succeeds in complying with the license terms of third parties. There can also be no assurance that the Group's intellectual property rights will not be challenged or claimed in the future. More particularly, the Group carry out software development activities through third parties and/or employees; in this regard, it cannot be excluded the risk that employees and/or third parties involved in software development activities by the Group may claim ownership of particular software (or portions thereof) and may therefore initiate disputes or legal actions in this regard against the Group. Such disputes could result in the need to enter into settlements or to take part in proceedings, with potential adverse effects on the Group's economic, assets and financial situation.

Similarly, it cannot be excluded the risk that third parties make and/or market software programs that constitute infringement of the Group's intellectual property rights or that are in competition with the Group's proprietary programs.

Furthermore, the IT industry's partial dependency on protected technology may in future expose the Group to trials or other proceedings, in which the Group will have to defend itself against alleged violations, oppositions or other disputes relating to third-party intellectual property rights. Such oppositions could relate, for example, to misinterpretations of contracts terms relating to third party software, which could lead to a breach of such agreements; more particularly, such disputes could result in (i) the termination of the relevant contracts, (ii) the need to enter into settlements or (iii) legal proceedings, with potential adverse effects on the Group's economic, assets and financial situation. In addition, these scenarios could also hinder or prevent the Group's stay and/or expansion into existing and/or new market areas. The Group could also be targeted by intellectual property right infringement claims. Defending against an infringement claim could cause the Group significant costs and take resources away from other business operations. An unfavorable decision in a trial concerning an infringement claim could cause the Group to incur reputational damage and liability to pay damages, and any injunctions or other restrictions imposed by the court could limit or prevent the Group from offering or using certain software solutions. More particularly, the Group has entered in various software distribution agreements, allowing it to commercialize several third-party solutions. In this regard, it cannot be excluded the risk that the Group may be subject to disputes by third parties: (i) for alleged violations of the contractual provisions governing the distribution of software (e.g. non-competition prohibitions) and/or (ii) for infringement of copyrights on software owned by third parties and/or (iii) for engaging in unfair competition conducts. Such disputes could result in (i) the termination of software distribution agreements, together with a claim for damages; (ii) the need to enter into settlements; or (iii) legal proceedings, with potential adverse effects on the Group's economic, assets and financial situation. In addition, these scenarios could also hinder or prevent the Group's stay and/or expansion into existing and/or new market areas.

A potential failure to protect, establish or manage intellectual property rights or being targeted by intellectual property right infringement claims could have a material adverse effect on the Group's business operations, results of operations, financial position, future prospects and on the value of the Shares (including the Offer Shares).

Uncertainty on the Company's key markets, financial markets and general economic situation or geopolitical situation could affect the investments and financial position of the Company's customers, which could have an adverse effect on the Company's business operations, results of operations and financial position

Poor economic development and the uncertainty of the financial markets in Italy, the European Union and elsewhere in the world could have an adverse effect on the Company's business operations and opportunities for growth. The Company's net sales are generated mainly in Italy, so the Company is primarily exposed to negative developments in the Italian economy, such as recessions and depressions. However, the Italian economy is highly dependent on the development of the global economy, among other things.

As of the Prospectus Date, the global economic impact of Russia's war against Ukraine, the Israel-Hamas conflict and the escalating trade and geopolitical tensions between the United States and China remains uncertain. In recent economic forecasts, Italy's GDP is predicted to grow 0.8 percent in 2024. The short and medium-term outlook is still uncertain in Italy and globally due to the ongoing war between Russia and Ukraine, the Israel-Hamas conflict as well as the US – China tensions, and domestic price pressures are strong and are keeping services price inflation high in the majority of the EU countries[1].

In addition to uncertainty in the economy and financial markets, geopolitical uncertainty, the threat of trade wars and terrorism as well as other potential external disruptive factors could have a material effect on the growth prospects and availability of financing of the software markets. The Company deems that the Company's key market, the market of software solutions and ERP**,** continues to grow towards its potential. The Company deems that the expected growth of the reference market is driven, in particular, by increased adoption of digital tools and applications especially in small enterprises, implementation of new modules in companies already using the ERP system and the expansion of the use of ERP systems to lower levels in organizations. For further information, see *"Business – Markets and competition"*. However, weaker than expected growth of the Italian economy could have an adverse effect on the growth prospects of the software solutions and ERP market in Italy, which could reduce the demand for the Group's software solutions and related consulting services**.**

General economic development also impacts the Group's customers' investments and financial position. A slowdown in economic growth or negative economic growth could have an indirect adverse impact on the demand for the Group's software solutions if companies reduce their IT budgets.

The factors described above could alone or together have a material adverse effect on the Company's customer's investments and financial position as well as on the Group's business operations, results of operations, financial position, future prospects and on the value of the Shares (including the Offer Shares).

This Prospectus contains information about the Group's market and competitive position developed by the Group based on third-party sources, which has not been independently verified or which is based on assumptions or estimates that may prove to be inaccurate or which incorrectly reflect the Group's market position.

This Prospectus contains declarations of market size and market share which are based on multiple sources, including Group's estimates based on third-party data, including market data provided by consultants where available, and other non-public external data it obtained from research providers. These estimates and assessments are made directly by the Group and are therefore subjective and may not be accurate. As a result, the Group's actual market position and trends in the market segments served by the Group may be different from those contained herein. While the Company believes the data on which it has based its estimates is reliable, it has not independently verified any such information. Owing to the relative lack of independently verifiable data about the markets in which the Group competes, these internal assessments and estimates are inherently subjective and subject to uncertainty. Certain information regarding Group's market and performance relative to its competitors in the sector might not prove to be accurate and Group's actual results or competitive positioning may differ from those set forth herein. The Group's core reference markets, the ICT Services and Software and ICT Solutions markets, are expected to grow at an 8.9% CAGR from 2023 to 2026, compared to the 8.1% CAGR recorded from 2021 to 2023.

[1] European Central Bank, Economic Bulletin Issue 3, 2024

Risks relating to regulatory matter and litigation

The Group may be exposed to the risk that existing employment relationships with their employees or self-employed workers may violate the applicable labour laws.

In carrying out their activities, the Group is exposed to the risk that existing employment relationships with their employees or self-employed workers may violate the applicable labor laws.

Self-employment relationships present a risk of being reclassified as employment relationships. This risk can arise from requests made by workers or from inspections by competent authorities. Furthermore, the aforementioned risk of retraining must also be taken into account in relation to procurement contracts and subcontracts signed by the Group with companies where the individual's personal contribution is essential and relevant. Any of these events would result in additional economic, normative, tax, and social security obligations for the Group under the law.

The Group also faces the risk that its current labor relations with employees may violate other provisions of the applicable collective bargaining agreements, specifically regarding the employees' contractual classification in relation to their actual tasks and functions. Therefore, it cannot be excluded that certain individuals may in the future, based on their role and contractual classification, initiate actions aimed at obtaining recognition of a higher remuneration to claim higher compensation than that originally recognized, with consequent obligations in terms of remuneration and contributions to be borne to the Group.

It should be noted that as of the Prospectus Date, the Group is not fully compliant with the regulations of Law n. 68/1999 regarding the mandatory hiring of disabled workers. If the Group fails to comply with the reserve quota of disabled workers, it may be subject to sanctions; in particular, according to Article 15 of Law n. 68/1999, the obligation to hire disabled workers mentioned in Article 1 of Law n. 68/1999 must be fulfilled within sixty days. Prolonged non-compliance may result in application of economic sanctions and, in addition, could also jeopardize the Group's participation in public tenders.

The Group collects and processes personal data as part of its daily business and the leakage of such data or failure to process the data in accordance with applicable regulation may have a material adverse effect on the Group's business and reputation and result in claims for damages as well as fines and orders imposed by the authorities

The Group collects, stores and processes personal data as part of its operations. The software solutions and the services offered by the Group may play a significant role in its legal compliance as they imply the collection, storage and processing of personal data related to the Group's customers, employees, suppliers, etc. The processing of personal data is subject to specific legal requirements regarding, *inter alia*, data security as well as obligations for the data controllers and the data processors. To this regard, the EU's General Data Protection Regulation (Regulation (EU) 2016/679, also the **"GDPR")** is a regulation specifically applying to the processing and free circulation of personal data in the context of the activities of the establishment of an entity in the EU or that involves individuals within the EU. The Italian data protection legislative framework has been harmonized with the entry into force of the GDPR by means of the Legislative Decree 101/2018, that entered into force on 19 September 2018, and amended the Legislative Decree 196/2003 (the "**Privacy Code**").

If the Group fails to comply with applicable data protection legal obligations and provisions or in case the provision of its services, for example, leads to the unauthorized disclosure or access of personal data, the Group will be exposed to the risk of reputational damage as well as to the risk of significant administrative fines. Under the GDPR, the national data protection authority has the power to impose administrative fines for breaches of the GDPR up to 20 million EUR or, in case of an undertaking, up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher. As a result of a breach of the GDPR, the Group or its stakeholders may also be ordered to take corrective actions, change their processes and operations, or revise or change their information systems and related processes. Additionally, due to non-compliance with the GDPR, the Group or its stakeholders may be ordered to delete personal data and be prohibited from processing personal data or the processing of personal data may be temporarily or permanently restricted.

The Group and its customers could also be exposed to personal data breaches, which could have an adverse effect, among other things, on the Group's reputation and lead to the Group incurring liability for damages. Possible causes of personal data breaches include hacking, malware, encryption errors in information systems, human errors in the processing of personal data in physical or electronic form, errors in the transfer of large amounts of data from one system to another, or the unlawful viewing, disclosure or use of personal data by employees or third parties.

Materialization of any of the above factors could have a material adverse effect on the Group's business operations, results of operations, financial position, future prospects and on the value of the Offer Shares.

Risks relating to the applicability of the Italian foreign investment control regime ("Golden Power Regulation")

As of the Prospectus Date the Company's activities and the activities of its subsidiaries may fall within the scope of the Article 1 or Article 2 of the Golden Power.

The Company operates in the IT sector, offering applications inherent to the artificial intelligence, machine learning, virtual reality applied to machine maintenance and management process to numerous private operators also in the field of healthcare, finance and logistics. In addition, the business carried out by the subsidiaries concern also the cybersecurity sector and, specifically, the penetration test and vulnerability assessment.

Companies holding assets or activities of strategic importance within the meaning of the Golden Power Regulation are required to notify the Presidency, within ten days and in any case not before the execution of:

(i) certain resolutions, acts or transactions that have the effect of changing in ownership, control, availability or destination of strategic assets (*e.g.* the merger or demerger of the company, the transfer of the business / going concern that include strategic assets, the assignment of such assets by way of guarantee, the transfer of subsidiaries that hold such assets, the transfer of the registered office to a non-EU country, any resolutions that modify the corporate purpose, that entail the dissolution of the company or the amendment of certain bylaws clauses). In this case, the notification would be submitted by the company entering the reportable transaction or taking the reportable resolution or act.

(ii) changes in the shareholding structure of companies active in – or holding assets relating to – defense and national security. The first relevant threshold in the present case is the one regulated by Article 1, par. 5, of the Golden Power Regulation. In particular, if the acquisition concerns a company listed on a stock exchange or unregulated markets, the notification duty applies in case of the acquisition of shareholding higher than 3% threshold, as well as subsequent shareholding acquisitions exceeding the 5%, 10%, 15%, 20%, 25% and 50% thresholds. The above-mentioned acquisition is subject to the notification in any case and regardless of the nationality of the purchaser. Where possible, both the purchaser and the target company may jointly proceed with the notification. If joint submission is not feasible, the notification must be submitted by the purchaser that exceeds the above-mentioned thresholds; in this case the notifying party (*i.e.* the purchaser) must transmit, concurrently with the notification, a notice to the target company, enabling the latter to participate in the proceedings.

On 27 March 2024, in the context of its possible listing on Euronext Milan, the Company notified the Presidency of the Council of Ministers. On 23 April 2024 the Presidency of the Council of Ministers replied to the notification submitted by the Company stating that The Coordination Group for the exercise of the special powers referred to in Article 3 of Presidential Decree No. 133 of 1 August 2022, at its meeting of 12 April 2024, on the basis of the results of the investigation carried out by the Ministry of Health, which is responsible for the proposal, resolved that the operation envisaged in the notification does not fall within the scope of application of the provisions referred to in Legislative Decree No. 21 of 15 March 2012.

In light of the above, it cannot be excluded that, if the business of the Company and of the Group were to expand into new activities, or if the scope of application of the aforementioned regulations were to be broadened, or should the scope or the interpretation given to "*assets of strategic importance*" change, the Company could be considered subject to the Golden Power Regulation.

Litigation or other potential proceedings could have an adverse effect on the Group's business operations or cause unexpected costs

The Group could become a party to or a target of judicial proceedings or arbitration, administrative or other proceedings, which could relate to, among other things, claims presented by the Group's customers, suppliers, business partners or employees. Disputes between the parties may relate, for example, to the interpretation of contract terms, alleged breaches of contract terms, defects in the Group's software solutions or to negligence by the Group's employees. Even though the Group receives notices of defect relating to, for example, customer service from time to time, as is typical in the industry, these have rarely led to claims for damages and other monetary claims and during its operating history, the Group has not had any cases relating to notices of defect that led to trial. Litigation and other proceedings could result, in the future, in the Group being liable for damages. Litigation and other proceedings, or the threat thereof could also give rise to other costs and liabilities, divert the time of the Company's management and cause uncertainty that affects the Group's business operations and otherwise has an adverse effect on the Group's business operations. Such trials and proceedings could also have a negative impact on the Group's reputation among current and potential customers and stakeholder groups, which could lead to the Group losing, for example, customers or suppliers. Furthermore, the Group could incur material adverse consequences if contractual obligations are not enforceable or if they are enforced in a manner that is detrimental to the Group. A potential failure to comply with regulation could also lead to legal claims and proceedings. Materialization of the risks described above could have a material adverse effect on the Group's business operations, financial position, results of operations, future prospects and on the value of the Shares (including the Offer Shares).

Risks relating to corporate governance

Members of the Board of Directors and the Chief Executive Officer of the Company are subject to potential conflicts of interest.

As of the Prospectus Date, certain Directors and the Chief Executive Officer directly hold interests in the share capital of the Company and have familiar relationship among them. Consequently, these private interests are in potential conflict with their obligations as directors or officers of the Company. In particular, it should be noted that, as of the Prospectus Date:

- the Company's Chairman of the Board of Directors Vittorio Neuroni: (i) holds 8,830,500 Shares, equal to 43.5% of the share capital of the Company; and (ii) is the father of the Company's Chief Executive Officer, Matteo Luigi Neuroni, and of the Company's Executive Director Marta Neuroni;

- the Company's Chief Executive Officer Matteo Luigi Neuroni: (i) holds 5,379,500 Shares, equal to 26.5% of the share capital of the Company; (ii) is the son of the Company's Chairman of the Board of Directors, Vittorio Neuroni; (iii) is the brother of the Company's Executive Director, Marta Neuroni; and (iv) is the brother-in-law of the Company's Vice-Chairman of the Board of Directors, Emanuele Edoardo Angelidis;

- the Company's Vice-Chairman of the Board of Directors Emanuele Edoardo Angelidis: (i) holds 4,060,000 Shares, equal to 20.0% of the share capital of the Company; and (ii) is the brother-in-law of the Company's Chief Executive Officer, Matteo Luigi Neuroni;

- the Company's Executive Director Marta Neuroni: (i) holds 2,030,000 Shares, equal to 10.0% of the share capital of the Company; (ii) is the daughter of the Company's Chairman of the Board of Directors, Vittorio Neuroni; and (iii) is the sister of the Company's Chief Executive Officer, Matteo Luigi Neuroni.

On 29 June 2021 the Company, on one side, and the members of the Board of Directors as of the Prospectus Date and some managers of the Company (Andrea Matteo Baldini, Matteo Garegnani, Silvia Anghileri, Carlo Baraldi, Umberto Bramani, Claudio Cuccia, Andrea Pizzolato, Armando Munaretto and Massimo Zattera), on the other side, entered into separate agreements whereby the Company sold a total of no. 77,394 Warrants, at a price of Euro 2.30 per Warrant, which allow such Warrant Holders to purchase shares of the Company under certain terms and conditions. Each Warrant entitles the holder to purchase 20 shares of the Company (following the stock-split resolved by the Extraordinary General Meeting of the Company on 21 March 2024) at a Strike Price of Euro 24.63 (equal to Euro 1.23 for each new Share).

On 21 March 2024 the Extraordinary General Meeting of the Company resolved a capital increase in the nominal amount of Euro 77,394, to be implemented through the issuance of 1,547,880 new Shares to serve the exercise of the Warrants. On 30 March 2024, the Warrant Holders (including the members of the Board of Directors as of the Prospectus Date) notified the Company of the early exercise of all Warrants held by them, subject to - and with effect from - the Admission Notice. Therefore, on the date of the Admission Notice: (i) the exercise of all the Warrants will be effective, with the payment by the Warrant Holders to the Company of the Strike Price; (ii) the Warrant Capital Increase will be fully executed; and (iii) there will be no Warrants outstanding.

As of the Prospectus Date, Vittorio Neuroni owns 12,158 Warrants (which attribute the right to subscribe for n. 243,160 new Company's shares), Matteo Luigi Neuroni own 12,158 Warrants (which attribute the right to subscribe for n. 243,160 new Company's shares), Emanuele Edoardo Angelidis owns 10,150 Warrants (which attribute the right to subscribe for n. 203,000 new Company's shares) and Marta Neuroni owns 12,158 Warrants (which attribute the right to subscribe for n. 243,160 new Company's shares).

On 30 March 2024, some of the Warrant Holders – different from the Selling Shareholders and owning a total of 24,422 Warrants – entered into separate agreements with Vittorio Neuroni, pursuant to which the latter purchased from such Warrant Holders, who sold, at the Offer Price and subject to the condition precedent of the Admission Notice, a number of Shares equal to 488,440, resulting from the exercise of the Warrants.

Vittorio Neuroni, Matteo Luigi Neuroni, Emanuele Edoardo Angelidis and Marta Neuroni, as Selling Shareholders, are offering in the Offer a total of 1,420,920 Existing Offer Shares, as follows: Vittorio Neuroni is offering in the Offer 731,600 Existing Offer Shares (equal to 51.5% of Offer Shares), Matteo Luigi Neuroni is offering in the Offer 243,160 Existing Offer Shares (equal to 17.1% of Offer Shares), Emanuele Edoardo Angelidis is offering in the Offer 203,000 Existing Offer Shares (equal to 14.3% of Offer Shares) and Marta Neuroni is offering in the Offer 243,160 Existing Offer Shares (equal to 17.1% of Offer Shares).

The failure to properly implement measures and procedures to manage such potential conflicts of interest could have material adverse effects on the Group's business, financial condition, results of operations and on the value of the Shares (including the Offer Shares).

Certain changes in the Company's governing documents, corporate governance practices, and governing bodies will only be effective as of the First Trading Date

The Company has adopted certain corporate governance practices that are required for Italian listed companies that will take effect as of the First Trading Date and conformed the New By-laws and corporate governance system to the Consolidated Financial Act and to the Corporate Governance Code that listed companies are required to comply with. The Company adopted the Corporate Governance Code on 20 March 2024. After the First Trading Date, the Company intends to adopt also a policy for managing dialogue with investors and shareholders.

The new corporate governance practices require, among others, the inclusion of a slate voting mechanism for the election of members of the Issuer's Board of Directors and Board of Statutory Auditors, so that minority shareholders with the highest number of votes can elect one director, one statutory auditor and one alternate statutory auditor. This mechanism also ensures that the chairman of the Board of Statutory Auditors is elected by such minority shareholders. The New By-laws also require that members of the Board of Directors and members of the Board of Statutory Auditors reflect the gender quota required pursuant to applicable laws and regulations.

Risks relating to internal control

The Group may be exposed to corporate criminal and administrative liabilities pursuant to Decree 231.

Italian Legislative Decree no. 231 of June 8, 2001, as subsequently amended ("**Decree 231**") provides for corporate criminal liability for offenses committed on a corporation's behalf or for its benefit by affiliated individuals (such as employees, directors and representatives). Such offenses include corruption of public officials, fraud against public bodies, bribery, incitation to corruption, aggravated fraud in pursuit of public funding and IT fraud against a public entity and accounting fraud, Penalties for such offenses include fines, bans against contracting with governmental bodies or accessing state financing as well as confiscation of illicit profits from such activities. Decree 231 also provides that the effective and concrete implementation of a Decree 231-compliant internal risk and control framework (the "**231 Model**") and the appointment of an independent supervisory officer or body (*Organismo di Vigilanza* or "**Supervisory Body**") to supervise the implementation of the 231 Model can constitute a defense to such corporate liability. On 14 September 2023, the Company has formally adopted an Ethic Code ("*Codice Etico*"). As of the Prospectus Date all the relevant subsidiaries of the Group subject to legal audit (*i.e.* Modasystem S.r.l., Sys-Dat Verona S.r.l., Nekte S.r.l., Hars S.r.l., VCube S.r.l., Emmedata S.r.l.) adopted the 231 Model.

With regard to the new acquired companies, as of the Prospectus Date the Company estimates that the 231 Model may be adopted by them with no criticalities over the next six months during the integration process.

Nevertheless, the adoption of a 231 Model does not by itself exclude the application of the sanctions provided for in Decree 231. Rather, in the event a crime falling within the scope of Decree 231 is committed, a court must assess the sufficiency of the 231 Model and its implementation. If the Court concludes that the 231 Model adopted by the relevant company was not sufficient to prevent crimes of the kind that occurred, or that the model was not effectively implemented, or that supervision of its operations and compliance by the Supervisory Board was insufficient, the company would be subject to sanctions, with a consequent material adverse impact on its business, results of operations, financial condition and prospects. On 14 September 2023, the Company has formally adopted the 231 Model. As of the Prospectus Date, the Supervisory Body is composed of 3 members, Giovanni Briola, Matteo Signoriello and Davide Galloni, appointed by the Company's Board of Directors on September 14, 2023.

Any legal proceedings related to potential corporate liability under Decree 231 or similar laws in the foreign jurisdictions in which the Group operates would be costly to defend and could lead to adverse publicity and reputational harm, which could have a material adverse impact on the Group's business, results of operations, financial condition and prospects.

The Group has engaged and may engage in the future in transactions with related parties, which present the typical risks associated with operations carried out between non-independent entities whose membership of or at least whose proximity to us and/or our decision-making processes could compromise the objectivity and impartiality related to such transactions

The Group has engaged and may engage in the future in transactions with related parties (hereinafter, "Related Party Transactions"). The Related Party Transactions entered into by the Group before the First Trading Date were not subject to any procedure for the approval and management of transactions with related parties. Even though the Company believes that the principal terms of such transactions were in line with market practice, related party transactions present the typical risks associated with operations carried out between non-independent entities whose membership of or at least whose proximity to us and/or our decision-making processes could compromise the objectivity and impartiality related to such transactions. In particular, there can be no assurance that, had they been concluded with third parties, such third parties would have negotiated and entered into those agreements, or carried out the transactions, on the same terms and in the same manner.

With reference to the Related Party Transactions in effect as of the First Trading Date, there is no certainty that once they have expired, they will be renewed, or renewed on similar terms and conditions to those in place as of the First Trading Date. Following the First Trading Date, amendments or the renewal of the contracts underlying existing Related Party Transactions, including those subject to automatic renewal, will be subject to the safeguards set forth in the Procedure for Related Party Transactions adopted on 15 April 2024 by the Board of Directors and which will be reviewed by the Related Party Transactions Committee ahead of the final approval of the Board of Directors.

Risks relating to the Company's Shares

The price of the Shares on Euronext Milan and the liquidity of the Share may not develop as expected

Prior to the Offering, the Shares were not traded on a regulated market or multilateral trading facility, and there can be no assurance that an active and liquid market will develop for the Shares after the Admission. There is often significant fluctuation in the price of shares offered for trading for the first time on a regulated market. The market price may fluctuate significantly, and such fluctuations could be caused, among other things, by the market's perception, public discussion and news relating to the Group's field of business, planned and implemented changes in the legislation applied to the Group's operations or changes in the Group's results of operations or the development of its business operations. The prices and trading volumes of shares may fluctuate on the stock markets, and this may impact the prices of securities and may not have any connection to the performance or prospects of the Group's business operations. A decline in share prices may have a material adverse effect on the demand and liquidity of the Shares, and there can be no assurance that the market price of the Shares will not fluctuate significantly or decrease below the subscription price of the Offer Shares or that investors will be able to sell the Shares they acquire should they so wish. Investors could lose all or part of the capital they invest in the Shares (including the Offer Shares), and there can be no assurance that investors will receive any return on their investment. It is also possible that investors will not be able to sell Shares (including the Offer Shares) at a time of their choosing or at all.

The Company cannot guarantee that it will pay dividends in the future

As of the Prospectus Date, the Company has not adopted any policy regarding the distribution of future dividends. There can be no assurance that the Company will earn distributable income in the future, or that even if it does, it will decide to make distributions to shareholders. In the years ended December 31, 2023, 2022 and 2021 the Company paid dividends of Euro 0.65 per share in each case, with respect to the preceding financial year.

In addition, given its nature as a parent company, the Company's ability to pay dividends will depend on whether it receives dividends from its subsidiaries, among other things. The Company's ability to pay dividends will also depend on the conditions of the markets in which the Group operates, the Group's financial results, profitability, its investment needs, general operating performance, the establishment and maintenance of reserves required by law, and the development plans prepared by management, as well as future actions by shareholders at regular shareholders' meetings approving (in whole or in part) the payment of distributable profits.

The failure to distribute dividends could have adverse effects on the investors' expectations on the return of their investments and negatively affect the market price of the Shares (including the Offer Shares).

The Company's ownership structure is concentrated, and concentrated ownership could reduce the influence of other shareholders in the Company, undermine their confidence in the Company and reduce the liquidity of the Shares

As of the Prospectus Date the Company has 4 shareholders: (i) Vittorio Neuroni owns 43.5% of all of the issued and outstanding Shares and votes in the Company, (ii) Matteo Luigi Neuroni owns 26.5% of all of the issued and outstanding Shares and votes in the Company, (iii) Emanuele Edoardo Angelidis owns 20.0% of all of the issued and outstanding Shares and votes in the Company, and (iv) Marta Neuroni owns 10.0% of all of the issued and outstanding Shares and votes in the Company. All the current shareholders of the Company have family relationships among them.

After the completion of the Offer and the effectiveness of the Share Purchase Agreements, the actual shareholders of the Company will own a total of approximately 65% of the issued and outstanding Shares and votes in the Company, assuming that the Company will issue 8.450.000 New Shares and will fully execute the Warrant Capital Increase, the Selling Shareholders will sell the maximum number of Sale Shares, the Selling Shareholders do not subscribe for Offer Shares, and the Over-Allotment Option is fully exercised. Concentrated ownership could reduce the influence of other shareholders in the Company, undermine their confidence in the Company and reduce the liquidity of the Shares. The above factors could also have an adverse effect on the valuation and price performance of the Shares (including the Offer Shares).

Future share issuances or sales of substantial amounts of Shares could lower the value of the Shares and dilute the shareholders' relative holdings as well as the voting rights related to the Shares

In connection with the Admission, the Company and its current shareholders are expected to commit to lock-up agreements that will end on the date that falls 365 days from the Admission for the Company. After such lock- up period, the Company may issue and the shareholders may sell Shares. Future issuances of Shares or other securities may dilute the holdings of shareholders and could adversely affect the market price of the Shares.

The Company may also issue additional shares or securities convertible into Shares through directed offerings without pre-emptive subscription rights for existing shareholders in connection with future acquisitions, any share incentive or share option plan or otherwise. Any such additional offering could reduce the proportionate ownership and voting interests of the Company's shareholders, as well as the earnings per share and the net asset value per share. Due to the large percentage of Shares owned by any controlling shareholders, there can be no assurance that such controlling shareholders will not affect the trading or transaction volumes by exercising their decision-making power in the Company or by making decisions concerning their holdings that may have an effect on the prevailing market price of the Shares. Future issuances of Shares or other securities or sales of significant numbers of Shares or an understanding that such issuances or sales may occur in the future may have an adverse effect on the market value of the Shares (including the Offer Shares) and on the Company's ability to acquire equity capital funding in the future.

The Company's Shares may not be eligible for the STAR Segment

Upon Admission, Borsa Italiana will grant STAR status to the Company's shares after verifying compliance with the capitalisation and distribution requirements. Compared to the ordinary segment of Euronext Milan, the STAR segment is characterised by higher requirements in terms of transparency of information, corporate governance and liquidity of the shares. However, it should be noted that if the trading volume of the Company's shares after Admission is below the minimum volume required for admission to the STAR segment, the Company's shares may only be traded on the ordinary segment of Euronext Milan, which requires a lower distribution of the shares and may expose the Share to a lower liquidity.

Potential conflicts of interest in the context of the Offer

Intermonte, as Global Coordinator, Bookrunner and Listing Agent has potential conflicts of interest as will enter into an institutional underwriting agreement under which will undertake to place and underwrite, for the shares within its competence, the placement of the Offer Shares. Intermonte will receive (i) a fee for this activity and (ii) a compensation in relation to the services provided as Listing Agent. Intermonte or companies of the group to which it belongs, in the normal exercise of their activities, may: (i) provide investment banking or other financial services in favour of the Issuer, the Selling Shareholders and/or their respective groups and/or their respective shareholders and/or parties controlled by them and/or linked to them and/or in which they hold an interest and/or other parties involved directly or indirectly in the Offer; (ii) carry out brokerage and/or research and/or other financial services on the financial instruments of the parties indicated in point (i) above and/or on financial instruments linked to them and/or hold positions in the said financial instruments.

Shareholders outside of Italy may not be able to exercise pre-emptive rights and as a result may experience substantial dilution upon future issuances of Shares.

Under Italian law, in the event of an increase the Company's share capital, holders of Shares are generally entitled to pre-emptive rights in proportion to the Shares they hold, unless these rights are excluded either by a resolution of our shareholders' meeting at the proposal of the Company's Board of Directors, or by a resolution of the Company's Board of Directors in case the Board of Directors has been designated by the Company's shareholders' meeting for this purpose. Due to laws and regulations in their respective jurisdictions, however, shareholders outside Italy may not be able to exercise their pre-emptive rights unless local securities laws have been complied with. The Company cannot assure that it would take any action to register or otherwise qualify the offering of pre-emptive rights or shares under the law of any jurisdiction where the offering of such rights is restricted. If holders of Shares in such jurisdictions were unable to exercise their pre-emptive rights, their ownership interest in the Company would be diluted.

Investors from countries that do not use the Euro as their currency may face additional risk due to fluctuations in currency exchange rates.

The Shares are denominated, and their trading price will be quoted, in Euros. In addition, any dividends that we pay will be in Euro. As a result, investors from countries that do not use the Euros as their currency are exposed to risk from potential fluctuations in the value of the Euro compared to these investors' local currencies. Adverse developments in the relevant exchange rates could reduce the relative value of these investors' Shares even if the trading price of the

Shares appreciates in Euro terms. The value to such investors of any dividends that the Company may pay during periods of adverse exchange rate developments could also be reduced.

IMPORTANT INFORMATION

General

This Prospectus has been approved by CONSOB, as competent authority under the Prospectus Regulation, on 19 June 2024. CONSOB only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Shares (including the Offer Shares).

The validity of this Prospectus will expire on the earlier of (i) the First Trading Date and (ii) twelve months from the Prospectus Date provided that it is completed by any supplement if required pursuant to Article 23 of the Prospectus Regulation. The obligation to supplement a prospectus in the event of significant new factors, material mistakes or material inaccuracies shall cease to apply when this Prospectus is no longer valid (see "*Supplements*").

Prospective investors should only rely on the information contained in this Prospectus, the Pricing Statement and any supplement to this Prospectus within the meaning of Article 23 of the Prospectus Regulation. The Company does not undertake to update this Prospectus, unless required pursuant to Article 23 of the Prospectus Regulation, and therefore prospective investors should not assume that the information in this Prospectus is accurate as of any date other than the Prospectus Date. No person is or has been authorised to give any information or to make any representation in connection with the Admission and the Offer, other than as contained in this Prospectus. If any information or representation not contained in this Prospectus is given or made, the information or representation must not be relied upon as having been authorised by the Company, the Selling Shareholders, the Bookrunner, the Listing Agent or any of their respective affiliates or representatives. Neither the delivery of this Prospectus nor any issuance or sale of Offer Shares made hereunder at any time after the Prospectus Date shall, under any circumstances, imply that there has been no change in the Company's business or affairs since the Prospectus Date or that the information set forth in this Prospectus is correct as of any date subsequent the date hereof.

Prospective investors are expressly advised that an investment in Shares (including the Offer Shares) entails risks and that they should therefore carefully read and review the entire Prospectus. Prospective investors should not just rely on key information or information summarised within this Prospectus. Prospective investors should, in particular, read the section entitled "*Risk Factors*" when considering an investment in the Shares (including the Offer Shares). A prospective investor should not invest in Offer Shares unless it has the expertise (either alone or with a financial adviser) to evaluate how the Offer Shares will perform under changing conditions, the resulting effects on the value of the Offer Shares and the impact this investment will have on the prospective investor's overall investment portfolio. Prospective investors should also consult their tax advisers as to the tax consequences of the purchase, subscription, ownership and disposal of the Offer Shares.

The contents of this Prospectus should not be construed as business, legal or tax advice. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares and/or the Shares.

Prospective investors should consult their own professional advisers before making any investment decision with regard to the Shares (including the Offer Shares) and should consider such investment decision in light of their personal circumstances and in order to determine whether or not such prospective investor is eligible to purchase, or subscribe for Shares (including the Offer Shares). In making an investment decision, each investor must rely on its own examination, analysis and enquiry of the Company, including the merits and risks involved.

Although the Bookrunner is party to an agreement pertaining to the Offer and has or might enter into a financing or other arrangement with the Company, this should not be considered as a recommendation to invest in Offer Shares.

The Listing Agent is acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Admission and the Offer. None of them will regard any other person (whether or not a recipient of this Prospectus) as their respective client in relation to the Admission or the Offer and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective clients or for giving advice in relation to the Admission, the Offer or any transaction or arrangement referred to in this Prospectus.

Responsibility statement

This Prospectus is made available by the Company.

SYS-DAT S.p.A. with registered office at Via Muzio Attendolo detto Sforza no. 7/9, 20141 – Milan (MI), Italy (the Company) accept full responsibility for the information contained in this Prospectus. The Company declare that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

The following Selling Shareholders:

- Vittorio Neuroni (Shareholder and Chairman of the Board of Directors of the Company);
- Matteo Luigi Neuroni (Shareholder and Chief Executive Officer of the Company);
- Emanuele Edoardo Angelidis (Shareholder and Vice-Chairman of the Board of Directors of the Company); and
- Marta Neuroni (Shareholder and Executive Director of the Company)

accept full responsibility for the information contained in this Prospectus relating to them. The Selling Shareholders, for the information relating to them, declare that, to the best of their knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

Presentation of financial and other information

Historical financial information

The consolidated financial information included in this Prospectus has been extracted or derived from the Three-Year Consolidated Financial Statements for the years ended December 31, 2023, 2022 and 2021, which have been prepared in accordance with the recognition and measurement principles under IFRS to be included in the Prospectus (the "**Three-Year Consolidated Financial Statements**"). The Three-Year Consolidated Financial Statements have been approved by the Board of Directors on 20 March 2024, and audited by the Independent Auditors. The Three-Year Consolidated Financial Statements are included from page F-1 of this Prospectus and should be read in conjunction with the notes thereto. The Three-Year Consolidated Financial Statements are a "special purpose" set of consolidated financial statements prepared by management in connection with the procedure for the Admission and represent the historical financial information of the Group restated according to EU-IFRS, as requested by the EU Regulation 2019/980. The Three-Year Consolidated Financial Statements has been drawn up for the first time in accordance with EU-IFRS; the first time adoption date is 1 January 2021.

During the three years and up to the Prospectus Date, no changes were made with reference to the accounting reporting date.

The Three-Year Consolidated Financial Statements have been audited by BDO as stated in its audit report appearing herein.

The Prospectus does not include any information that has been audited or reviewed by the Independent Auditors other than the Three-Year Consolidated Financial Statements of the Group for the years ended 31 December 2023, 2022 and 2021.

On 21 March 2024 the Shareholder's Meeting of the Company appointed BDO, subject to the commencement of trading of the Shares on Euronext Milan, as its independent auditor for the separate and consolidated financial statements, as well as for the interim financial statements, for the years ended 31 December 2024 and until the approval of the financial statements for the financial year ended 31 December 2032.

It should be noted that the Company was not obliged to prepare a consolidated financial statement as of 31 December 2023, as it was exempted, since some of the relevant thresholds set forth in Article 27 of Legislative Decree 127/1991 were not exceeded for two consecutive years. However, starting from the financial statements as of 31 December 2024, the Company will be obliged to prepare a consolidated financial statement due to the achievement of the relevant thresholds for two consecutive years (2023-2024). BDO's registered office is at Viale Abruzzi no. 94, 20131 Milan (MI), Italy, and it is registered under no. 167911 in the Register of Accountancy Auditors (*Registro dei Revisori Legali*) held by the Italian Ministry of Economy and Finance in compliance with the provision of Legislative Decree no. 39, 27 January 2010.

The Annual Financial Statements of the Company and the independent auditors' reports are not included or incorporated by reference in this Prospectus but are available to the public on the Company's website (www.sys-datgroup.com).

Definitions of the Non-IFRS Measures

This Prospectus contains financial measures that are not recognized by IFRS. In accordance with the ESMA/2015/1415 guidelines of October 5, 2015 (entered into force on July 3, 2016), non-IFRS measures means those financial, financial borrowing or cash flow performance indicators, historical or prospective, other than those defined or specified in the applicable financial reporting regulations.

These measures are termed "**Non-IFRS measures**" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. More specifically, the non-IFRS measures are constructed on the basis of historical data and do not indicate the future performance of the Group, and they are taken from the Three-Year Consolidated Financial Statements, in accordance with the provisions of the recommendations contained in the document prepared by ESMA, no. 1415 of 2015, as incorporated by CONSOB Communication 0092543 dated 3 December 2015. These Non-IFRS measures include: *EBIT, EBIT Margin, EBITDA, EBITDA Margin, ROE, ROI, ROS, Net Financial Indebtedness, Net Financial Indebtedness/Equity, Net Financial Indebtedness/ EBITDA, DSO, Trade Receivables Turnover, DPO, Trade Payables Turnover, Net Fixed Capital, Net Working Capital, Commercial Working Capital, Net Invested Capital.*

For the calculation and reconciliation of each Non-IFRS measure to the most directly comparable IFRS financial measure, see "*Selected Financial and Other Information—Other financial data*". Management uses such measures to assess the financial performance and liquidity of the businesses. Management believes that these and similar measures are used widely by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity and are intended to assist in the analysis of the operating results and profitability. When interpreting those Non-IFRS Measures, the following should be considered: (i) Non-IFRS Measures are constructed on the basis of historical data and do not indicate the future performance of the Group; (ii) Non-IFRS Measures are not governed or required by international accounting standards (IAS/IFRS) and are not subject to audit; (iii) Non-IFRS Measures must not be considered as substitutes for the indicators provided for under international accounting standards; (iv) the definitions and presentation of the Non-IFRS Measures used by the Company may not be consistent with those adopted by other companies and are and therefore not comparable to similarly titled measures used by other companies and have limitations as analytical tools; and (v) Non-IFRS Measures must be read together with the other financial information included in this Prospectus. Therefore, such measures should not be considered in isolation or as a substitute for the Group's operating results as reported under IFRS.

Set forth below are the Non-IFRS measures used in this Prospectus.

EBIT, EBIT Margin, EBITDA and EBITDA Margin

EBIT: calculated as Profit for the year or the period excluding Income taxes, Financial costs and Financial income.

EBIT Margin: calculated as the ratio of EBIT divided by revenues of the applicable period.

EBITDA: calculated as Profit for the year or the period excluding Income taxes, Financial costs, Financial income, Depreciation and amortization expenses.

EBITDA Margin: calculated as the ratio of EBITDA divided by revenues of the applicable period.

Management uses EBIT, EBIT Margin, EBITDA and EBITDA Margin for internal reporting to assess performance and as part of the forecasting, budgeting and decision-making processes as they provide additional transparency regarding Group's underlying operating performance. Management believes these non-IFRS measures are useful because they exclude items that management believes are not indicative of Group's underlying operating performance and allow management to view operating trends, perform analytical comparisons and benchmark performance between periods and among segments. The Company also believes that EBIT, EBIT Margin, EBITDA and EBITDA Margin are useful for investors and analysts to better understand how management assesses the Group's underlying operating performance on a consistent basis and to compare the Group's performance with that of other companies. Accordingly, management believes that EBIT, EBIT Margin, EBITDA and EBITDA Margin provide useful information to third party stakeholders in understanding and evaluating Group's operating results.

The Groups' presentation of EBIT, EBIT Margin, EBITDA and EBITDA Margin may be different from the presentation used by other companies and, therefore, comparability may be limited. EBIT, EBIT Margin, EBITDA and EBITDA Margin are non-IFRS measures and the term EBITDA and EBITDA Margin are not defined under IFRS or any other generally accepted accounting principles. Consequently, the use of EBIT; EBIT Margin, EBITDA and EBITDA Margin has certain limitations. EBIT, EBIT Margin, EBITDA and EBITDA Margin are not a measure of net income, operating income, operating performance or liquidity presented in accordance with IFRS. When assessing the Group's operating performance, you should not consider this data in isolation or as a substitute for the net income, operating income or any other operating performance or liquidity measure that is calculated in accordance with IFRS.

EBIT, EBIT Margin, EBITDA and EBITDA Margin have limitations as analytical tools. Some of these limitations are:

- they do not reflect the cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, the working capital needs;
- they do not reflect any cash income taxes that the Group may be required to pay;

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and EBITDA and EBITDA Margin do not reflect any cash requirements that would be required for such replacements. This might limit their usefulness as comparative measures.

Other non-IFRS measures

The other non-IFRS measures highlighted in the Prospectus are the followings: EBIT, EBIT Margin, EBITDA, EBITDA Margin, ROE, ROI, ROS, Net Financial Indebtedness, Net Financial Indebtedness/Equity, Net Financial Indebtedness/ EBITDA, DSO, Trade Receivables Turnover, DPO, Trade Payables Turnover, Net Fixed Capital, Net Working Capital, Commercial Working Capital, Net Invested Capital.

For further details on other non-IFRS measures please refer to section "*Non-IFRS Measures and other metrics*" in Chapter "*Selected financial and other information*".

Rounding and negative amounts

Certain numerical figures set out in this Prospectus, including financial data presented in millions or in thousands and certain percentages, have been subject to rounding adjustments and, as a result, the totals of the data in columns or rows of tables in this Prospectus may vary slightly from the actual arithmetic totals of such information and from the related figures presented in the Three-Year Consolidated Financial Statements.

In preparing the Three-Year Consolidated Financial Statements, most numerical figures are presented in thousands of Euros. For convenience, certain numerical figures in this Prospectus are rounded to the nearest one million. As a result of this rounding, certain numerical figures presented herein may vary slightly from the corresponding numerical figures presented in the Three-Year Consolidated Financial Statements.

The percentage (as a percentage of revenues or period-on-period changes) presented in the textual financial disclosure in this Prospectus are derived directly from the financial information contained in the Three-Year Consolidated Financial Statements. Such percentages may be computed using the numerical figures expressed in thousands of Euros in the Three-Year Consolidated Financial Statements. Therefore, such percentage are not calculated on the basis of the financial information in the textual disclosure that has been subjected to rounding adjustments in this Prospectus.

In tables, negative amounts are shown between brackets. Otherwise, negative amounts may also be shown by "()", "–" or "negative" before the amount.

Market and industry data

The information contained in this Prospectus has been provided by the Company and the other sources identified herein. All references to market share, market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by analysts, competitors, industry associations and consultants, other non-public external data obtained by the Company from research companies and governmental entities or of the Group's own assessment of its markets and sales. Certain statements made in this Prospectus are based on the Company's own proprietary information, insights, opinions or estimates, and not on third party or independent sources; these statements contain words such as "the Company believes" and "the Company expects", and as such do not purport to cite, refer to or summarize any third party or independent source and should not be so read.

The principal sources of third-party data used by the Company, publicly and freely available at the specified websites, are:

- "*Il digitale in Italia 2023*" drafted by Anitec-Assinform in collaboration with Confindustria Digitale and NetConsulting Cube, July 2023 (https://www.anitec-assinform.it/pubblicazioni/il-digitale-in-italia/il-digitale-in-italia.kl);
- CLUSIT 2023 Report on ICT Security in Italy (https://clusit.it/rapporto-clusit/);
- The TOP 100 Software and Services 2023 ranking – IDC for Datamanager 2023 (https://www.datamanager.it/la-classifica-top-100-software-e-servizi-2023/); and
- "Micro" companies, Aida BVD (https://aida-r1.bvdinfo.com/version-20230825-5-8/List.serv?_CID=74&FromALoadStrategy=FromALoadStrategy&product=aidaneo);
- European Central Bank, Economic Bulletin Issue 3, 2024 (https://www.ecb.europa.eu/press/economic-bulletin/html/eb202403.en.html).

The Company has not independently verified the information. The Company cannot guarantee that a third-party using different methods to assemble, analyze or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Group's competitors may define their markets and their own relative positions in these markets differently than the Group does and may also define various components of their business and operating results in a manner that makes such figures non-comparable with the Group's figures.

Industry publications and market studies generally state that their information is obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the projections that they contain are based on a number of significant assumptions. Where third-party information has been sourced in this Prospectus, the source of such information has been identified. Although the Company believes that these sources are reliable, the Company does not have access to the information, methodology and other bases for such information and has not independently verified the information. The information in this Prospectus that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information provided inaccurate or misleading.

Supplements

If a significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Offer Shares and which arises or is noted between the Prospectus Date and the First Trading Date, a supplement to this Prospectus will be published in accordance with relevant provisions under the Prospectus Regulation. Such a supplement will be subject to approval by CONSOB in accordance with Article 23 of the Prospectus Regulation and will be made public in accordance with the relevant provisions under the Prospectus Regulation. The summary shall also be supplemented, if necessary, to take into account the new information included in the supplement.

Statements contained in any such supplement (or contained in any document incorporated by reference in such supplement) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document that is incorporated by reference in this Prospectus. Any supplement shall specify which statement is so modified or superseded and shall specify that such statement shall, except as so modified or superseded, no longer constitute a part of this Prospectus. For the avoidance of doubt, references in this paragraph to any supplement being published by the Company do not include the Pricing Statement.

Enforceability of civil liabilities

The ability of certain persons in jurisdictions other than Italy to bring an action against the Company may be limited under applicable laws and regulations. At the Prospectus Date, the Company is governed by the laws of Italy and most of the Directors and the Group's employees are citizens or residents in Italy. The majority of the assets of such persons and the assets of the Group are located in Italy. As a result, it may be impossible or difficult for investors to effect service of process within other countries upon such persons or the Company or to enforce against them in other countries' courts a judgment obtained in such courts.

It may be possible for investors to effect service of process within Italy upon those persons or the Company or its subsidiaries provided that the requirements of The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 are complied with.

In general, final, enforceable and conclusive judgments rendered by other countries' courts, even if obtained by default, may not require retrial and will be enforceable in the Republic of Italy, provided that pursuant to article 64 of Italian Law 218/1995 (*Riforma del sistema italiano di diritto internazionale privato*) the following conditions are met:

- the court which rendered the final judgment had jurisdiction according to Italian law principles of jurisdiction;
- the relevant summons and complaint was appropriately served on the defendants in accordance with other country's law and during the proceedings the essential rights of the defendants have not been violated;
- the parties to the proceeding appeared before the court in accordance with other country's law or, in the event of default by the defendants, the court declared such default in accordance with other country's law;
- the judgment is final and not subject to any further appeal in accordance with other country's law;
- there is no conflicting final judgment previously rendered by an Italian court;
- there is no action pending in the Republic of Italy among the same parties and arising from the same facts and circumstances which commenced prior to the action in the other country; and

- the provisions of such judgment would not violate Italian public policy.

In addition, if an original action is brought before an Italian court, the Italian court may refuse to apply other country's law provisions or to grant some of the remedies sought (for example punitive damages) if their application violates Italian public policy and mandatory provisions of Italian law.

Information regarding forward-looking statements

Any forward-looking statements contained in this Prospectus is subject to a number of risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Group's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "aim", "anticipate", "assume", "believe", "continue", "could", "estimate", "expect", "goal", "hope", "intend", "may", "objective", "plan", "position", "potential", "predict", "project", "risk", "seek", "should", "target", "will" or "would" or the highlights or the negatives thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements that reflect the Company's intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Group operates. In particular, the statements under the headings "*Summary",* "*Risk Factors",* "*Reasons for the Offer and Use of Proceeds",* "*Dividends and Dividend Policy",* and "*Business"* regarding the Group's strategy, targets, expectations, objectives, future plans and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements.

Defined terms and language

Defined terms used in this Prospectus are defined in "*Defined Terms*". This Prospectus is published in English only, except for the section "*Summary*" which will also be incorporated in Italian into the Prospectus, pursuant to Article 12(3) of the Issuers Regulation.

REASON FOR THE OFFER AND USE OF PROCEEDS

Background and reasons for the for the Offer and the Admission

The Admission will allow the Company to acquire, like some of its competitors, the status of a listed company so as to be able to achieve greater visibility in its reference market and increase its ability to access the capital market to support its growth and development objectives as well as benefit from the possibility of making potential acquisitions by payment of the consideration in listed shares.

The concurrent Offer is functional to the distribution of the Shares and their listing on Euronext Milan. The Offer also responds to the Company's desire to continue its growth path by expanding its production capacity and strengthening its capital structure.

Use of proceeds

The Company intends to use the proceeds it receives from the Offer to pursue external growth opportunities as well as implement its strategy and, in particular, to expand its business capacity, develop new technologies, strengthen its capital structure and further expand its geographic footprint.

The gross proceeds that the Company will receive in the Offer from the subscription of the New Offer Shares are estimated to be between Euro 32,110 thousand (based on an Offer Price equal to the maximum of the Offer Price Range) and Euro 27,040 thousand (based on an Offer Price equal to the minimum of the Offer Price Range). The maximum commissions (including any discretionary components) of up to 5% of the value of the New Offer Shares placed pursuant to the Offer payable to the Global Coordinator are expected to amount to approximately Euro 1,606 thousand (based on an Offer Price equal to the maximum of the Offer Price Range and assuming the sale of the maximum number of New Offer Shares and full payment of discretionary commission). Such commissions will be paid by the Company in proportion to the number of New Offer Shares subscribed in the Offer.

The costs and expenses related to the Offer and Admission (excluding the underwriting commissions due to the Bookrunner) are estimated at approximately Euro 1,250 thousand and include, among other items, the fees due to CONSOB and Borsa Italiana S.p.A., legal and administrative expenses, as well as publication costs, if any. Such costs and expenses will be borne by the Company.

The net proceeds that the Company will receive in the Offer will be approximately Euro 30,505 thousand (net of the costs and expenses, based on an Offer Price equal to the maximum of the Offer Price Range and assuming the sale of the maximum number of New Offer Shares and full payment of discretionary commission).

The gross proceeds that the Selling Shareholders will receive from the Offer will be approximately Euro 5,399 thousand (based on an Offer Price equal to the maximum of the Offer Price Range and assuming the sale of the maximum number of Existing Offer Shares, full payment of discretionary commission and full exercise of the Over-Allotment Option). The Company will not receive any proceeds from the sale of Existing Offer Shares by the Selling Shareholders in the Offer.

DIVIDENDS AND DIVIDEND POLICY

General

In accordance with Italian law, payment of any annual dividends by the Company may be made out of its distributable profits and reserves on an unconsolidated basis for each relevant year pursuant to a resolution of the shareholders' meeting. Any such resolution is subject to approval by the Company's shareholders at an annual general meeting, which must be convened to approve the Company's financial statements within 120 or, under certain circumstances, within 180 days after the end of the financial year to which such financial statements relate. Furthermore, pursuant to Articles 2433 *et seq.* of the Italian Civil Code and Article 32.4 of the New By-laws, the Board of Directors may authorize the distribution of interim dividends during the course of the fiscal year, subject to certain limitations. See "*Description of the Shares and Corporate Structure—Shareholders' Meetings*" and "*Description of the Shares and Corporate Structure —Dividends*".

Legal limitations

Mandatory reserves

The payment of any annual dividend is proposed by the Board of Directors and is subject to approval by the shareholders at the annual general meeting. Before dividends may be paid out of the Company's unconsolidated net income in any year, an amount equal to 5% of such net income must be allocated to the Company's legal reserve until such reserve is at least equal to one-fifth of the par value of the Company's issued share capital. The Company's legal reserve is currently equal to one-fifth of the par value of its issued share capital. If the Company's share capital is reduced as a result of accumulated losses, dividends may not be paid until the capital is reconstituted or reduced by the amount equivalent to the corresponding losses. Pursuant to articles 2433 *et seq.* of the Italian Civil Code and article 32 of the New By-Laws, the Board of Directors may resolve to distribute interim dividends to shareholders during the course of the financial year, in the cases and according to the provisions of the applicable laws and regulations.

Manner and timing of dividend payments

Since the First Trading Date, any dividends the Company may declare will be paid to shareholders through Monte Titoli or such other authorized centralized securities custody and administration systems with which the intermediaries instructed by the shareholders have deposited their shares.

Repayment and prescription

A shareholder's claim to payment of dividend lapses five years after the day on which the claim became payable. Shareholders will not be required to repay annual dividends paid on the basis of duly approved financial statements if the shareholders collected such dividends in good faith. Any dividends that are not collected within the five-year period revert to the Company. For further information, see "*Description of the capital and corporate structure – Dividend and dividend distributions*".

Contractual limitations

As of the Prospectus Date, the Group is not party to any financing agreements or other contractual limitations that include restrictions on dividend payments.

Taxation

The tax legislation of a shareholder's country of tax residence or other relevant jurisdictions, as well as that and of the Company's country of incorporation and tax residency, may have an impact on the income received from the Shares. The Company is exclusively resident in Italy for corporate income tax purposes, and dividends paid by the Company are subject to Italian dividend withholding tax, if any.

For information on Italian taxation of dividends, see "*Taxation*".

Dividend history

In the years ended December 31, 2023, 2022 and 2021 the Company paid dividends of Euro 0.65 per share in each case, with respect to the preceding financial year.

Dividend policy

As of the Prospectus Date, the Company has not adopted any policy regarding the distribution of future dividends. The distribution of dividends will be resolved upon by the shareholders from time to time. The Company will seek to carry out an active dividend policy, provided that profit distribution will not weaken the Company's ability to achieve its goals set out in the Group's growth strategy or other financial targets.

The Company's ability to pay dividends will depend, among other factors, on market conditions, on the Group's profitability as well as on its investment needs. The Company's payment of dividends will also depend on the results achieved, the establishment and maintenance of reserves required by law, general operating performance and development plans prepared by management as well as future actions by shareholders at regular shareholders' meetings approving (in whole or in part) the payment of distributable profits. There is no guarantee that, at the end of each fiscal year, the Company will record distributable profits or that the Board of Directors will submit to the vote of the shareholders' meetings the proposal to pay any dividends. See "*Risk Factors — The Company cannot guarantee that it will pay dividends in the future*". If the Company pays dividends, they will be paid in Euro. See "*Taxation*" for a discussion of certain Italian tax provisions regarding the taxation of dividends.

Overview

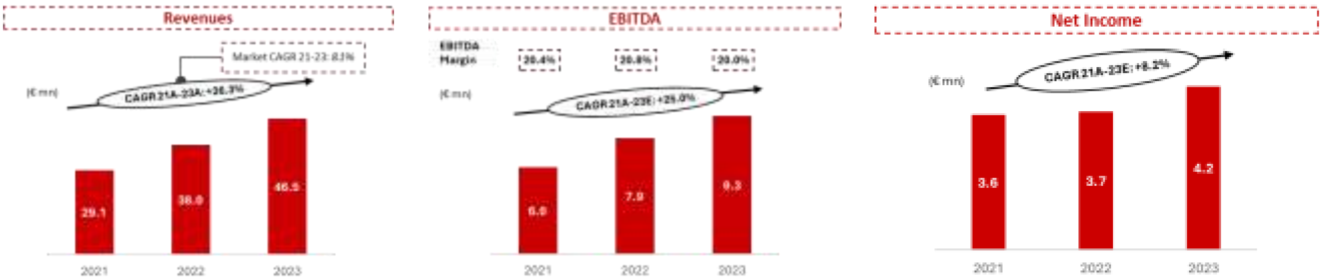
The Group is a successful ICT player in Italy, rooted in many years of experience developed in the market of IT solutions for the main industrial segments and service markets, as described below. The Group offers innovative IT solutions for its clients' mission critical processes. The Group's mission is to enable new business models to its customers, through software solutions and consulting services. The solutions provided by the Group in each segment of activity may be applied, simultaneously or separately, in all or some of the following industry sectors: fashion & luxury, manufacturing, ceramics, food & beverage, healthcare, logistics, publishing, banking and professional services (law firms), retail and distribution.

As of the Prospectus Date, the Group consists of the parent operational company SYS-DAT and its 11 subsidiaries with strong vertical specialization, 20 offices throughout the Italian territory and a work-force of 441 employees.

The Group's strength is based on centers of excellence in innovative solutions, technologies and, most importantly, knowledge in specific vertical markets, which mainly include fashion, manufacturing, sales and distribution and services. As of the Prospectus Date, the Group's customer base consists of over 2,600 active companies, from small to blue chip companies, using the Group's software solutions.

For the years ended December 31, 2023, 2022 and 2021, the Group recorded revenues of Euro 46.5 million, Euro 38.0 million and Euro 29.1 million respectively and a net profit of Euro 4.2 million, Euro 3.7 million and Euro 3.6 million.

The graph below illustrates the development of the Group's revenues, EBITDA and net income for the years ended December 31, 2023, 2022 and 2021.



The graphs below illustrate revenues by market sector, revenues by customers revenue size and revenue concentration by customers in 2023.

The table below shows the breakdown of the Group's revenues by geographical area.

Euro thousand and percentage on revenues	**2023**	**%**	**2022**	**%**	**2021**	**%**
Italy	43,782	94%	35,931	94%	27,416	94%
C.E.E.	1,405	3%	998	3%	631	2%
Extra C.E.E.	1,281	3%	1,066	3%	1,103	4%
Total revenues from contracts with customers	**46,468**	**100%**	**37,995**	**100%**	**29,150**	**100%**

History

Origins and Early Growth (1977-2000)

The Company was founded in Milan in 1977 as one of the first software houses in Italy. The first solutions were tailor-made for specific processes such as warehouse management, administration, sales and supply chain management, operations that years later became part of what is currently known as ERP solutions. Those proprietary solutions were based on IBM platforms following a partnership relationship with the vendor, the worldwide leader in the business market at the time.

As a result of the experience gained while developing tailor-made solutions, the Company develop modular reusable solutions that evolved into software packages for its first two vertical markets, namely fashion and manufacturing. The solution for the fashion market was entirely proprietary while the one for the manufacturing market was built by a software consortium, a network of leading software houses named "*Consorzio Software*", which was co-founded by the Company. Following the development of an Italian ERP, named "*Golden Lake Italia*", the Consortium was dissolved. A new company called G.L. Italia, of which the Company is one of its shareholders, is currently the owner of the software Golden Lake Italia.

In summary, during the first twenty years the Company achieved three main goals: partnering with an international leading IT company, developing vertical and proprietary solutions and building a network of business partners among Italian software houses.

Expansion of the business (2000-2020)

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

In 2004 the Company was a co-founder of Punto One (subsequently, Var One), a network of several software houses in charge of distributing SAP Business One in the Italian market. In 2016 the Company exited from Var One becoming a SAP gold partner, hence managing its relationship with SAP directly.

The Company, in addition to SAP, also expanded its strategic partnership with Microsoft, building vertical solutions based on international standards which enabled the Company to offer its services to customers with international presence. The relationship with SAP and Microsoft allowed the Company to resell their ERP solutions but most importantly, to develop, integrate and sell vertical proprietary solutions, to better address specific requirements from different market sectors. The partnerships are regulated by two standard international contracts. In addition to organic growth, the Company started a process of inorganic growth acquiring and setting up, from 2000 to 2020, 12 companies (6 of them subsequently merged into the Company) plus a number of company branches focused on specific vertical applications and services.

In summary, during the secondary twenty years the Company achieved three main goals: evolve into a multi-sector and multi-solution Company, increase the number of strategic international partners with SAP and Microsoft, and engage in its first merger and acquisition (M&A) activities.

On 6 April 2016, the Company acquired from Vittorio Neuroni 60% of the capital of Logic One S.r.l. ("**Logic One**"), for approximately Euro 41 thousand. On 29 June 2021, Andrea Pizzolato and Vito Garaffa transferred to the Company the remaining 40% of the capital of Logic One for Euro 82 thousand, to be paid in three instalments by 30 June 2021, 2022 and 2023, respectively. Andrea Pizzolato and Vito Garaffa entered into a non-compete agreement with the Group for three years after the payment of the last instalment of the price. At the time of the acquisition, Andrea Pizzolato and Vito Garaffa were not related parties of the Company.The acquisition was not supported by any third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size. As of the Prospectus Date, the Company owns 100% of the share capital of Logic One. Furthermore, on 27 October 2021, the Company and Logic One acquired from OS2 S.r.l. ("**OS2**"), owned by Vincenzo Micciché and Martin Stephane Claude, its going concern. The transfer price was determined as follows: (i) a fixed component of Euro 180 thousand; and (ii) a variable component equal to 40% of the EBITDA achieved by the OS2 business in the years 2022-2024. The fixed component of the price was to be paid as follows: (i) as to Euro 60 thousand on the transfer date; (ii) as to Euro 60 thousand within 12 months from the transfer date; and (iii) as to Euro 60 thousand within 24 months from the transfer date. the variable component must be by the end of June of the following relevant financial year. The variable component is to be paid within 10 days from the end of the relevant fiscal year and in no event later than on 30 June of the following year. Vincenzo Micciché and Martin Stephane Claude entered into a non-compete agreement with the Group for a period of five years after the termination of their employment agreements with Logic One. At the time of the acquisition, OS2 was not a related party of the Company. The acquisition was not supported by any third-party appraisals.

On 2 February 2017, the Company acquired 60% of Modasystem S.r.l. ("**Modasystem**") from its quotaholders Armando Munaretto, Walter Fornarolo, Alessandro Cristani (the "**Modasystem Selling Quotaholders**"), for Euro 448.75 thousand. The remaining 40% of the capital was retained by CFM S.r.l. (a company owned by the Modasystem Selling Quotaholders).

At the time of the acquisition, the Modasystem Selling Quotaholders were not related parties of the Company. The acquisition was not supported by third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size. On 29 June 2021, CFM S.r.l. sold to the Company its remaining 40% of Modasystem's capital, for Euro 429.33 thousand, paid in three equivalent instalments by 30 June 2021, 2022 and 2023, respectively. Under the agreement, the Modasystem Selling Quotaholders appointed three of the five members of the board of directors of Modasystem for five years and were guaranteed employment for a further 5 years after ceasing of the board of directors so appointed. The directors were granted a fixed remuneration and a variable remuneration with an incentive bonus based on EBITDA and agreed a five-year non-compete obligation upon resignation or removal for cause from the board of directors. On 1 April 2021, EOS Solutions S.p.A. sold a 33% of the capital of Moda Solutions S.r.l. to Modasystem for Euro 75 thousand. Modasystem owned the remaining 67% of Moda Solutions S.r.l. On 18 November 2021, Moda Solutions S.r.l. was merged into Modasystem. As of the Prospectus Date, the Company owns 100% of the share capital of Modasystem.

On 1 October 2018, the Company purchased 60% of BTW Informativa S.r.l.'s capital from Alessandro Tomaselli and Domenico Buccelli (collectively, the "**BTW Selling Quotaholders**") for Euro 30 thousand. The BTW Selling Quotaholders entered into a non-compete agreement with the Group for a period of three years from the date on which they will cease to be either directors or shareholders of the company. At the time the acquisition was not supported by any third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size. On 29 June 2021, the BTW Selling Shareholders transferred the remaining 40% of the BTW's capital to the Company for Euro 118,89 thousand, to be paid in three instalments by 30 June 2021, 2022, and 2023, respectively. The BTW Selling Quotaholders entered into a non-compete agreement with the Group for a period of three years after the payment of last instalment of the price. As of the Prospectus Date, the Company owns 100% of the share capital of BTW.

On 9 January 2020, the Company purchased 60% of the capital of Nekte S.r.l. ("**Nekte**") from its quotaholders Umberto Bramani and Silvia Anghileri (the "**Nekte Selling Quotaholders**") for Euro 360 thousand. Under the five-year shareholders' agreement entered into by the parties at the time the acquisition, the parties agreed that Nekte would be managed by a board formed by three directors, two of which designated by the Nekte Selling Quotaholders and remaining one designated by the Company, to remain in office for three years. The directors will receive a fixed remuneration and a variable remuneration which includes an EBITDA-based incentive bonus. The Nekte Selling Quotaholders entered into a non-compete agreement with the Group for a period of five years from their resignation or removal for cause from the board of directors. At the time of the acquisition, the Nekte Selling Shareholders were not related parties of the Company. The acquisition was not supported by third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size. On 29 June 2021, Umberto Bramani, Silvia Anghileri and Bridge S.r.l. sold the remaining 40% of the capital of Nekte for Euro 330 thousand, to paid in three instalments by 30 June 2021, 2022 and 2023, respectively. With deed of transfer, Umberto Bramani and Silvia Anghileri entered into a non-compete agreement with the Group for three years after the payment of the last instalment of the price. As of the Prospectus Date, the Company owns 100% of the share capital of Nekte.

On 26 February 2020, the Company purchased 60% of the capital of Hars S.r.l. ("**Hars**") from its quotaholders Carlo Baraldi, Massimo Zattera, Alice Casari and Concetta Maria Assunta Calvo (the "**Hars Selling Quotaholders**") for Euro 600 thousand. The remaining 40% of the share capital was held equally by Carlo Baraldi and Massimo Zattera. Under the agreement, the parties agreed that Hars would be managed by a board formed by four directors, two of which designated by the Hars Selling Quotaholders and two nominated by the Company, to remain in office for three years. The directors will receive a fixed remuneration and a variable remuneration which includes an EBITDA-based incentive bonus. The Hars Selling Quotaholders entered into a non-compete agreement with the Group for a period of five years from their resignation or removal for cause from the board of directors. At the time of the acquisition, the Nekte Selling Quotaholders were not related parties of the Company. The acquisition was not supported by third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size. On 29 June 2021, Carlo Baraldi and Massimo Zattera sold to the Company the remaining 40% of the capital of Hars, for Euro 440 thousand, to paid in three instalments by 30 June 2021, 2022 and 2023, respectively. Massimo Zattera and Carlo Baraldi entered into a non-compete agreement with the Group for a period of three years after the payment of last instalment of the price. As of the Prospectus Date, the Company owns 100% of the share capital of Hars.

On 30 October 2020, the Company purchased 85% of the capital of Ais Group S.r.l. by its quotaholders Paolo Fratton, Mario Fratton, Paolo Vinco, Giovanni Bellorio, and Giordano Griso (the "**Verona Selling Quotaholders**") and entered into a preliminary agreement for the sale of the remaining 15% (the "**Sys-Dat Verona Contract**"). The Company agreed to pay for the 85% of the capital of Ais Group S.r.l. approximately Euro 1,976,78 thousand as follows: (i) as to Euro 722.50 thousand upon signing; (ii) as to Euro 340.00 thousand by 30 April 2021; (iii) as to Euro 467.50 thousand by 31 October 2021; (iv) as to Euro 212.50 thousand by 31 October 2022; and (v) as to the balance (approximately Euro 234.27 thousand), within 15 days from the date of approval of the financial statements for the year ending December 31, 2023, to be approved by 30 April 2024. Ais Group S.p.A. later changed its registered name to "Sys-Dat Verona S.r.l." ("**Sys-Dat Verona**"). Under the Sys-Dat Verona Contract, the remaining 15% of the capital of Sys-Dat Verona must be transferred within 30 days from the approval of the financial statements for the year ending 31 December 2023 (*i.e.* by 30 April 2024) for a price equal to: 15% of the net worth, as adjusted pursuant to the agreement, as of 31 December 2023; plus 15% of the average EBITDA generated by Sys-Dat Verona in the 2021-2023 period, to be paid at closing. At the time of the acquisition, the Verona Selling Quotaholders were not related parties of the Company. The acquisition was not supported by any third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size. On the same date, Sys-Dat Verona and the Company entered into a cash pooling agreement, in line with that entered into with the other companies of the Group. The Company agreed to employ the Verona Selling Quotaholders for a minimum of three years from the signing date, paying a remuneration which includes an EBITDA-based incentive bonus. The Verona Selling Quotaholders entered into a non-compete agreement with the Group for a period of three years from 30 October 2020. In connection with the acquisition of ATTUA S.r.l. on 15 February 2021, the Company sold to Daniele Martini 3% of the capital of Sys-Dat Verona for Euro 48 thousand and agreed to repurchase from Daniele Martini such a quota after 36 months (*i.e.* on 15 February 2024), at a price determined as follows: (i) 3% of the net worth of Sys-Dat Verona as of 31 December 2023; added to (ii) 3% of the total EBITDA achieved by Sys-Dat Verona during the financial years 2021, 2022 and 2023. As of the Prospectus Date, the Company owns 82% of the share capital of Sys-Dat Verona.

On 28 September 2020, Fratton Paolo transferred to AIS Group S.r.l. (now Sys-Dat Verona S.r.l.) 6.62% of the capital of Progeco S.r.l., for a total price of Euro 54.43 thousand. On 18 December 2020, Progeco S.r.l. was incorporated into AIS Group S.r.l. (together with Accord S.r.l., whose quotas were fully transferred to AIS Group S.r.l. on 21 December 2015).

Recent history (2021-2023)

In the Three-Year Period, SYS-DAT focused on developing innovative applications and services based, among others, on Artificial Intelligence (AI), cloud, cybersecurity and virtual solutions. Since 2021, the Company accelerated its growth by acquiring 8 companies (3 of them subsequently merged into existing Group's companies). This activity enabled the Group to address new markets and sectors, increase the service offered and strengthen its competitive position. Moreover, the growth of its network of companies and solutions increased its cross-selling opportunities. The organization evolved attracting managers from competitors and other technological industries in line with the Group's growth strategy. A set of processes have been implemented to guarantee a better level of control and some areas of activities have been centralized, such as finance, HR, communications, sales and technology strategy, to maximize the level of efficiency.

In summary, in the Three-Year Period SYS-DAT has focused on product and solution innovation, Research & Development, and M&A with complementary solutions and markets, amplifying its cross-selling opportunities and strengthening its management, internal organizational processes and synergies.

On 27 January 2021, Monica Pirone and Maria Antonella Vindrola transferred to the Company 49% of the capital of B-One On Site S.r.l. ("**B-One**") for Euro 92.120 thousand, to be paid in three instalments, the first of which at the signing of the agreement, the second within 12 months from signing and the third within 24 months from signing. At the time of the acquisition, Monica Pirone and Maria Antonella Vindrola were not related parties of the Company. The acquisition was not supported by any third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size. By deed of merger dated 31 May 2021, B-One was incorporated into the Company.

On 15 February 2021, Sys-Dat Verona purchased 100% of the capital of Attua S.r.l. ("**Attua**") from Daniele Martini, Paolo Fratton, Mario Fratton, Paolo Vinco, Giovanni Bellorio and Giordano Griso (the "**Attua Selling Quotaholders**") for Euro 881.38 thousand plus a variable component up to Euro 201 thousand depending on the achievement of certain economic targets. At the time of the acquisition, the Attua Selling Quotaholders were not related parties of the Company. The acquisition was not supported by any third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size. By deed of merger dated 2 August 2021, Attua was incorporated into Sys-Dat Verona.

On 29 June 2021, Vittorio Neuroni, Matteo Luigi Neuroni, and Marta Neuroni transferred to the Company 30% of the capital of E-Lab Consulting S.r.l., for approximately Euro 494.61 thousand, to be paid in three installments by 30 June 2021, 2022 and 30 June 2023, respectively. The acquisition was not supported by any third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size. On 21 December 2021, E-Lab Consulting S.r.l. was incorporated into the Company.

On 29 June 2021, Claudio Cuccia transferred to the Company 20% of the share capital of Sys-Dat Retail S.r.l., for Euro 170 thousand, to be paid in three instalments by 30 June 2021, 2022, and 30 June 2023, respectively. Claudio Cuccia entered into a non-compete agreement with the Group for a period of three years after the payment of last instalment of the price. At the time of the acquisition, Claudio Cuccia was not a related party of the Company. The acquisition was not supported by any third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size. On 22 June 2022, Sys-Dat Retail S.r.l. was incorporated into the Company.

On 21 July 2021, the Company purchased 70% of the capital of Humatics S.r.l. ("**Humatics**") in two traches of 35% each from its quotaholders Davide Conigliaro, Pietro Lovato and Marco Cristiani (the "**Humatics Selling Quotaholders**") for the following price: (i) a fixed component of Euro 140 thousand; and (ii) a variable component equal to the 30% of the EBITDA achieved in the period 2021-2024, with a minimum guaranteed of Euro 94 thousand. The payment of the fixed component was made for 50% upon closing and 50% within the following 12 months. The variable component must be determined on the basis of the EBITDA achieved in 2022, 2023 and 2024 and paid at the latest by the end of June of the following relevant financial year. The Humatics Selling Quotaholders, who were appointed directors of the company, entered into a non-compete agreement with the Group in the territory where Humatics operates and in relation to any new products jointly developed with the Company for a period of three years after resignation or removal for cause from the board of directors. At the time of the acquisition, the Humatics Selling Shareholders were not related parties of the Company. The acquisition was not supported by any third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size. As of the Prospectus Date, the Company owns 70% of the share capital of Humatics.

On 13 December 2021, the Shareholders' Meeting of Emmedata S.r.l. resolved to approve the partial demerger transaction by transferring part of its assets to a newly created beneficiary company, Emmedata Real Estate S.r.l. ("**Emmedata Real Estate**"). The shareholders' equity allocated to Emmedata Real Estate amounted to Euro 461,489.92, with no consequent reduction in the share capital of Emmedata S.r.l. since part of the extraordinary reserve fund was used for the transaction. Emmedata Real Estate quotas will be allocated to the shareholders of Emmedata S.r.l. The demerger involved some assets used ad offices for a total gross area of 337 sq.m. located in Civitanova Marche (Italy). By deed of demerger dated 13 December 2021, the demerger was completed.

On 15 February 2022, the Company purchased 100% of the capital of Emmedata S.r.l. ("**Emmedata**") from its quotaholders Fabrizio Mori, Andrea Bucciarelli and Piero Vignoli (the "**Emmedata Selling Quotaholders**") for the following price: (i) a fixed component of Euro 2,600 thousand, subject to price adjustment; and (ii) in a variable component equal to 7% of the value of the EBITDA achieved by Emmedata in the three-year period 2022-2024. The fixed consideration was paid in four equal instalments on the signing of the agreement and on the 12th, 24th and 36th month thereafter, respectively. The variable consideration must be paid by 30 June 2023, 2024 and 2025, respectively, based on the EBITDA achieved in the preceding financial year. Under the agreement: (i) any consideration received by the Company for the direct or indirect sale of any quota of Emmedata to third parties before 30 June 2025 must be put in escrow by the Company to secure any outstanding payment due to the Emmedata Selling Quotaholders; (ii) the Company agreed to employ the Emmedata Selling Quotaholders for a minimum of three years from the date of signing, paying a fixed remuneration and a variable remuneration based on the EBITDA achieved in the period 2022-2024. Additionally, the Emmedata Selling Quotaholders entered into a non-compete agreement with the Group for a period of three years. The contract contains representations and warranties that are customary for agreements of this nature and target size. As of the Prospectus Date, the Company owns 100% of the share capital of Emmedata.

For further information on the acquisitions and extraordinary transactions completed in the last two financial years prior to the Prospectus Date, See "*Business — Material Agreements — Acquisition of the Group subsidiaries* and *Other extraordinary transactions*".

Competitive strengths

Overview

The Company believes that the Group has the following competitive advantages and key strengths, which have contributed to, and are expected to continue to contribute to, the Group's ability to realize its strategic and financial goals:

- *Experienced and motivated top managers with a wide experience in specific industry sectors (verticals) and supporting shareholders pursuing together a long-term value creation objective*
- *Highly scalable mission-critical vertical proprietary software solutions able to build customer loyalty and low churn*
- *Healthy and fast-growing net income and cash flow, driven by recurring revenues and high margins*
- *Partnership with leading IT brands such as IBM, SAP and Microsoft*
- *Capacity to continuously search and develop proprietary solutions that can improve the portfolio by proposing new business models to customers (innovation)*
- *Potential to continue a successful acquisition strategy to strengthen the breadth of the offering, address new markets and increase cross-selling opportunities, leveraging a rigorous integration process.*

The mix of these elements, crucial for the Group's growth strategy, allows the Company to have a comprehensive approach and offering.

Experienced and motivated top managers with a wide experience in specific industry sectors (verticals) and supporting shareholders pursuing together a long-term value creation objective

The Group's management team is formed by professionals who have significant experience in the vertical sectors in which the Group operates, in addition to an in-depth knowledge of the IT market, M&A activities and corporate finance. Thanks to the management's vision regarding market trends, the Group has been an early mover in the offer of innovative software solutions, benefitting from several competitive advantages. The Group also benefits from the view and support of its main shareholders, members of the Neuroni family, which invested in the Group, enhancing strategic planning and control, improving corporate governance, attracting and retaining talents and strengthened the Group's capital structure in order to support its growth trajectory.

Highly scalable mission critical vertical proprietary software solutions able to build customers loyalty and low churn rate

The Group's products are designed to be modular and parametric, thus enabling high scalability in terms of client company size and process complexity. SYS-DAT develops vertical solutions tailored to each sector or industry thanks to having a large number of customers and long-term experience in each addressed sector. The quality of the solutions and related services and the core processes they manage drive high customer loyalty and low churn rate building long-term relationships.

The ERP systems of the Group work as a comprehensive solution offering the main key features for a company in one modular software. The Company's ERP system centralizes enterprise resource planning and enables the Group's customers to streamline their business operations in different areas by typically integrating all of their business information and necessary tools into one platform. For this reason, there is no need for separate solutions for different business functions. The software solutions offered provide each of the Group's target verticals with industry-specific modules and functionalities, with which the customer companies can meet the industry-specific requirements for business streamlining. Customer needs and experience are at the core of the Group's operations. The Company uses its own personnel in sales and implementation, which leads to professional service as well as an easy purchase process and implementation. After the implementation, customers get support for the use of all the different ERP modules.

Healthy and fast-growing net income and cash flow, driven by recurring revenues and high margins

In addition to growth, the Company deems that SYS-DAT has a strong performance with respect to some relevant key metrics, which creates a foundation for strong growth, profitability and sustainable business development. The Company has strong key metrics in, among other things, the following areas:

- *high share of recurring revenue*: high share of recurring revenue is the cornerstone of the Group's business and favours a steady and predictable net sales profile. In the 2023 financial year around two thirds of revenues were made by recurring and repeated revenues, the majority of which was from software maintenance fees, outsourcing maintenance fees and service development;

- *low customer dependency*: the Group benefits from an extensive and distributed customer base that leads to low dependency on individual customers. In the 2023 financial year, the single largest customer in the Group's customer base represented approximately 1.6% of the Group's total revenues. As of December 31, 2023, the Group's customer companies using Company's services are over 2,600;

- *high marginality*: Group's margins are boosted by proprietary software solution that represent a high portion of revenue. The Group's solutions are modular, enabling to activate and de-activate specific services, with no limitations due to customer size and with high scalability driven by replicable solutions;

- *low churn*: the Group experiences low customer base churn thanks to quality of service and core processes management. The Group's low and steady churn is also an indicator of high customer satisfaction and the value created for customers by the high-quality offering;

- *not capital intense*: key investments are driven by R&D in new software solutions (capitalizing the development costs) and acquisitions of additional companies. None of those two items have required upfront cash, but cash outlay is spread across the years, hence mitigating the impact on cash flow profile. In addition, only minimal hardware, is acquired by the Company, which is typically re-sold or rented to customers, as necessary to offer its services.

The efficient sales process, modular service offering supporting upselling and long-term customer relationships promote the Group's strong return in relation to the cost of customer acquisition.

Partnership with leading IT Brands such as IBM, SAP and Microsoft

Thanks to partnership with IBM, SAP and Microsoft, the Group provides its solutions to customers with an international footprint that require specific fiscal and local treatment (retail and accounting solutions). The Company sells and integrates the partner's ERP solutions to clients requiring international standard solutions but, most importantly, develops, integrates and sells its vertical proprietary solutions built over SAP and Microsoft's standard ERPs. Moreover, blue-chip partnerships (the Company is Golden Partner of SAP and Modern work Solution Partner of Microsoft) enable co-marketing activities and lead generation, maximizing visibility and business growth.

Capacity to continuously search and develop proprietary solutions that can improve the portfolio by proposing new business models to customers (innovation)

In order to provide answers and solutions to the market, the Group's approach has always been strongly geared towards growth and innovation. In this regard, investments are made each year in research and development activities that enable new and effective solutions to be brought to the market. The breadth of the portfolio allows the Group to propose solutions to manage all the organizational/IT needs that a company may have, integrating all its internal and external processes (manly, ERP, CRM, SCM, Analytics, Omnichannel) by leveraging the use of advanced technologies such as cybersecurity and artificial intelligence, among others. Continuous investments in technological and information technology solutions and the concurrent growth of innovative solutions have often placed the Group as a preferred global partner capable not only of satisfying the needs of client companies, but also of anticipating their needs by placing the Company one step ahead through the offering of tools that allow them to develop new business models.

Potential to continue a successful acquisition strategy to strengthen the breadth of the offering, address new markets and increase cross-selling opportunities, leveraging a rigorous integration process

In addition to organic growth, the Company seeks to support growth by acquisitions. The Company has a clear strategy and criteria for making acquisitions and selecting targets. Successful acquisitions, expansion and integration of the target's offerings are a competitive advantage and a steady foundation for growth prospects and tapping into the major potential markets.

The Company's targets for acquisitions include the following:

- strengthen the Group's position further in its current verticals:
- open new verticals;
- broaden the offer and address new markets with specific vertical solution and add value and functionalities to existing software solutions;
- bring in new talent to the Company; and
- expand into new market areas.

Since 2020, the Company has completed 12 acquisitions and set-ups in accordance with its targets (of which 4 subsequently merged into the Company or other subsidiaries of the Group) and plans to continue an active acquisition agenda.

The Company implements a standardised and proven integration methodology for successfully integrating the acquired companies into the Group, which aims at maximising cross selling opportunities and synergies. This systematic process includes a 3-year integration and development plan with economic and operational metrics.

Weaknesses

In general terms, the business activity of the Group is featured by some weaknesses, which include the small size of the Group compared to other national and international players, the limited geographical diversification, with almost all the revenues generated in Italy, and a competitive reference market. Furthermore, a general threat of the Group's business is the limited ability to enter new verticals and develop specific software and know-how.

In addition, in the three business segments in which the Group operates, as of the Prospectus Date, it may face the following weaknesses.

Core business software solutions

With regard to business software solutions, the Group may experience the following, among others: the existence of a long negotiation lifecycle (up to months/quarters) exposing the Group to a period of time during which many factors, including exogenous ones, can adversely impact its business relationships; and the fact that it is easier for a customer to choose a global vendor rather than a potentially more effective and efficient vertical software solution provider.

Value-added software solutions

With regard to the business of value-added software solutions, customers tend to undervalue the benefits coming from vertical solutions compared to generalist solutions. In addition, the presence of an apparently greater number of competitors, even small ones, dealing with the same application area, (e.g. B2C, B2B, BI, etc.) may represent a challenge to the Group's activity. Even in such specific segment, it could be easier for a customer to choose a global vendor rather than a potentially more effective and efficient vertical software solution provider.

ICT Services

With respect to ICT services, customers tend to make their own evaluations more on price rather than on service quality and completeness, due to the high number of similar offers on the market which are difficult for the customer to compare. Another potential weakness in this segment is the fact that our offering may include additional components that are not easily comparable to offers from competitors.

For further details concerning the risk factors that affect the Group's activities and the industry in which the Group operates, see "*Risk Factors*".

Strategy

To continue building on the expected trends, the Group intends to focus on the four key pillars in its strategy. The Company deems to support the Group's strategy through self-financing (including by the use of the Offer's proceeds) and, residually, by liquidity from dedicated bank credit lines.

- **Discover and nurture people*:***

  On the people side, the Group focuses on two main activities:

  - new talent enrolment (117 new recruits and 12 internships in 2023) through a structured selection process: the Group searches for potential candidates through a number of partners and selects them through several steps which include interviews, depending on the seniority of the position; and
  - from the onboarding process onward, the focus is on maximizing employee loyalty and rewarding performance. The Group runs a continuous employee assessment process to identify top talent, define career paths and growth, plan for on-the-job training and technical or managerial courses.

  As an employer, the Group strives to achieve an equal opportunity and inclusive environment and provides the workforce (2023 average age: 39) with incentives depending on the role and benefits such as welfare plans.

  The Group is focused on minimizing the churn rate (6.2% in 2023) and investing and nurturing managers to pursue together with the shareholders long-term value creation.

- **Maximize value creation**:

  The Group's strategy to maximize value creation entails four key drivers:

  - comprehensive offering: the Group continuously adds new proprietary software solutions to its portfolio, broadening the horizontal offering to address new market segments and customer requirements and maximize cross- and up-selling; the Group has a competitive offering thanks to specialized expertise and vertical sector solutions;
  - multi-sector approach: the Group is diversified in the market thanks to a multi-sector approach that mitigates market risk and increases the chances of capturing growth trends;
  - technology: the Group invests in R&D activities to add value and features to current products and services and develop new solutions; and
  - customer loyalty: the quality of the development of products and service and the nature of the Group's applications and solutions, focused on mission-critical core processes, increase customer lock-in and loyalty.

- **Grow sound financials**

  The Group's economics are driven by four main factors:

  - significant revenues driven by recurring services to de-risk business growth and increase predictability. This drives a higher revenue growth than cost growth, hence increasing margins over time;
  - repeatability of sales, representing a significant portion of the business and a solid base for future years' growth alongside recurring revenues;
  - the Group invests in software development of innovative solutions, capitalizing their cost of research and development and tangible assets are limited; and
  - working capital management follows standardized procedures and policies maximizing cash generation.

  The structure of the revenue streams alongside the definition and monitoring of key operational, economic and financial indicators enables the Group to pursue healthy and growing net income and cash flow.

- **Expand M&A activities**

  The Group will continue to identify and acquire companies with proprietary and specialized software solutions and sound financials.

The Italian IT market is characterized by many small companies focused on their local market and with specialized vertical solutions for different market sectors. This is a great opportunity for the Group to strengthen its market position through acquisitions of selected companies to broaden the scope of the offering and to address their customers needs with Group's solutions.

The Group has a proven standardized integration process based on a three-year integration and development plan to achieve key target financials and operational metrics.

The Group focuses on companies that meet the following criteria: (i) incremental vertical solutions that address new markets, (ii) existing customer base where Group products and solutions can be cross-sold, (iii) sound financials and (iv) people with integrity and provable technical skills.

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

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

Medium to Long term Financial Objective

The Group has established an aspirational financial medium to long term financial objective which it aims to achieve by executing its strategy. Such aspirational objective is to maintain a CAGR of the revenues of at least 26%. The Group's CAGR for the Three-Year Period was 26.3% (the reference market's CAGR for the Three-Year Period was 8.1%). The Group has not defined, and does not intend to define, "medium to long term".

This Group's medium to long term financial objective should not be read as a forecast, projection or expected result and should not be read as indicating that the Group is targeting such metrics for any particular year, rather it is a merely objective. The Group's ability to meet this objective depends on its ability to successfully execute its strategy, as well as, on the accuracy of a number of assumptions involving factors that are significantly or entirely beyond the Group's control. The objective is also subject to known and unknown risks, uncertainties and other factors that may result in the Group being unable to achieve it. As a result, the Group's actual results may differ significantly from the medium to long term objective set out above and this Group's medium- to long-term financial objective is characterized by a high level of uncertainty.

The Group's medium- to long-term financial objective does not constitute "Profit Forecasts" as defined in art. 1 (d) of the EU Regulation 2019/980, as the medium- to long-term financial objective neither has the features provided in such definition nor the features set forth in Annex 1, Section 11 of the EU Regulation 2019/980, including among others, the feature of indicating a likely level of profits or losses for current or future financial periods and being specific and precise.

The aspirational objective is based on certain assumptions underlying the strategies that relate to external factors which may impact the development of the business and that are outside management's control (such assumptions, the "**hypothetical assumptions**"). The main hypothetical assumptions concern:

- macroeconomic stability of the countries where the Group operates, which could negatively impact the results of the Group's commercial and industrial initiatives;
- evolution of customer demand, which could impact the volume, value and timing of the Group's order intake; and
- other macroeconomic variables, including exchange rate, inflation and interest rates.

With regard to assumptions underlying the strategies that relate to factors which may impact the development of the business and that are under management's control (such assumptions, the "**discretionary assumptions**"). The main discretionary assumptions concern the Group's ability to:

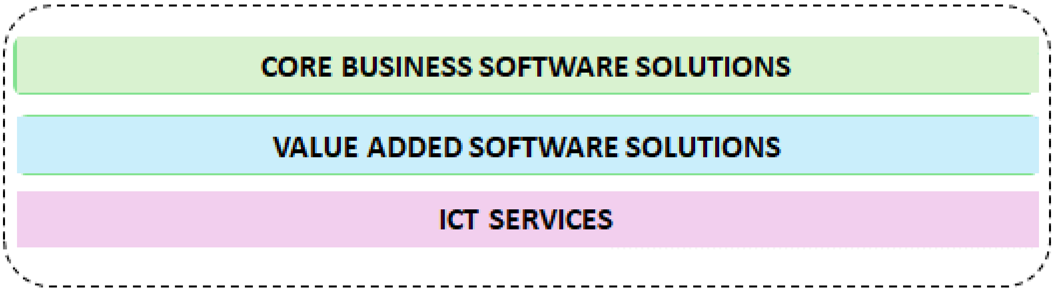
- execute its M&A strategy, at the same pace and with the same results achieved in the past, concluding deals at fair prices and on acceptable terms, and successfully integrating acquired companies;

- continuously add new proprietary software solutions to its portfolio, broadening the horizontal offering to address new market segments and customer requirements and to maximize cross- and up-selling; and

- generate through its existing operations the necessary financial resources to execute its M&A strategy.

The Group's software solutions and services

The Group's offering is aimed at supporting companies operating in the main industrial segments and service markets, enabling new business models through its offering stack made of following three layers.



Core business software solutions to achieve a long-term customer fidelisation. Solutions are specialized for each market sector, and they refer to services improving customers' mission-critical processes, such as ERP, Retail, CRM B2B, Supply Chain and MES.

Value-added software solutions to enable the upselling efforts. They are specialized for each market sector, and they refer to services such as BI, AI, RFID, PDM&PLM, BPM, EDI, improving customers' level of efficiency and enabling them a more effective way to compete.

ICT Services, to enhance the Group offering and increase customers' spend on Group's products (wallet share). They are cross market, and they refer to services that enable to better manage their business, such as (i) GDPR & Privacy; (ii) Digital marketing; (iii) Cybersecurity; and (iv) Cloud and Networking Managed Services, to design an optimal and more secure infrastructure.

47% of customers acquired services from at least two layers between Core Business Software Solutions, Value Added Software Solutions and ICT Services and 6% of customers acquired services from all three layers.

The breakdown of the Group's operating revenues is illustrated below.

Euro thousand and percentage on revenues	**2023**	**%**	**2022**	**%**	**2021**	**%**
Core business software solutions	33,318	71.70%	27,200	71.59%	21,683	74.38%
Value added software solutions	4,576	9.85%	3,453	9.09%	2,140	7.34%
ICT Services	8,372	18.02%	7,108	18.71%	4,978	17.08%
Other revenues	202	0.43%	234	0.62%	349	1.20%
Total revenues from contracts with customers	**46,468**	**100%**	**37,995**	**100%**	**29,150**	**100%**

As of 2023, around three quarters of revenues are generated by proprietary solutions. Both core business software solutions and value-added software solutions are driving three revenue streams: (i) software licenses, which can be sold either SaaS or on premise, based on the number of users for each software module, (ii) professional services for analysis, development, deployment, and training, that can be either time and material (T&M) or forfeit, and (iii) recurring maintenance fees. These software solutions are either proprietary or add-on, integrated with SAP and Microsoft platforms to be able to offer vertical solutions for specific markets and to access to international countries.

ICT Services drive the following two revenue streams: (i) professional services for analysis, development, deployment, and training, which can be either time and material or forfeit, and (ii) recurring service fees.

The following tables summarizes solutions, description and main target markets for the three segments of offering: (i) Core Business Solutions, (ii) Value Added Software Solutions, and (iii) ICT Services.

CORE BUSINESS SOLUTIONS		
Solution	**Description**	**Main markets**

ERP	It is a management software that allows the integration of business processes, such as sales, procurement, purchasing, inventory management, supply chain, and accounting, of a company	Fashion&luxury, Apparel, Footwear, Coffee roasting, Publishing, Healthcare, Optics, Distilleries, Law and Tax, Ceramics, Textile, Manufacturing and distribution
RETAIL	They are software solutions addressing different customer needs both in terms of number of the point of sales and national and international footprint	Apparel, Footwear, Optics, Sporting goods, Furniture, Accessories, Bookstores, Cosmetics, Housewares
CRM B2B	It is the combination of practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle	Fashion&luxury, Apparel, Footwear, Coffee roasting, Optics, Manufacturing and distribution
SUPPLY CHAIN & MES	Automated system for managing and controlling the production department, starting from orders to the warehouse, going through production progress and connecting directly to the machinery so as to collect the information needed to integrate and control production	Fashion&luxury, Textile, Manufacturing, Apparel and Footwear
VALUE ADDED SOFTWARE SOLUTIONS		
Solution	**Description**	**Markets**
BUSINESS INTELLIGENCE	Strategic data analysis tools and services designed to make companies competitive by anticipating market needs	Fashion&luxury, Apparel, Footwear, Coffee roasting, Publishing, Healthcare, Optics, Distilleries, Law and Tax, Ceramics, Textile, Manufacturing and distribution
ARTIFICIAL INTELLIGENCE	Advanced algorithms enable greater productivity through workflow automation and process streamlining	Fashion & Luxury, Production, Distribution, Retail, Footware and Fairs and events
RADIO FREQUENCY IDENTIFICATION	Automatic identification solutions based on the propagation of electro-magnetic waves to better manage warehouse logistics and shipments	Logistic and Distribution
PDM & PLM	Software solutions enabling companies to efficiently manage product data throughout the entire lifecycle, from the design phase through production and distribution	Fashion&luxury, Apparel, Footwear, Textile and Manufacturing
BPM	Document and network management software that offers many benefits, including improved document organization, increased productivity and enhanced collaboration	Law and Tax firms, Fashion&luxury, Apparel, Footwear, Ceramics, Textile, Manufacturing and distribution
ELECTRONIC DATA INTERCHANGE	Solution facilitating the data electronic exchange between companies managing the entire data transmission process, converting, validating and transferring information according to precise standards	Automotive, Distribution, Fashion&luxury, Apparel and Footwear
ICT SERVICES		
Solution	**Description**	
GDPR & PRIVACY	Consulting services including the implementation of "GDPR compliant" procedures and software reselling to be in line with the requirements of the GDPR regulation	
DIGITAL MARKETING	Solutions to implement a multichannel digital strategy, from the creation of apps, web apps and e-commerce sites, to the use of Phygital solutions to make the most of the potential offered by augmented reality	
CYBER SECURITY	Solutions and systems that can help companies in detecting and building robust networks to contrast cyber threats	
CLOUD AND NETWORKING SERVICES	Consulting services for network configuration and software solutions in cloud, provided through tier four data centers and certified partners.	

I) *<u>CORE BUSINESS SOLUTIONS</u>*

The main Core Business software solutions are described below.

1. <u>ERP</u>

An ERP is a management software that allows the integration of business processes, such as sales, procurement, purchasing, inventory management, supply chain, and accounting, of a company. The Group counts on decades of experience in the development and set-up of proprietary ERP platforms, built on the contribution of its clients and partners and with the goal of being able to identify and propose to each company the right functional and technological solution, tailored to manage the entire value chain in an optimized way.

<u>Specific ERP solutions for the fashion & luxury industry</u>

Fashion & Luxury companies introduce themselves to their customers and clients spreading a specific message, a style, a way to be unique, and want to be enhanced in business processes through IT solutions that highlight their strengths in a high-tech environment. The Group's ERPs, in cloud or on premise, are either proprietary or based on IBM Power, Microsoft Business Central, SAP B1 or Microsoft platforms, and were created to fulfil the specific management needs of this industry (Vertical Solution). Through a central and distinct data and processes management, ERPs are structurally enabled to elaborate omnichannel strategies, as they're originally linked to the Group's Phygital, Virtual Showroom, CRM and e-Commerce solutions, in addition to being inclined to simple communication with third parties solutions, such as the main marketplaces.

The Group's ERPs are modular and flexible, multilingual and multicompany and allow all data and company processes to be efficiently managed. Key processes managed are: product design and configuration; commercial budgeting and forecast (vs year-to-date results); planning and supply chain management; production process from supply to delivery; sales and distribution; quality control; warehouse management; RFID; customer invoicing and supplier invoice control.

(i) 4 Seasons Next Edition – proprietary web-based ERP

4 Seasons Next Edition is a web application suitable for all the latest generation browsers, that can be used on any device, be it PC, Mac, tablet, smart phone. 4 Seasons Next is a modular platform on which it is possible to activate specific features according to customer needs and the growth of the company. Thanks to its modularity, the solution guides the company in structuring and organizing operational processes. It consists of various macro-modules that follow the characteristic "seasonal" flow of the fashion industry: Prototype; Product Configurator; Budget/Target and sales orders; MRP; Industrialized and/or Commercialized procurement; Quality Control; WMS; Shipments; RFID; Invoicing; and Administration.

4 Seasons Next Edition has numerous strengths that make it distinctive:

- *Multilingual*: supports multiple languages, enabling the adoption on a global scale;
- *User-customizable configuration*: each user can tailor the interface to its preferences, enhancing the individual experience;
- *Parametric product coding and enterprise-wide configuration*: flexibility in product management extends to the enterprise level, ensuring optimal configuration;
- *Integrated PLM management*: product lifecycle integration enables complete control from design to launch;
- *Letter of credit management*: simplifies the payment and transaction process, ensuring security and efficiency;
- *Sales order forecast*: accurately forecasts future demand, optimizing resource planning;
- *Customer order management and SMI (custom) production*: manages standard and custom orders with equal accuracy and efficiency;
- *MRP (Material Requirements Planning)*: optimizes material procurement, reducing waste and costs;
- *Radio frequency WMS*: stock management using RFID technology improves accuracy and speed of operations;
- *Quality control management*: ingrates product quality through strict controls;
- *Integrated RFID management*: leverages RFID technology for accurate and automated monitoring;
- *Sales account management*: monitors and optimizes customer accounts for sound financial management;
- *Vendor invoice control*: simplifies the management of financial transactions with suppliers, ensuring accuracy and compliance.

(ii) SYS-Conf Evolution – proprietary ERP

SYS-Conf Evolution is the Group's vertical ERP and specifically designed for companies in the fashion industry.

The following are the main strengths of this ERP:

- Structure and organization of processes by "season" (collection, output);
- Scalable and parameterizable coding of materials and products;
- Settings, characteristics and skills by brand and product line (sales network definition, budget and business rules, commitments and production);
- Procurement and inventory (actual and projected needs, guided generation of supply orders, control of commitments and inventory availability);

- Production (launch analysis based on actual and future inventory availability, internal and external production, production order advancement by lab/department and processing stage);
- Logistics (generation of picking and packing lists for warehouse, "picking" and "packing" via radio frequency terminals, possibility of RFID use);
- Administration (supplier invoice control).

It is also a fully-integrated modular software. The key advantages offered by such integration is for the user to acquire a single working model regardless of the module used, greatly increasing the simplicity and speed of processing, ensuring data security and integrity.

Natively developed on the IBM Power System platform, the application is based on high-level relational data bases (DB2). SYS-Conf Evolution is integrated with MS Office and Web Based environments.

(iii) ModaSuite365 – add-on ERP on Microsoft 365 Business Central technology

ModaSuite 365 is the Group's ERP designed exclusively to simplify the management of apparel companies. ModaSuite365 is an innovative add-on for Microsoft 365 Business Central, offering a fully optimized vertical solution and a comprehensive coverage of all business processes: product design, prototype management, collection creation and management, sample management, distribution and production, quality control, costing, general accounting and management control. Created and developed to manage Italian manufacturing, it combines the strengths of Microsoft's ERP with a deep understanding of the processes, workflows and needs of the fashion industry.

From optimizing supply chain management to automating key business processes, ModaSuite365 enables companies to focus on innovation and growth by automating and taking on all the complexities of the industry. Leveraging the power of Microsoft's 365 ecosystem, this flexible, all-in-one ERP software simplifies industry-specific operations and improves customer interactions.

(iv) Suite One – add-on ERP on SAP Business One technology

Suit One is a Vertical solution based to SAP Business One created for Fashion & Luxury companies. It has specific functions and additional modules to better address the following goals:

- multi-brand wholesalers;
- network of point of sales;
- department stores;
- single brands with simple production via subcontractors.

Suit One is suitable for international projects thanks to SAP fiscal localizations. Available in different languages and installed in many countries.

Specific ERP solutions for footwear industry

(i) D-Moda Suite – proprietary multiplatform ERP

In 2023 the bestseller solution in terms of revenues was D-Moda Suite, proprietary ERP solutions for footwear industry.

The D-Moda suite organizes the work efficiently and provides with the essential information to make informed decisions, turning data into competitive advantages. D-Moda is a solution that simplifies business processes and allows to focus on growing the business in the fashion retail world. In fact, this fashion ERP enables to efficiently manage all stages of the production process, from production planning to order management, from supply management to quality control. Daily operations can be simplified, hence reducing waste and maximizing the overall productivity of the company.

The main D-Moda Suite benefits are:

1) Optimized management: D-Moda fashion ERP software integrates all crucial business functions into one system, enabling more efficient management of inventory, production, distribution, sales and accounting. This integration reduces data duplication and improves overall visibility of business activities.

2) Process automation: D-Moda software automation simplifies and accelerates business operations execution. Processes such as order processing, invoicing, inventory management and shipment tracking can be automated, reducing human error and saving valuable time.

3) Advanced analytics and reporting: D-Moda ERP offers powerful analysis and reporting tools that provide a detailed overview of business performance. Real-time updates of accurate and relevant information enable management to take sound and timely strategic decisions.

4) Customization and scalability: D-Moda ERP is highly customizable to fit specific needs of the customer's business. In addition, the system is highly scalable, able to grow with customers' business and support long-term success.

Specific ERP solutions for the coffee roasting industry

(i) One Coffee – add-on ERP based on SAP platform

One Coffee is the Group's ERP software solution dedicated to coffee roasting companies as a resource for optimizing business processes. With a roasting-specific management system, the clients can keep track of raw materials, control orders and monitor raw coffee purchases. With advanced inventory management features, companies can avoid waste and ensure they always have the right amount of material available for production.

Managing the roasting process becomes easier with dedicated software. Workflows can be efficiently planned and monitored, ensuring consistent, high-quality production. In addition, One Coffee offers tools to record and analyse crucial data, such as temperatures and roasting times, for optimal results.

Product traceability is a key issue in the roasting industry. With One Coffee it is possible to keep track of every batch of raw and roasted coffee, ensuring traceability and compliance with quality and safety standards. One Coffee is also able to manage the packaging stage. The system allows packaging monitoring and management, labels and nutritional data control, simplifying packaging operations and ensuring compliance with labelling regulations.

In addition, One Coffee offers features to manage accounting, billing and control of company finances. This helps keeping the company's profitability under control and make informed decisions to improve performance.

With complete control over the management of raw materials, processing, packaging, and distribution, roasters can improve operational efficiency, ensure product quality, and achieve greater market competitiveness.

Specific ERP solutions for the publishing industry

(i) Publishing One – add-on ERP based on SAP platform

Publishing One is the Group's proprietary vertical solution, integrated with SAP Business One, for the management of magazine publishers who wish to leverage the power, flexibility and solidity of SAP Business One using a solution developed to cope with the managerial, production and organizational specific needs of an extremely complex sector.

Publishing One effectively and efficiently manages sector-specific processes such as: from the publishing title and printing issue definition to advertising collection, from subscription management to control and formatting of shipping labels, from VAT calculations in line with local regulations to the dynamic and interactive economic evaluation of the individual issue.

Combining Publishing One with management control allows the creation of a complete and integrated dashboard, calibrated on the business variables of the publishing industry. Developed on SAP Business One SDK, Publishing One combines technological excellence with the functional specificity of an innovative, comprehensive and scalable solution.

Specific ERP solutions for the healthcare industry

(i) HIS One – add-on ERP based on SAP platform

The adoption of ERP management systems in the Healthcare industry, such as Healthcare ERP, clinic management, and diagnostic center management, is a strategic choice for improving operational efficiency and patient care. These technological tools enable healthcare facilities to optimize their resources and provide high-quality services, thus contributing to a more efficient and patient-centred healthcare system.

HIS One is SYS-DAT's solution for managing administrative and healthcare data, processing them in an integrated manner thus making them available to business management. His One makes it possible to manage the typical processes of healthcare companies in a fully integrated manner, analyzes staff productivity, and control financial processes and costs.

With HIS One, it is possible to manage the entire clinical/administrative pathway of the patient, such as CUP (booking, acceptance, referral, billing, etc.), ADT Admission Management (admissions, bed management, etc.), Medical Records, Therapy Management. HIS ONE allows Health Care Booking, Health Care Acceptance, Referral, Admissions Management, Imaging Diagnostic Management, Analytical Laboratory Management, Medical Records, Management Control of health care data by both value and quantity, Department Requests, Drug Warehouse Management and Health Care Materials Warehouse Management.

Specific ERP solutions for distilleries and the alcohol industry

(i) DistOne – add-on ERP based on SAP platform

DistOne is the Group's ERP solution designed specifically for the needs of a distillery. Fully integrated into SAP Business One, DistOne is able to manage the complete process, which includes the acquisition of raw materials (lees, marc, etc.), a data recovery system from external archives, traceability and tracking of the raw materials, processing, bottling, assay management and stock management.

In detail, DistOne allows to carry out with a single function the entire production process, ensuring traceability from the raw material used for processing to the finished distilled product.

The program has been equipped with an automatic raw material identification system that is based on three types of calculation, differentiated by product type on a determined anhydrous volume basis:

- discharge by raw material quantity;
- discharge by amount of grades conferred;
- discharge by % production waste.

DistOne is able to manage the UTF Accounting and the filing of records required by the Customs Agency, both telematic and paper, to manage the Excise Accounting, with daily and monthly telematic submissions, and to manage DAA and DAS, both telematic and paper.

Specific ERP solutions for law and tax firms

(i) Quantum – proprietary ERP

Law firms have always operated in a traditional context that now must adapt to new regulations that force the digitization of processes. In an increasingly connected world, sharing information and data makes it necessary to find solutions that can support daily operations while respecting privacy and data security. The Group offers its clients a suite of products for firm operations through innovative management software for lawyers and professionals.

Quantum is the Group's cloud-based management software for law firms created in response to the many new needs of professionals, constantly evolving to keep pace with the digital evolution. Through simple procedures, Quantum allows workforce resources to organize their activities in relation to those of other associates and better manage the firm. This improves the collaboration and productivity aspects of the organization. Quantum allows data to be managed in a more consistent and functional way, bringing together information that perhaps resides in non-communicating silos, and allows more effective processes to be designed to better manage the firm's or individual professional's business.

The use of all-in-one law firm management software offers a number of significant benefits that help improve the operational efficiency, productivity, and overall management of the law firm. For example, an all-in-one cloud-based law firm management software allows all information and processes related to law firm management to be centralized. This means that data related to clients, cases, activities, billing, and other crucial aspects are accessible and organized in one system. The centralization of information simplifies data search and access, reduces duplication of information, and improves collaboration among team members.

Quantum allows access to law firm information and processes from any Internet-connected device. This provides greater mobility and flexibility for lawyers and legal staff, enabling them to work effectively even when they are out of the office. The ability to access data and documents in real time fosters collaboration among team members, simplifies communication with clients, and allows them to stay abreast of the latest case developments. In addition, data stored in the cloud are protected and backed up automatically, ensuring the security and integrity of information.

Specific ERP solutions for ceramic industry

(i) Tileone Ceramic ERP – add-on ERP based on SAP platform

TileOne Ceramic ERP is the Group's ERP for the ceramic industry and it consists of a customization of the SAP Business One platform. Ceramics industry is experiencing a moment of great evolution and the use of software and technologies can therefore lead to greater cost control, precision in raw material sourcing and competitiveness, enabling companies to adapt to market changes and offer high-quality products to customers. TileOne Ceramic ERP is a single system that automates business processes and provides immediate and easy access to constantly updated information.

The main features of TileOne – Ceramic management software address the following areas: (i) Administrative and Accounting; (ii) Warehouse management; (iii) Sales; (iv) Production; (v) Purchasing; (vi) After-sales; (vii); Logistics; (viii) Document management and Reporting.

Specific ERP solutions for manufacturing and distribution industries

(i) Golden Lake eVolution – proprietary ERP

Golden Lake eVolution is the Group's ERP solution in line with the new organizational, cultural and managerial needs of the medium-sized company in the manufactory and services sector. The Golden Lake eVolution modules cover all the areas of the company and are able to operate independently by taking advantage of a common data base. The production area, with the variable bill of materials, manages to meet the needs of any manufacturing company. The additional modules are particularly evolved and meet the most current and sophisticated demands.

The main features of Golden Lake eVolution are:

- *Versatility*: the multi-company, multi-division and multi-language system covers every need from small to medium-sized companies;
- *Modularity*: each module can be purchased, installed and activated separately, even at different times, so that IT and organizational procedures can be included in the company gradually;
- *Integration*: each procedure is integrated with the others, data are surveyed once only and used by the enabled procedures. Integration is also achievable with other components of the enterprise information system;
- *Ease of use*: its intuitive interface grants immediate identification of the required data.
- *Flexibility*: guaranteed by the webgate400 development environment.
- *Diffusion*: successfully installed in distribution and manufacturing companies of different sectors, sizes and types.

2. RETAIL

The Group offers different software solutions addressing different market sectors and customer needs, both in terms of number of the point of sales and national and international footprint. The world of Retail is constantly evolving, the customer, who is increasingly at the center, must be able to search for the product independently of intermediaries and sales channels, and at the same time, the company must be able to govern, monitor and manage its sales network with the same approach in order to satisfy the consumer's purchasing need. The Group's many years of experience in enterprise solutions, and particularly in managing solutions for sales networks, can integrate and merge all channels and, consequently, sales tools.

Solutions

(i) Moda Retail – proprietary solution for fashion and luxury distribution and point of sales

Moda Retail is a software solution for the management of proprietary and franchised stores for those operating in the retail world in all merchandise sectors, from fashion (clothing, footwear, sporting goods, accessories), optics, bookstores, hardware, housewares, furniture, etc. This fashion retail solution was created specifically for those who manage stores that handle seasonal items with size and color variant management for the fashion industry and then expanded to manage stores in all other merchandise categories. Countless, powerful and in-depth sales statistics enable accurate and precise analysis for sales network monitoring. Fashion focuses primarily on the fashion industry, offering specific functionality for managing seasonal items with color and size variations. However, the software also expands to meet the needs of stores in other merchandise categories.

With Moda Retail, several key aspects of the point of sale can be managed easily and intuitively. Some of the key features include bar code management, sales, inventory control, cash register software, merchandise transfers, reassortments, size and color variant management, orders to suppliers, returns, inventory, salesperson data, customer and loyalty card management.

One of the distinguishing features of Moda Retail is its wide range of powerful and detailed sales statistics. These statistics enable precise and in-depth analysis for effective monitoring of the sales network. With this information, it is possible to assess store performance, identify sales trends, identify opportunities for improvement, and make strategic decisions. Moda Retail is designed to provide a comprehensive and integrated platform that simplifies the management of daily activities at the sale stores. With its intuitive interface, all operations, from inventory and sales control to returns management and customer retention, can be managed efficiently. This allows to improve operational efficiency, reduce errors and ensure quality customer service. In addition, Moda Retail can be customized to specific store needs, allowing the software to be tailored to the unique characteristics and processes of each store. This flexibility makes Moda Retail suitable for different sizes of businesses, from small independent stores to larger store chains.

(ii) Retail Fashion – add-on solution for international fashion industry based on SAP platform

Retail Fashion is SYS-DAT's international, multi-language, multi-fiscal solution for managing stores, corners and outlets. All sales and back-office activities are handled by Retail Fashion by pandering to industry customs and needs: merchandise booking with down payment, gift cards, vision account, all forms of payment, tax free, and invoicing.

Customer care is ensured through instant insight into customer buying habits and the evolved Loyalty Program.

A Promotional Engine ensures speed and accuracy in marketing activities, the results of which are also measurable with a Business Intelligence preconfigured with dozens of dashboards specific to the fashion retail world.

(iii) Best Shop –proprietary fully cloud retail software for fashion and luxury

BestShop is the ideal solution for the management of all points of sale located throughout the country, whether they are branches, franchisees, corners, affiliates, multi-brands of any size, allowing complete management of all shop activities, from back office to front office. By using BestShop the shop is autonomous in its management and at the same time is connected to the headquarters for global management. The software is fully cloud developed with .NET technology, Front End/Office and BackOffice software for Points of Sale in the Specialty Shop It provides the functionality of an ERP, for the creation of the product, its sales and storage points and its physical and logical companies. It allows the distribution of your goods manually or with the support of automatic replenishments with extensive logic. It has an engine for managing sales and special prices, it allows you to set loyalty logics, a promotional engine based on rules for creating immediate promotions. It has a vast and detailed list of situations for data analysis and allows you to manage the points of sale and the profiling of store users from the office, enabling their operations.

(iv) Retail One – add-on retail solution for distribution companies based on SAP platform

Retail One manages the back and front office activities of your stores, it is the point-of-sale management solution that targets retail companies. It is multilingual and handles multi taxation and consists of two parts: the back office and the front office. The back office works online and is updated in real time. It uses an intuitive system, can be used by any user, and immediately records stock transactions, stock transfers, arrivals and inventories performed directly on the headquarters database. The front office, on the other hand, has a specific database, which dialogues directly with the office through web services. This way if the store is connected it transmits the sales figure in real time but still manages to make sales even without an internet connection. Retail One has a Loyalty Engine and a Promotional Engine that ensures the application of Best Choice. Both Engines can also be used by digital e-commerce platforms. Retail One can be applied to all commodity sectors of consumer goods, offering environments designed for specific functional realities.

3. CRM B2B

Customer Relationship Management (CRM) is the combination of practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle. The goal is to improve customer service relationships and assist in customer retention and drive sales growth. CRM is an effective business tool that enables companies to manage business processes, internal and customer names. The use of this software has changed the focus of business life by putting the customer and customer satisfaction through customer relationship management at the core. CRM is a valuable marketing support tool as it enables the company to work in an organized and always synchronized environment.

Retail & Sales Digital Suite is the Group's solution for companies that need to manage both physical stores and digital channels, with aim to optimize the customer's "shopping experience", regardless of how the customer comes into contact with the company.

Solutions

(i) CRM Fashion – proprietary solution

CRM Fashion is the Group's solution for the fashion industry, with a multi-device, multi-language, functional, customisable and with an intuitive and easy-to-use interface. CRM Fashion provides access to the multimedia catalogue, simplifying the agent/customer relationship and/or sales management in showrooms or through direct access by your customers. It is a B2B platform for commercial agents that supports sales management. CRM Fashion can manage various operations: from budgeting to order collection, fabric and colour folders, creation of wishlists, electronic signature, order tracking and document viewing. The user can make its stock available, make returns and exchanges and publish marketing content. With

CRM Fashion platform, client companies can keep track of potential customers, monitor sales progress and automate follow-up processes. This allows them to identify business opportunities, maximise conversions and ensure that no opportunity is overlooked. In addition, Fashion CRM offers tools for analysing the performance of different sales agents, allowing companies to reward excellent results. Furthermore, CRM Fashion is modular and integrated with other Group's solutions.

(ii) Virtual Showroom – proprietary solution

Virtual Showroom is a B2B solution which enables business customers to place orders on their own through an up-to-date catalogue, in both sales campaign and reassortment. Virtual Showroom is available in app & web version and is based on the experience of over 300 fashion companies. This solution creates a true digital showroom, absolutely complementary to physical showrooms and face-to-face presentation of samples.

(iii) Phygital – proprietary solution

Phygital is a solution that using the potential offered by augmented reality offers the best possible Customer Shopping Experience. Phygital maximises business opportunities as the customer, in addition to accessing the physical shop, can have a similar customer experience through virtual access. The retailer stays in touch with its customers even at a distance, multiplying touch points and sales opportunities. The Group offers PHYGITAL solutions integrated with Retail Fashion and RetailOne and with the most popular e-commerce platforms.

(iv) CoralMatch – proprietary solution

The Group's many years of experience in managing solutions for sales networks has enabled the creation of a unified commerce platform capable of integrating all channels and, consequently, their sales tools. This enables to integrate different channels into a single platform, such as: B2B Wholsale&Retail; Virtual Showroom; B2C; In-Store Retail; HUB Market Place (integrator between company and major B2B and B2C marketplaces); B2B2C; CRM (B2B and B2B); and Analytics & Forecasting.

CoralMatch is a software platform that manages, in a centralised way, all multi-channel requirements for those companies that want to sell their products through one or more digital channels (eCommerce, Marketplace). CoralMatch is a middleware positioned between the customer ERP platform and all the different B2C sales channels enabling the real time management of all the data.

CoralMatch key software modules are:

- Product Information Manager, that manages the catalogue of the products that will be sold on the digital channels enabling to detail all the product information available in the ERP, the pricing, and the stock in the warehouse.

- Sales Channel Manager, that enables to configure each sales channel with different rules. For each channel they can be configured: product list, pricing and discounts and product availability.

- Order Management System, that manages all the orders coming from the different sales channels to activate the necessary logistic processes including invoicing, product shipment and payment collection.

(v) Microsoft Dynamics 365 CRM Sales

Microsoft Dynamics 365 CRM Sales is a software solution designed to help companies manage and optimise the sales process. It offers a range of features to support sales activities, improve the productivity of sales teams and provide a better customer experience. This CRM enables the sale force to develop effective customer relationships, take action based on in-depth information, and close deals faster. Microsoft Dynamics 365 CRM Sales tracks accounts and contacts, consolidates sales from leads to orders, and creates sales records. It also allows to create marketing lists and campaigns and follow up on service cases associated with specific accounts or opportunities. Key features of Microsoft Dynamics 365 CRM Sales include: Opportunity management; Sales automation; Contact and customer management; Reporting and analysis; Collaboration and information sharing; Integration with other business solutions.

4. SUPPLY CHAIN & MES

An MES (Manufacturing Execution System) is the right tool for companies that want a computerized system for managing and controlling the production department, starting from orders and going to the warehouse, going through production progress (in quantity and timing) and connecting directly to the machinery so as to collect the information needed to integrate and control production.

It is created with secure technology and can be used from any device. It is integrated with an artificial intelligence system that supports task scheduling based on production-specific parameters: machine availability, operator availability, product type, and time control for machine changeover or setup. It is a suitable solution for all manufacturing companies but also for the construction, service, maintenance, and cleaning sectors.

Solutions

(i) Integrations with production machinery – proprietary solution

The Group, as system integrator partner, enables clients to transform their company into a smart factory and can support clients in integrating systems with their production machinery, thus improving working conditions and increasing productivity. In addition to integrating multiple ERPs with production machinery, the Group has created a web portal integrated with production equipment without necessarily interconnecting the management system.

There are several benefits of integration, via software, with production machinery for SMEs:

- fulfilment of the interconnections required by Industry 4.0;
- simple, intuitive and cost-effective solution for small and medium-sized companies;
- optimization of production costs and times; and
- dematerialization of the production process.

The web portal in .php technology has the following macro-functions:

- User Login;
- Machine Selection;
- Work Order Entry;
- Real-time vision.

(ii) Vertical warehouse integrations – proprietary solution

The Group support companies from a wide variety of industries in integrating their ERP with the most popular vertical warehouses in the domestic and international market. One of the advantages of adopting an automated vertical warehouse is the interaction with ERP management software. The dialogue between ERP and the automated vertical warehouse provides companies with a number of benefits, including speeding up the procurement process and minimizing the risk of misalignment between the physical warehouse and the virtual warehouse. The Group’s software allows the generation of a picking list for each requested movement, automatically acquired by the automated vertical warehouse software, that generates, under the supervision of an operator, the movement of the material. The material being moved is, then, made available to the operator who can arrange for delivery. The outcome of the operation is transmitted to the management system.

(iii) MES and WMS Integrations – proprietary solution

MES is software dedicated to industrial production management. Through an MES system, it is possible to monitor the activities performed, the operators involved, the machines used and any downtime, and the production times. The integrations between ERP and MES, implemented with a view to Industry 4.0, have enabled companies to analyze and monitor, in real time, the stages of production, control inventory, orders and resources. Improved efficiency also leads to reduced costs, also due to a reduction in the number of waste products and revisions. As a result, operators are able to perform tasks more efficiently and quickly, marketing products just as quickly.

Where MES systems were not present to allow integration of production machines with ERP, the Group makes Web-Apps which can be consulted from a PC or Tablet, where operators can consult details, technical drawings and specifications of the planned production order. At the end of processing through special section, the quantities produced and any production waste are entered manually and automatically sent to the ERP.

The WMS likewise is software that supports the company in the organization, coordination, and control of logistics movements and processes. The Group supports companies with the integration between ERP and WMS that allows reducing errors, order fulfilment time, automates reporting, consequently increasing productivity.

(iv) WMS (Warehouse Management System) – proprietary solution

WMS is a software for the management of warehouses in the apparel industry and on verticals in all other markets. WMS controls improvements of warehouse management, streamlining of goods verification operations, loading, production and shipping stages. It also enables full traceability of products and warehouse movements and inventory management. The WMS is used to optimize the activities of the resources in the warehouse: goods, workforce and vehicles. Through the WMS, the best location for storage and picking functions are identified. In this way, inventories are monitored and the automation of goods receipt through to the management of shipments and courier tracking. WMS is integrated with corporate accounting programs and provides complete data transparency in the supply chain of the entire company.

II) *VALUE ADDED SW SOLUTIONS*

Value Added Solutions enable to manage business KPI or specific processes such as AI, BI, BPM, PLM, EDI, RFID.

The main Value Added software solutions are described below.

1. BUSINESS INTELLIGENCE

Business Intelligence ("**BI**") is a strategic data analysis tool designed to make companies competitive by anticipating market needs. Business Intelligence solutions provide all the information generally found in an entire suite of complex products. Specifically designed to make data easily and immediately available to business users, it simplifies decision-making and provides all the tools to act quickly. The technology found in BI includes all the necessary functions including dashboards and alerts, multidimensional analysis and slice-and-dice data, with the unique advantage of not having limitations, cost or the complexity of traditional OLAP (*Online Analytical Processing*) design.

Solutions

(i) BI Fashion – add-on solution based on Microsoft Power BI platform

Microsoft Power BI is a powerful business intelligence platform that enables companies to transform complex data into meaningful, easy-to-understand information. Power BI offers a wide range of tools and features that enable the user to connect to multiple data sources, create interactive visualizations, and share results effectively. With Microsoft Power BI, users can import data from a variety of sources, including databases, Excel files, cloud services, and more. Once the data is imported, it is possible to shape and transform the data to fit different needs. Power BI offers a wide range of tools for data cleansing, processing, and creating relationships between tables.

BI Fashion is the BI Group's solution designed for companies in the Fashion & Luxury sector.

A fundamental tool for corporate management, because through strategic data analysis it allows to understand market trends, anticipate market needs and plan successful actions.

It natively integrates with ERP systems and is developed in the following several modules:

- The *Sales Distribution module* analyzes and provides statistical support on the timely and daily analysis of sales data to management and the Sales Manager.

- The *Retail module* analyzes all sales dynamics and performance of stores, whether physical or virtual (e-commerce)

- The *Production module* analyzes the whole part of launches, job advancement, and delivery of goods from laboratories.

- The *Purchasing module* analyzes the whole part of supplier orders and the flow of goods deliveries related to them.

- The *Warehouse module* analyzes stock variance, products with higher and lower stock, and turnover ratios.

- The *Finance module* analyzes obligations and credits, bank and portfolio balances, and the entire cash flow side.

(ii) Quantum Power BI – add-on solution based on Microsoft Power BI platform

Within a law firm, a large amount of data of different kinds is acquired every day, and the main purpose of any professional entity is to analyze it as best as possible. To do this, it is necessary to use a Business Intelligence for the Law Firm, such as Quantum Power BI, which allows them to be managed using different modes to have a 360-degree overview of the progress of all the activities carried out in the Law Firm.

Quantum Power BI's ways of analyzing data provide insight into the progress of the law firm's activities in a short period of time. Through a fully integrated ecosystem with Quantum management software, interactive reports can be created that respect the security of the firm's data. In fact, the features of writing these reports vary depending on the user and his or her role in the study. The ability to create law firm data analysis reports from scratch based on the needs of the moment is a strength for firms that want to keep track of all the firm's work through the use of Business Intelligence for the law firm.

Quantum Power BI enables law firm business intelligence to monitor and analyze their financial performance more accurately and effectively. By aggregating and analyzing financial data, such as billing, collections, and profits by client or law practice, Business Intelligence for the law firm can provide a clear view of overall financial performance. This makes it possible to identify trends, spot areas for improvement, and make strategic decisions based on financial data. In addition, Business Intelligence for the law firm can automate financial reporting processes, reducing the time and effort required for manual report generation.

2. ARTIFICIAL INTELLIGENCE

Artificial Intelligence ("**AI**") has taken a central role in the digital transformation of companies and their competitive advantage. Increasingly advanced algorithms enable greater productivity through workflow automation and process streamlining. By taking advantage of this technology, many companies have embarked on a path of growth, thanks to applications such as:

- perform advanced predictive analytics to make the supply chain more efficient and reduce waste;
- get more targeted suggestions to recommend the best product/service to the customer and increase customer satisfaction;
- monitor the flow of people in an environment in real time to understand how to improve their experience;
- automatically analyze hundreds of thousands of documents or multimedia content to classify them and extract useful information.

The Group is able to develop advanced artificial intelligence and machine learning models, to create tailored algorithms and to integrate these technologies into the clients' existing infrastructure, with the goal to support companies in improving their performance, optimizing processes, and creating extraordinary experiences for their customers. The Group's experience is able to guide clients in selecting and implementing solutions best suited to the client's specific needs.

Solutions

(i) HS.Forecast – proprietary solution

HS Forecast is the Group's analysis platform designed for the fashion industry, for optimizing production, distribution and replenishment. HS.Forecast is a web platform that leverages advanced AI algorithms to perform predictive analysis. With HS.Forecast, fashion companies can optimize their production, distribution and replenishment processes by accurately predicting demand patterns, enabling efficient resource allocation and minimizing inventory waste. Using AI forecasting, the platform leverages historical data and market trends to generate accurate forecasts, enabling companies to take informed decisions.

The platform is structured into 3 essential modules, each specializing in the management of different business processes and throughout the supply chain. These modules are independent of each other and can also be installed individually.

- Production / Purchasing / Demand Forecasting: this module deals with long-term (6 months/1 year) AI forecasting for production or purchasing items. In this section of the platform, AI can be queried to make long-term sales forecasts on both continuous items and seasonal items. In addition to making the sales forecast, the AI already proposes a possible sales breakdown by category, color, size, and store. At this stage, the AI can also flag any anomalies (low coverage) and suggest order proposals.

- Distribution / First Planting / Delivery Forecasting: this module deals with AI forecasting for distributing references to stores and performing first planting. The process can be managed through optimization logics that operate either at the store level or at the individual SKU level. In the first case, the AI proposes how to implant all selected items on a given store. In the second case, the AI proposes how to implant an individual SKU (by color/size) on all selected stores.

- Reassortments / Rebalancing / Replenishment Forecasting: this module deals with AI forecasting in the short term (1 week). The AI analyzes stock availability for each individual reference and calculates the exact quantities to be replenished for each store and each size based on sales forecasts in the following weeks. In addition, this module is able to manage rebalancing of merchandise between stores, taking advantage of sales forecasts on individual stores.

(ii) HS.Reader – proprietary solution

HS.Reader is a suite of advanced algorithms designed for reading, analyzing, and processing digital documents. Its main functionalities allow the user to extract the maximum value from your information.

HS.Reader comes with integrated OCR, which enables to recognize and extract text from images or scanned documents. This feature is particularly useful when you need to utilize information contained in non-editable formats.

Furthermore, HS.Reader offers a powerful system of indexing and semantic search. This means that the user can create a comprehensive index of your documents and find specific information even if the keywords don't exactly match the query. Semantic search helps to discover the most relevant results.

With cutting-edge features like document classification, semantic indexing, OCR for text recognition, and image recognition, HS.Reader is a reliable guide in the world of digital data.

HS.Reader can be integrated using our web API service, and provides the following key functionalities:

- Document and text classification;
- Indexing and semantic search of documents;
- Text recognition through OCR;
- Image identification within documents.

(iii) HS.Recommend – proprietary solution

HS.Recommend is a powerful REST API platform that relies on a machine learning process to generate personalized recommendations for each user. From data on users' preferences, their past interactions with products, and other relevant factors, HS.Recommend's engine uses machine learning models to identify patterns, correlations, and trends for effective user profiling. Based on these analyses, HS.Recommend generates personalized recommendations for each user. These recommendations are based on individual preferences but can also take into account factors such as market trends, similar user behaviors, and other contextual information. HS.Recommend helps optimize marketing and sales strategies, enabling companies to promote relevant products in a targeted manner and maximize cross-selling and upselling opportunities. It also helps improve product discovery, enabling users to easily find relevant products that might otherwise escape their attention. Finally, HS.Recommend can be easily integrated into existing applications and services via its web API, making implementation simple and flexible.

HS.Recommend uses visual similarity between products to help users in discovering new products based on appearance. This feature is based on analyzing the visual characteristics of products, such as shape, color, style, and design. Through computer vision and machine learning systems, HS.Recommend can recognize extract distinctive visual features of a product and compare them with those of other products in the catalogue. Based on visual similarity, HS.Recommend suggests similar products that might be of interest to the user. This visual similarity approach overcomes the limitations of text descriptions and enables users to find similar products more intuitively and immediately. It also helps discover products that might not have been considered otherwise, providing a more visually engaging search and discovery experience.

(iv) HS.Vision – proprietary solution

HS.Vision is a platform that uses Computer Vision algorithms to analyze and understand visual data in video streams. With HS.Vision, specific objects within images or videos can be identified and counted, and detailed information about their characteristics can be obtained. HS.Vision provides valuable insights into motion patterns, frequency of appearance of objects and people, and more. HS.Vision's algorithms are integrated into a scalable image analysis software solution that allows the user to go from analyzing a few dozen to hundreds or thousands of images in real time by directly accessing RTSP streams from cameras. HS.Vision can be integrated with existing video surveillance systems and can interface with any type of camera capable of providing an RTSP video stream, whether with standard optics or fisheye (panoramic) lenses.

3. RADIO FREQUENCY IDENTIFICATION (RFID)

RFID (Radio Frequency Identification) refers to automatic identification technology based on the propagation of electro-magnetic waves in the air, enabling the distinctive, automatic (hand free), massive and remote detection of objects, animals and people. RFID is the solution to better manage warehouse logistics and shipments to customers through an innovative automatic product recognition procedure by replacing traditional barcode and magnetic stripe technology.

The main advantages of RFID technology are:

- device uniqueness (serial number);

- anti-collision under precise conditions (simultaneous identification of multiple objects);
- reading without vision (object identification without the need of a visual contact);
- read-write accessible memory (possibility of attributing information to objects).

Solutions

(i) RFID Fashion – proprietary solution

RFID Fashion is the Group's RFID proprietary solution, which make it possible to identify, assign a unique electronic identity to the product and authenticate it, trace its life cycle, follow it through its production, distribution and consumption phases, collect, compare and analyse data. Radio frequency system reads remotely the information contained in a tag, ensuring automation of procedures with minimal error margins. To be effective and provide timely feedback, this RFID solution must be natively integrated into company management flows. RFID Fashion offers concrete answers to the need to manage information on traceability and re-traceability, to react promptly in the event of recalls and withdrawals of goods, intervening quickly and selecting only the batches concerned by this action, thus protecting consumer safety, with a beneficial reflection on the value of the company, reducing counterfeiting, which represents a concrete economic damage in all economic sectors. RFID Fashion is natively integrated into 4-Seasons and implemented directly by the Group's development centre.

Main advantages of RFID technology:

- Device uniqueness (serial number);
- Anti-collision under precise conditions (simultaneous identification of multiple objects);
- Reading without vision (object identification without the need for eye contact);
- Read-write accessible memory (possibility of attributing information to the object).

Because of its potential for application, RFID is considered a general-purpose technology and has a high level of pervasiveness, meaning that once an application is found at one point in the supply chain, the application and benefits quickly propagate upstream and downstream of it.

4. PDM & PLM

PDM (Product Data Management) technology is a system that enables companies to efficiently manage product data throughout the entire lifecycle, from the design phase through production and distribution. This system centralizes and organizes key product information such as drawings, technical specifications, price lists, documentation, and other related resources. PDM facilitates collaboration among different business teams and departments, enabling them to easily access and share product information in real time. This reduces errors and delays due to communication problems or outdated versions of documents.

Solutions

(i) PLM Fashion NEXT EDITION – proprietary solution

PLM (Product Lifecycle management) Fashion NEXT EDITION is a tool that supports all phases of the product development: design, technical data management, drawings, creation of master codes, management of materials technical bills. The Group's PLM platform also offers a range of features that ensure seamless management of the entire product lifecycle, supporting in data sharing all internal and external stakeholders involved in the project/job. Web access mode and user-configurable visibility makes it easy to follow all phases.

5. BPM

In this segment, the Group offers consulting services and Business Process Management ("**BPM**") solutions to help companies to manage processes and workflow within their organisations. In the BPM, document management ensures that business information is organized and accessible, while network management provides a robust infrastructure to share and protect that information. Implementing document and network management software offers many benefits, including improved document organization, increased productivity, enhanced collaboration, and a secure network.

The Group offers information technology assistance, providing all-around computer support in Microsoft Windows and Apple Mac OS environments, with a staff constantly trained. For companies that do not have an in-house IT department, the Group takes care of managing and maintaining the entire IT infrastructure (CED, Clients and peripherals). For other Companies we place our resources alongside the existing IT manager working side by side, in the implementation of specific expansion, consolidation, upgrade or migration projects. In this area, the Group offers full IT support services at every level, including design, maintenance and upgrading of the client's existing systems.

Solutions

(i) Quantum Document – proprietary solution for law and tax firms

Quantum Document is the Group's solution for the documents management specifically designed for law firms. Quantum Document works in the cloud allowing workforce resources and employees of the law firm to edit documents in real time with colleagues, quickly retrieve a previous version, and work offline. All this is possible thanks to the SharePoint technology on which Quantum Document was created. Documents in different formats are attached to the case file: drafted with Word or Excel, case law research, downloaded from the Internet, faxed digitally or e-mailed. In addition, Quantum Document simplifies cloud-based document storage by enabling lawyers and legal staff to access documents anywhere, anytime, using Internet-connected devices. This means they are no longer limited to physical presence in the office or manual retrieval of archived documents. Document sharing then becomes simple and secure, enabling team members to collaborate effectively, whether within the firm or with clients or other parties involved in the legal process.

6. ELECTRONIC DATA INTERCHANGE (EDI)

EDI is the proprietary Group's technological solution that facilitates the data electronic exchange between companies. This type of software is designed to manage the entire data transmission process, converting, validating and transferring information according to precise standards. It is an essential tool for companies that desire to simplify the exchange of data with business partners. It automates processes, reduces errors and improves the overall efficiency of business operations. Digitizing the shipping of documents, which would otherwise be exchanged in paper format, provides companies with tangible benefits, such as reduced operational costs, increased processing speed, reduced human error, and improved relationships with their partners. An additional competitive advantage offered by the EDI solution is the interface that dialogues seamlessly with major ERP systems such as SAP Business One, Golden Lake eVolution, S4 HANA and many others.

III) *ICT SERVICES*

ICT cross-market services drive mostly recurring revenues with the addition of one-off professional services.

The main ICT Services are described below.

1. GDPR & PRIVACY

In this segment, the Group offers consulting services, which include the implementation of "GDPR compliant" procedures and software reselling. The topic of personal data collection and protection is now an inescapable part of various business processes that, necessarily, must be adapted to the requirements of the GDPR regulation. When collecting data, companies must obtain explicit consent where required by law and be transparent about how it will be used, explaining the purpose of processing. The dominant principle of the regulations is that the company must always be able to demonstrate compliance with the regulations through prior forms of assurance, imposing full and proactive accountability. Proper organization of data, as stated by the European Regulation, is a valuable asset for companies, as it allows them to store data according to the purpose and it is the first step in ensuring protection and management. The Group has activated a GDPR department since 2004 (through CAST), composed of experienced work force resources who deal with issues related to data protection and processing of personal data, covering any legal, procedural, IT and personnel training aspect. CAST has been certified as a Privacylab consultant since 2004 and has been a Federprivacy[2] qualified privacy consultant since 2012. The Group's GDPR Department is able to follow and support the client in the evolution of the technological and regulatory scenarios both at national and European level, providing support at every step (from the documental, organizational and training fulfillments, to the implementation of security measures, to the annual update, to the assistance in case of controls operated by the competent Authorities).

2. DIGITAL MARKETING

In an increasingly digitized world, being present in major digital channels, with omnichannel and multichannel strategies, can be a real competitive advantage. The Group offers several solutions that address multiple business needs. From the creation of apps, web apps and e-commerce sites that allow the exchange of goods and services through the use of technology, to the use of Phygital solution to make the most of the potential offered by augmented reality, with the aim of improving the

[2] Federprivacy is the main trade association in Italy, registered with the Ministry of Economic Development under Law 4/2013, whose main purpose is to assemble and represent all privacy and data protection professionals.

Customer Shopping Experience. The Group offer consulting services that can help clients in the definition of web marketing strategies, with a focus on the integration of online sales systems or the use of tools that can manage multichannel sales on a variety of online store platforms. The Group also offers consulting services concerning brand identity, social media marketing solutions, realization of e-commerce sites, website, event software and web platforms, and totem.

3. <u>CYBER SECURITY</u>

The Group's solutions and systems can help companies in detecting and addressing cyber threats. The Group's many years of experience allows its clients to have a high level of support with certified technicians capable of perform accurate analysis on clients' technology infrastructure to highlight potential vulnerabilities, simulate through "ethical hackers" the thinking of those who conceive of a ransomware attack with certified testing and manage constant monitoring of the company's entire information infrastructure. The Group's activity enables early detection of potential attacks and immediate implementation of self-defense mechanisms. The Group offers a wide range of comprehensive services in cybersecurity, which includes:

- ensure seamless compliance from a legal and regulatory perspective (GDPR);
- conduct through analysis of customers' technology infrastructure to highlight potential vulnerabilities;
- simulate through our "ethical hackers" the way of thinking of those who conceive a ransomware attack with certified tests;
- manage constant monitoring of the company's entire information infrastructure that enables early detection of potential attacks and immediate implementation of self-defense mechanisms;
- security tests of the infrastructure;
- web applications and mobile devices (penetration test and vulnerability test).

4. <u>CLOUD AND NETWORKING SERVICES</u>

In this segment, the Group offers consulting services and implementation of software solutions in cloud, provided through data centers and certified partners. In addition, the Group provides system technical assistance for installation and configuration of complex IT systems, system consulting, and consulting on perimeter and internal company security systems. Cloud services are offered, alternatively, through proprietary technological apparels sited in co-located third parties' cabinets or in outsourcing, reselling cloud services of main partners (Google, Amazon, etc.).

<u>New products and/or services</u>

Since the end of the financial year 2023 and until the Prospectus Date the Group has not launched new software solutions and/or services.

The new solutions that the Group intends to introduce into its business focus on the vertical markets of banking, design and food.

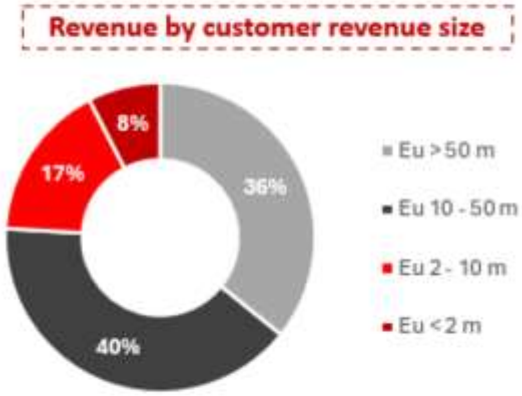
Customers and Suppliers

<u>Customers</u>

The table below indicates for the years ended December 31, 2023, 2022 and 2021 the Group's largest customer, top 5 and top 10 customers, by contribution to total revenue.

	As of December 31,		
	2023	**2022**	**2021**
(net revenues)			
Customer			
Top 1..................................	1.8%	3.4%	2.8%
Top 5..................................	8.1%	9%	9.1%
Top 10................................	14.2%	14.8%	15.2%

As shown in the table below, in 2023: (i) 40% of the Group's revenues was generated by customers with a individual revenues size included between Euro 10 and 50 million; (ii) 36% of the Group's revenues was generated by customers with a individual revenues size above Euro 50 million; (iii) 17% of the Group's revenues was generated by customers with a individual revenues size included between Euro 2 and 10 million; and (iv) 8% of the Group's revenues was generated by customers with a individual revenues size under Euro 2 million.



The Group's mission is to enable new business models to its customers, through software solutions and consulting services. The solutions provided by the Group in each segment of activity may be applied, simultaneously or separately, in all or some of the following industry sectors: fashion & luxury, manufacturing, ceramics, food & beverage, healthcare, logistics, publishing, banking and professional services (law firms), retail and distribution.

It should be noted that in 2023, a total of 503 new customers were acquired, of which 263 are related to new customers from lead generation and 240 are related to the customer portfolio of the acquired companies. In 2023 customer churn rate was 7.2%. The main acquisition driver is the proprietary ERP business line. In 2023 (i) customers with less than five years of aging represented 53.5% of the customer base and 45.9% of sales; (ii) customers from five to less than ten years of aging represented 28.8% of the customer base and 28.2% of sales; (iii) customers from ten to less than fifteen years of aging represented 13.6% of the customer base and 13.1% of sales, and (iv) customers from fifteen years of aging and above represented 4.2% of the customer base and 12.7% of sales.

A summary description of the relevant clauses contained in the agreements in place with the Group's five major customers in the year 2023 is provided below.

Agreement between the Group and the first customer for revenues in 2023

The agreement relates to the development, delivery and management of software. The agreement has an annual term that is automatically renewed for an equal period unless notice of termination is given at least 90 days before the expiry date. The agreement stipulates that the Group and its employees and/or subcontractors involved in the activities of the individual order undertake not to distribute and market to third parties the software and other products manufactured for the customer. The agreement also provides that the employees, consultants and resources used by the Group in the performance of the contract may not be employed, either directly or indirectly, to perform similar and/or equivalent activities for the customers of the second customer, as well as for other customers of the Group that may be considered competitors of the customer. As far as liability for damages is concerned, the agreement provides for standard liability clauses. The agreement also provides for the customer's right to terminate the agreement due to the Group's act and/or default, without the need for a warning or notice of default, if certain circumstances determined by the contract exist. The contract does not provide for: (i) penalties for late, failure or incorrect delivery; (ii) non-competition clause; (iii) mechanisms for setting and reviewing the price. The first customer is not a related party of the Group. The first customer represented for 1.8% of the Group's total revenues in the financial year 2023.

Agreement between the Group and the second customer for revenues in 2023

The agreements relates to the provision of software and services, ERP Help Desk service and software maintenance. The agreement has an annual term that is automatically renewed for an equal period unless notice of termination is given at least 180 days before the expiry date. With regard to the mechanisms for fixing and reviewing prices, the contract provides that the Group may adjust the agreed payments without prior notice up to an amount that does not exceed the variation in the index of consumer prices for families of factory and office workers recorded by ISTAT during the previous year. In relation to liability for damages, the agreement includes standard liability clauses. The contract does not provide for: (i) penalties for late, failure or incorrect delivery; (ii) exclusivity obligations; and (iii) non-competition clause. The second customer is not a related party of the Group. The second customer represented for 1.7% of the Group's total revenues in the financial year 2023.

Agreement between the Group and the third customer for revenues in 2023

The agreement relates to the provision of ERP management solutions to companies that manufacture and/or market apparel, footwear and leather goods. The agreement has an annual term that is automatically renewed for an equal period unless notice of termination is given at least 60 days before the expiry date. With regard to the mechanisms for fixing and reviewing prices, the contract provides that the Group may adjust the agreed payments without prior notice up to an amount that does not exceed the variation in the index of consumer prices for families of factory and office workers recorded by ISTAT during the previous year. In all other cases, any change in the rent that involves an increase greater than that indicated above must be requested by the Group with at least 30 days' prior written notice, with the customer having the right to withdraw by written notice within 30 days of receipt of the notice of variation. With regard to liability for damages, the contract provides that – except for cases for which Italian law does not allow limitations of liability – the Group's liability shall in no event exceed 10% of the total amount provided for in the contract for any type of damage. The contract does not provide for: (i) penalties for late, failure or incorrect delivery; (ii) exclusivity obligations; (iii) non-competition clause. The third customer is not a related party of the Group. The third customer represented for 1.7% of the Group's total revenues in the financial year 2023.

Agreement between the Group and the fourth customer for revenues in 2023

The agreement relates to the development of logistics management software. The agreement has an annual term that is automatically renewed for an equal period unless notice of termination is given at least 90 days before the expiry date. The agreement also provides for the customer's right to terminate the agreement due to the Group's act and/or default, without the need for a warning or notice of default, if certain circumstances determined by the contract exist. With respect to liability for damages, the Group agrees to indemnify the customer and those acting on the customer's behalf from and against any loss, claim, damage, expense or liability arising out of the provision of the contracted services, the use in any way of the software or any alleged breach of any of the covenants, representations or warranties made by the Group. The contract does not provide for: (i) penalties for late, failure or incorrect delivery; (ii) exclusivity obligations; (iii) non-competition clause; (iv) mechanisms for setting and reviewing the price. The fourth customer is not a related party of the Group. The fourth customer represented for 1.5% of the Group's total revenues in the financial year 2023.

Agreement between the Group and the fifth customer for revenues in 2023

The agreement relates to outsourcing (CRM & iCRM) services. The agreement has an annual term that is automatically renewed for an equal period unless notice of termination is given at least 60 days before the expiry date. With regard to the mechanisms for fixing and reviewing prices, the contract provides that the Group may adjust the agreed rents without prior notice up to an amount that does not exceed the variation in the index of consumer prices for families of factory and office workers recorded by ISTAT during the previous year. In relation to liability for damages, the agreement provides for standard liability clauses. The contract does not provide for: (i) penalties for late, failure or incorrect delivery; (ii) exclusivity obligations; and (iii) non-competition clause. The fifth customer is not a related party of the Group. The fifth customer represented for 1.3% of the Group's total revenues in the financial year 2023.

<u>*Suppliers*</u>

The table below indicates for the years ended December 31, 2023, 2022 and 2021 the Group's largest supplier, top 5 and top 10 suppliers, by contribution to total expenses for supplies and services.

	As of December 31,		
	2023	**2022**	**2021**
(Total consolidated expenses for supplies and services)			
Supplier			
Top 1	11.5%	14.2%	12.1%
Top 5	28.9%	33.5%	30.7%
Top 10	38.6%	43.9%	47.5%

Among the top 10 suppliers of the Group by share of the total expenses for suppliers and services, the four strategic suppliers of the Group, namely, SAP, Microsoft, WIIT and Able Tech rank second, third, fourth and seventh, accounting for 6.6%, 5.2%, 3.0%, 2.3%, respectively.

A summary description of the relevant clauses contained in the agreements in place with the Group's five major suppliers in the year 2023 is provided below.

Agreement between the Group and the first supplier for expenses in 2023

The agreement relates to the sale of professional services to persons exercising professional activities in the IT and technology sector. The agreement has an annual term that is automatically renewed for an equal period unless notice of termination is given at least 60 days before the expiry date. With regard to the definition and mechanisms of price adjustments, the contract provides that the prices stated in the supplier's offers may change at any time and without prior notice. In the event of price increases resulting from causes outside the Supplier's control (e.g. changes to the price list, limited availability of raw materials and/or products, exhaustion of promotional campaigns and special offers), the Supplier has the right to change the amounts stated in the order by notifying the Group. In such a case, the Group has the right to withdraw from the contract no later than 10 days after notification of the change in the amounts. The contract provides for a right of the Supplier to terminate the agreement pursuant to Article 1456 of the Italian Civil Code. With reference to liability for damages, the agreement provides that in no event shall the Supplier be held liable for failure to perform its obligations to the Group, failure to supply, or interruption of activities, due to causes beyond its reasonable control, as well as for the consequences due to special, consequential, indirect or similar damages, including loss of profits and/or reputational damage. The contract does not provide for: (i) penalties for late, failure or incorrect delivery; (ii) exclusivity obligations; (iii) non-competition clause. The first supplier is not a related party of the Group. The first supplier represented for 11.5% of the Group's total expenses in the financial year 2023.

Agreement between the Group and the second supplier for expenses in 2023

The agreement relates to the sale of professional services to persons exercising professional activities in the field of information and technology. The agreement remains in force until the term indicated in each order form or upon completion of the services, unless notice of termination is given in writing by one of the parties 30 days in advance. The agreement provides for the immediate termination of the agreement if the other party makes an assignment for the benefit of creditors, or if it defaults on its obligations. As far as liability for damages is concerned, the agreement includes standard liability clauses. The contract does not provide for: (i) penalties for late, failure or incorrect delivery; (ii) mechanisms for setting and reviewing the price exclusivity obligations; (iii) non-competition clause (iv) exclusivity obligations. The second supplier is not a related party of the Group. The second supplier represented for 6.6% of the Group's total expenses in the financial year 2023.

Agreement between the Group and the third supplier for expenses in 2023

The agreement relates to a commercial partnership collaboration. The agreement has an annual term that is automatically renewed for an equal period unless notice of termination is given at least 60 days before the expiry date. The contract does not provide for: (i) penalties for late, failure or incorrect delivery; (ii) mechanisms for setting and reviewing the price exclusivity obligations; (iii) non-competition clause; and (iv) exclusivity obligations. The third supplier is not a related party of the Group. The third supplier represented for 5.2% of the Group's total expenses in the financial year 2023.

Agreement between the Group and the fourth supplier for expenses in 2023

The agreement relates to the resale of hosting, housing and cloud services. The agreement provides for a term of 60 months starting from the signing date of February 22, 2021. The agreement provides for the possibility for the contractor to terminate the contract pursuant to Article 1456 of the Italian Civil Code. With regard to the mechanisms for fixing and reviewing prices, the contract provides that the Group may adjust the agreed payments without prior notice up to an amount that does not exceed the variation in the index of consumer prices for families of factory and office workers recorded by ISTAT during the previous year. The contract does not provide for: (i) penalties for late, failure or incorrect delivery; (ii) exclusivity obligations; and (iii) non-competition clause. The fourth supplier is not a related party of the Group. The fourth supplier represented for 3.0% of the Group's total expenses in the financial year 2023.

Agreement between the Group and the fifth supplier for expenses in 2023

The agreement relates to the software development services. The agreement has an annual term that is automatically renewed for an equal period unless notice of termination is given at least 30 days before the expiry date. The agreement provides for the customer to terminate the agreement at any time. Furthermore, the agreement provides for the termination of the contract, in accordance with article 1456 of the Italian Civil Code, if the customer's delay in payment of the amount due exceeds 30 days. In relation to liability for damages, the agreement includes standard liability clauses. The contract does not provide for: (i) penalties for late, failure or incorrect delivery; (ii) mechanisms for setting and reviewing the price exclusivity obligations; (iii) non-competition clause; and (iv) exclusivity obligations. The fifth supplier is not a related party of the Group. The fifth supplier represented for 2.6% of the Group's total expenses in the financial year 2023.

Business Model

The Group has a business model designed to create growing synergies between the various solutions offered, with the aim of understanding the market and the needs of its customers, guaranteeing a flexible and modular offer and always proposing specialised solutions.

At the date of the Prospectus, the Group is composed of the Company and 11 operating subsidiaries, eight of which are wholly owned by the Company. On the basis of a specific service agreement, the Company provides a number of centralised services to the Group companies, mainly relating to:

(i) *Finance and Control* – it supports the operating subsidiaries in finalizing their Profit and Loss and Balance Sheet, controls their performance against the budget and finalizes the consolidated accounts.

(ii) *Human Resources Management* – it provides support to the operating subsidiaries in training employees, define career paths, identify talents.

(iii) *Communications and Advertising* – it defines Group communication strategy, positioning, and tactical communication, also for the operating subsidiaries, mainly through digital channels to attract potential customers.

(iv) *Sales* – it defines sales strategy and coordinates sale activity to blue chip customers.

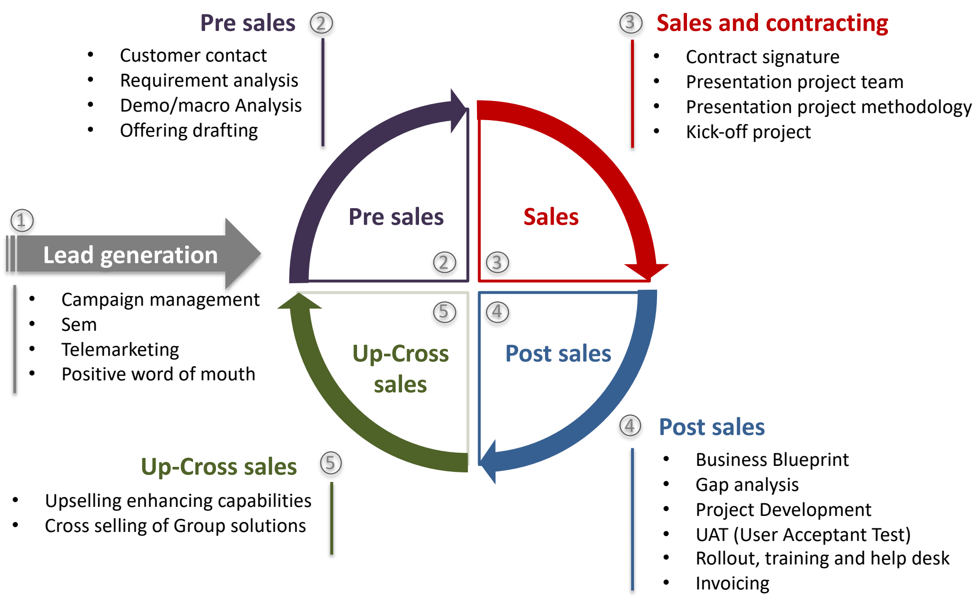
(v) *Technology* – it defines technology strategy and product roadmaps supporting the operating companies in defining their roadmaps and achieving Group efficiencies. Moreover, it identifies the Research and Development opportunities arising from the different companies and it defines the Group main priorities and development synergies among the operating companies.

In addition to its local presence, each operating company specialises in a specific market and a specific area of the offering, ensuring maximum expertise in the reference solutions. The Group therefore presents itself with a single brand and a diversified offer, leaving the proposal of individual solutions to the highly specialised and independent operating companies. This is the added value of the Group's offer: a single point of contact, SYS-DAT, with dedicated specialists according to the area of intervention. Each operating company has its own internal organisation, with hierarchical reporting lines both internally and at Group level. In fact, many projects have a cross-company impact that requires a single, centralised coordination.

The operating companies of the Group operate specifically in the following market segments:

- Logic One: Digital commerce and digital marketing;
- Modasystem: fashion;
- BTW: manufacturing and system integration;
- Nekte: legal, foundries and manufacturing;
- Cast: tiles, banking, business process management and GDPR;
- Sys-Dat Verona: fashion, retail and cybersecurity;
- Humatics: artificial intelligence;
- Emmedata: footwear;
- VCube: cybersecurity and networking;
- Trizeta: industry 4.0 and industrial processes automation;
- SiSolution: manufacturing, textile and managed services.

The customer life cycle is managed independently by each operating company and handled locally according to Group best practices. The following diagram illustrates the various phases of the above process.



Lead Generation

The first phase of the cycle is customer acquisition. Each operating company actively seeks new customers using a variety of tools, mainly telemarketing campaigns, social media campaigns, the organization of webinars and specialist events to which existing and potential customers are invited. A significant proportion of new customers also come from independent research conducted by the customers themselves, based on the Group's reputation and word of mouth from its current customer base. This phase is managed independently by the operating companies through their telemarketing and sales managers and by the Group Communication & Advertising Department. At the Prospectus Date, the sales team of the Group involved in lead generation is composed by 46 workforce resources and the Communication & Advertising Department is composed of 7 professionals.

In particular, the communication and advertising activities are managed by the Group department in order to ensure a homogeneous corporate identity and consistency of communication with regard to the Group's priorities, values and guidelines. The integrated marketing model also facilitates the scalability of activities in the event of the launch of new businesses or new operating companies following acquisitions.

Pre-sales

After identifying prospects through lead generation activities, sales team come into contact with a new potential customer and begin to assess its potential needs. This is done in conjunction with the technical people who manage the pre-sales activity, who conduct demos with the potential customer, start to define the customer's requirements and begin to prepare a macro-analysis. All these activities enable the sales team to draft the proposal. At the Prospectus Data, the sales team of the Group involved in pre-sales and sales activity is composed by 43 workforce resources and the technical team is composed by 71 professionals.

Sales and contracting

The sales team is made of 46 people employed by the Group. They are specialized in the company offer and market and they facilitate cross selling opportunities thanks to the wide Group offering portfolio. Once the pre-sales activity has been completed and the scope of the project has been defined, the sales team signs the contract with the customer, defines the project team from both the customer's and the Group's side, the method of interaction between the teams and the project start date.

For further information on how the Company acquires new customers See "*Business Model - Lead generation*". The following table summarized the results generated by the Company in 2021-2023, excluding customers from acquired companies.

	2023	**2022**	**2021**
Number of new acquired customers	263	191	366
Revenue generated by new customers	Euro 3.329.859	Euro 3.569.309	Euro 2.898.240
% of Operating Revenue	7,2%	9,4%	10,1%

In 2023, the reduction in percentage of revenue generated by new customers with respect to "Operating Revenue" is justified by the timing of new customers, mainly added towards the end of the year. For its professional services, the Group uses mainly two types of contracts: (i) a time and material contract, where the Group provides an estimate of the effort required for each activity by identifying an hourly cost of its resources and establishing a fixed rate for each unit and category of service (the Group typically use this type of contract in situations where there is uncertainty or variability in project requirements, scope or duration); and (ii) a lump sum contract, where the price of the services does not depend on the resources provided and is defined *a priori*.

The contract for professional services typically includes the following elements:

- Professional Services: consulting services and project development and deployment activities and related software, including recurring help desk activities;
- Software licences or SaaS: licences to use software applications based on the number of customers using the solution;
- Software maintenance: annual recurring revenue related to software maintenance, including software updates and new releases;
- Outsourcing services: recurring revenue from hosting, cloud services, and SaaS solutions; and
- Hardware and Operating Systems: infrastructure elements critical to the service offering.

Once the contracts are signed, they have a variable duration depending on the type of service offered:

- Professional services have a duration depending on the software development time;
- Software maintenance contracts have a yearly duration with automatic renewal unless terminated by the customers by the 30 September of each year;
- Outsourcing/Saas services contracts have a three-year duration with automatic renewal unless terminated by the customers at least one semester before the termination date;
- Hardware and Operating Systems contracts expire at the time of availability of Hardware and Operating System.

The first 10 customers of the Group represent 12,9% of 2023 sales and they had Euro 254 thousand of software maintenance and outsourcing fees terminating in 2023, representing less than 1% of total 2023 sales.

<u>Post-sale</u>

Once the contract has been signed by the customer, the next step in the value chain is managed by the operational structure, which carries out the project agreed with the customer and, if the activity requires it, also software, hardware or third-party services. This phase includes all activities related to the launch and execution of a project, in particular:

- Business Blueprint: it's a step-by-step analysis carried out to identify the customer's needs and objectives in relation to the project.
- Gap analysis: this is carried out to assess the differences between the customer's current systems and/or software applications and the requirements defined by the project.
- Project Development: this is related to the software development and implementation of the solution.
- User Acceptance Testing: once the project has been developed, it is tested and if the result is successful, it is accepted by the customer.
- Roll-out, training and help desk: after the acceptance test, the solution is rolled out, the customer's staff is trained, services are billed and help desk support begins.
- Invoicing: it is progressive from Business Blueprint to Roll-out and depending on the progress of the project and is different between software, professional services and maintenance and outsourcing services.

In the post-sales phase, project management plays a key role in managing the process on an ongoing basis.

In particular, customer invoicing is based on progress, although most invoicing is on a monthly basis.

At the date of the Prospectus, the number of Group technicians involved in post-sales activities was 364.

<u>Up-cross sales</u>

Following the implementation of the solution, new opportunities arise in terms of

- up-selling: when the customer has new project-related needs, driving upgrades or other add-on sales

- Cross selling: when new services and software solutions from the Group are proposed and sold.

Markets And Competition[3]

Introduction

During the last few years Europe and the World experienced several exceptional events. The pandemic and the war in Ukraine showed how fragile is our social and economic structure, hence forcing national and international institution to adopt extraordinary measure in order to support families and businesses.

Since 2020, the energy and materials costs have dramatically increased, inflation started increasing again and the interest rates growth is reducing access to credit for families and companies, hence reducing the investments. However, Italy is benefitting from the PNRR, the National Recovery and Resilience Plan that aims to modernise and improve the Italian economy, making it more sustainable, innovative, and competitive. The percentage of companies that have adopted at least one advanced digital technology is 68% in Italy compared to an average 69% in Europe and 71% in the USA.

Market overview

The Group operates exclusively in the Italian ICT market (which is a segment of the wide digital market), primarily as a product and service provider for SMEs.

According to an Anitec Assinform study, the digital market had a total value of Euro 77.1 billion in 2022, with a growth of 2.4% compared to 2021. (Source: "*Il digitale in Italia 2023: mercati, dinamiche e policy*" drafted by Anitec-Assinform in collaboration with Confindustria Digitale and NetConsulting Cube, July 2023).

The most significant growth was experienced by ICT Services, whose value rose 8.5% in 2022, to Euro 14.8 billion. This acceleration was mainly due to Cloud Computing, Cybersecurity, and Big Data Management services, and to a lesser extent, to System Integration services, both in applications and infrastructure.

Trends were also particularly positive in the Digital Content and Advertising segments, whose value grew +6.3% in 2022 to Euro 14.5 billion, and ICT Software and Solutions, up +6.2% to Euro 8.6 billion.

The Devices and Systems market suffered a sharp turnaround after the substantial growth recorded in 2021. During 2022, this segment declined by 1%, recording a value of Euro 20.9 billion.

The overall market offers good growth prospects between 2022 and 2026, with the average annual growth rate expected at +4.5%.

The table below shows the estimated growth of the digital market in Italy from 2020 to 2026 (estimated).

(Eu mn)	2020	2021	2022	2023E	2024E	2025E	2026E	21/20	22/21	23E/22	24E/23E	25E/24E	26E/25E	22/26E
Devices and systems	19,368.0	21,136.8	20,924.8	20,636.4	21,043.8	21,747.3	22,489.3	9.1%	-1.0%	-1.4%	2.0%	3.3%	3.4%	1,8%
ICT software and solutions	7,517.1	8,115.8	8,615.2	9,124.3	9,675.0	10,281.3	10,944.6	8.0%	6.2%	5.9%	6.0%	6.3%	6.5%	6,2%
ICT Services	12,701.9	13,672.4	14,831.4	16,321.2	17,989.7	19,866.0	21,918.8	7.6%	8.5%	10.0%	10.2%	10.4%	10.3%	10,3%
Network Services	19,391.4	18,745.5	18,245.1	18,036.3	17,961.3	17,983.6	17,978.3	-3.3%	-2.7%	-1.1%	-0.4%	0.1%	0.0%	-0,4%
Content and digital advertising	12,526.0	13,615.8	14,469.1	15,326.2	16,201.7	17,119.0	18,442.3	8.7%	6.3%	5.9%	5.7%	5.7%	7.7%	6,3%
Total market	**71,504.5**	**75,286.3**	**77,085.5**	**79,444.3**	**82,871.5**	**86,997.3**	**91,773.3**	**5.3%**	**2.4%**	**3.1%**	**4.3%**	**5.0%**	**5.5%**	**4,5%**

Source: "Il digitale in Italia 2023: mercati, dinamiche e policy" drafted by Anitec-Assinform in collaboration with Confindustria Digitale and NetConsulting Cube, July 2023

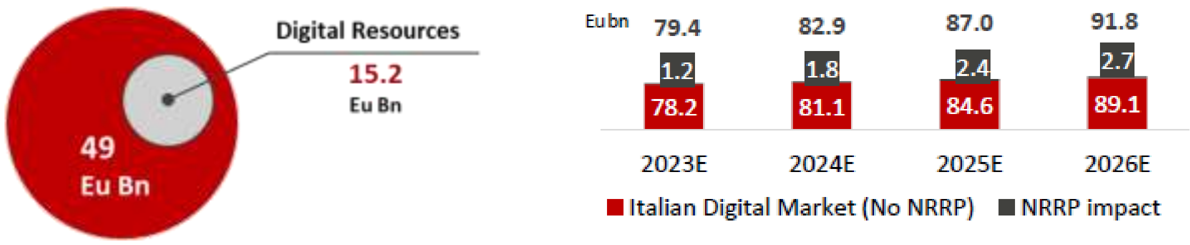
Forecasts on the performance of the digital market in Italy for the next four years will increasingly be conditioned by ICT investments financed through the NRRP.

Specifically, out of the Euro 49 billion allocated in the NRRP, Euro 15.2 billion of resources have been earmarked for the country's digitalisation projects. These resources will lead to 4.5% growth in the digital market during the 2022-2026 period, compared to 3.7% growth if the funds were not available.

In terms of the impact of the NRRP on the digital market over the 2023-2026 period, in 2024 the additional market determined by the Plan is expected to grow from Euro 1.2 billion to Euro 1.8 bn, or 2.2% of the expected value of the overall market. The trend is estimated to grow year-on-year, with the greatest impact to be felt in 2026, when the additional market is

[3] The source of information contained in this paragraph is: "*Il Digitale in Italia 2023: Mercati, Dinamiche, Policy*" – June 2023, Confindustria Digitale and ANITEC – ASSINFORM in collaboration with Net Consulting.

projected to reach Euro 2.7bn out of a total market of Euro 91.7 billion, and total market growth is forecast at 5.5% compared to the previous year.



Source: "Il digitale in Italia 2023: mercati, dinamiche e policy" drafted by Anitec-Assinform in collaboration with Confindustria Digitale and NetConsulting Cube, July 2023

Between 2022 and 2026, enterprises and institutions will mainly invest in Cloud Computing services, Cybersecurity platforms and Big Data management.

Cloud Computing services are a key component of all end-user technology initiatives affecting IT flexibility and scalability. Adoption of this type of service by organisations and companies is increasing, in relation to infrastructure, platform-based services and application-based services. In 2022, the Public Cloud had the highest growth rates: +31.8% year-on-year. The Hybrid Cloud, on the other hand, grew by 23.3%. This model requires skills capable of orchestrating Cloud solutions that can combine with other solutions managed in traditional ways. Private (+10.9%) and Virtual Private (+7%) Cloud grew more modestly. These models interest organisations and companies that need to maintain data and applications within proprietary Datacentres or in dedicated areas at Cloud providers' Datacentres. Cloud Computing is expected to grow at a rate of 20.2% on average.

Cybersecurity platforms ensure protection of data and technological assets in the face of increasing IT risks. In recent years there has been a significant surge in the number of cyberattacks worldwide, rising 60% from 2018 to 2022. Not only are attacks growing in number, they are also increasing in severity. The analysis conducted in the "CLUSIT 2023 Report on ICT Security in Italy", which refers to successful attacks (those that actually occurred, and were not just attempted), confirms that the strengthening of measures used to counter the significant global change in cyberattacks has not been adequate. At the end of 2022, the Cybersecurity market experienced a further acceleration in its growth (+14%) compared to 12.6% in 2021, reaching a value of Euro 1.6 billion. The main areas of investment can be traced back to Disaster Recovery and Business Continuity issues, the strengthening of which is considered essential to ensure cyber resilience; identity management solutions; tools for the protection of environments, systems and architectures that enable the increasing digitalisation of business processes (Cloud Security, Network Security, etc.); tools for monitoring possible attack attempts, vulnerability management and threat response (threat intelligence tools, incident management solutions, etc.). Cybersecurity is expected to grow at a rate of 14.2% on average.

Big Data management is essential for the organisation and management of the architecture supporting the information assets of companies and public institutions and is therefore a prerequisite for the adoption of tools for the advanced analysis and exploitation of data, including AI/Cognitive solutions. The generation of large amounts of data now affects all company functions and appropriate data management allows companies to extract value.

Big Data analysis enables companies to better support strategic decisions, hone cost containment policies, generate evolutionary scenarios, obtain better visibility across functions and along supply chains, better adhere to compliance directives and, in some cases, drive process, product or service innovation. Many companies are therefore implementing data strategy initiatives aimed at comprehensive data management. Big data is expected to grow by 11.7% on average.

The Group's offering is focused on:

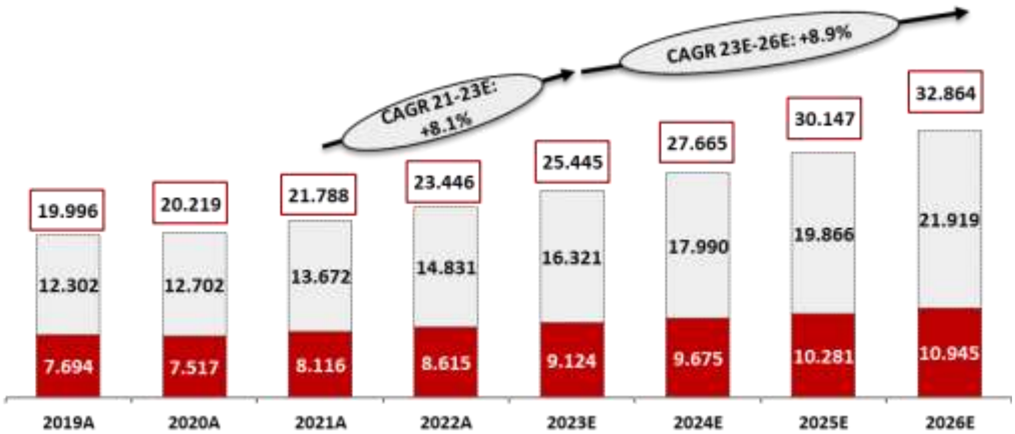
- Core business software solutions to secure long-term customer loyalty. Solutions are specialised for each market sector and relate to services improving customers' mission-critical processes, such as ERP, Retail, CRM B2B, Supply Chain and MES.

- Value added software solutions to enable upselling, again specialised for each market sector, relating to services such as BI, AI, RFID, PDM&PLM, BPM, and EDI. These solutions improve customers' efficiency levels, enabling them to compete more effectively.

- ICT Services to enhance the Group offering and increase of customers' share of wallet. These are cross-market services that enable customers to manage their business better, in areas such as (i) GDPR & Privacy; (ii) Digital marketing; (iii) Cybersecurity; and (iv) Cloud and Networking Managed Services, to design the most secure, optimal infrastructure.

The figure below shows the market in which the Group operates, which, due to the products and services it offers, only concerns part of the entire market identified by Anitec Assinform (Source: "*Il digitale in Italia 2023: mercati, dinamiche e policy*" drafted by Anitec-Assinform in collaboration with Confindustria Digitale and NetConsulting Cube, July 2023). It is therefore a subset of the Italian digital market, which includes the two market areas in which the Company operates: ICT Services and Software and ICT Solutions. This total size of this subset was Euro 23.4 billion in 2022.

The market is expected to report an average annual growth rate of +8.1% in the 2021-2023 period and +8.9% in the 2023-2026 period.



Source: "Il digitale in Italia 2023: mercati, dinamiche e policy" drafted by Anitec-Assinform in collaboration with Confindustria Digitale and NetConsulting Cube, July 2023 and relative to 2019 data Anitec Assinform July 2022

Spending on ICT Services reached Euro 14.8 billion in 2022, with a further acceleration of its already positive growth trend (+8.5%). The fastest-growing segment was Cloud Services (+24%, total expenditure Euro 5.3 billion). All demand sectors have embarked on a path of transition to the Cloud, starting with large companies, but with progressive and growing adoption by public sector administrations as well, for which significant NRRP resources are allocated. The growth of Cloud services is reflected in the slowdown of spending on traditional datacentre services, which in 2022 fell -3.2%. The ICT Outsourcing services market lost the lead in terms of size and recorded a slight decrease (-0.4%), only propped up by the increase in Software Maintenance services (+4.2%), while opposing trends affected the markets for Processing (-4.5%) and IT Outsourcing (-0.8%) services. Spending on Development and System Integration services grew markedly (+4.8% to Euro 3.3bn). The development of technological modernisation projects in many areas and the strong push for digitalisation as a driver of evolutionary plans led to positive results for both infrastructure projects (+6.5%) and application projects (+6.4%), complemented by custom software development activity (+5.9%). The most prominent areas within the evolution and modernisation of application infrastructures relate to investments in Cybersecurity, Big Data architectures, and consequently Advanced Analytics and Artificial Intelligence. There was also growth in consulting services in 2022 (+5.1%), driven mainly by Digital and Cloud Transformation projects, which require the adoption of new organisational models. Agile and DevOps methodologies are becoming increasingly popular, as they are indispensable components for process implementation.

Growth in the ICT Software and Solutions market continued in 2022 (+6.2%). This trend can be attributed to the expansion of spending in all technology segments. Spending in the Application Software segment almost reached Euro 6.8 billion (+6.4%), driven by direct investments in the implementation of Smart Enterprise/ IoT platforms (+8.8%). The trend was also positive for investments in Web Management Platforms (+10.9%), reflecting the increasing importance of an effective Internet presence, with eCommerce and Social solutions supporting business processes and new multichannel business models. Finally, the Horizontal and Vertical Solutions market grew 2.6%, a slower rate than the overall segment average, denoting a propensity to purchase ERP and Management software "as a service" in the Cloud rather than on-premises licences. The positive performance of the Software middleware segment (+5.7%) was mainly supported by IT Management & Governance (+8.1%) and Security Management software (+11%). Finally, the 4% growth in System Software was mainly due to increased purchases of servers and the upgrading of existing operating platforms to the installed base.

The following table shows the comparison between market trends for ICT Services and Software and ICT solutions in the 2021 – 2023 period and the trend in the Company's revenues, showing that the Company's growth outstrips the market in both segments.

Revenue CAGR

	2021-2023E	2023E-2026E
ICT Services	9.3%	10.3%
Software and ICT Solutions	6.0%	6.3%

SYS-DAT Revenue 21-23 CAGR 26.3%

Source: For market data. "Il digitale in Italia 2023: mercati, dinamiche e policy" drafted by Anitec-Assinform in collaboration with Confindustria Digitale and NetConsulting Cube, July 2023, and, for data on the Company's business lines, SYS-DAT

Operating revenues for the 2023 financial year increased by 23% compared to the previous financial year and were influenced by organic growth for 15% and inorganic growth for 8%. In particular, the four companies acquired during the year contributed with respect to 2023 revenues an amount of Euro 2,732 thousand equal to 5.9% of 2023 revenues.

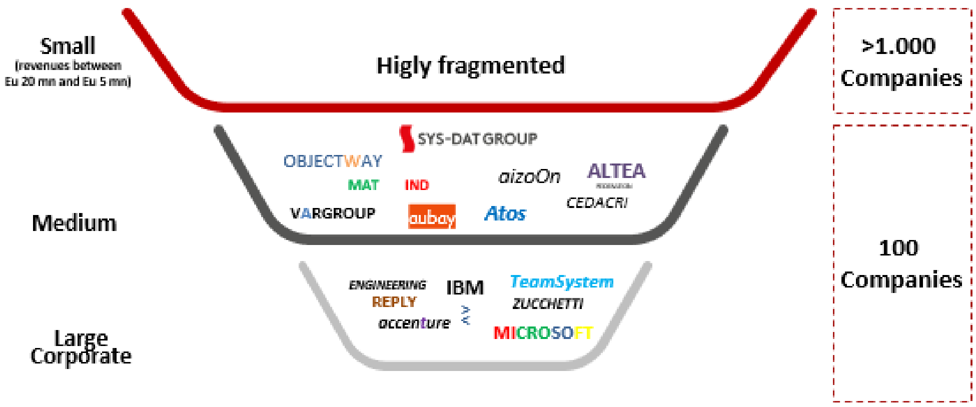
Operating revenues for the 2022 financial year increased by 30% compared to the previous financial year and were influenced by organic growth for 16% and inorganic growth for 14%. In particular, the two companies acquired during the year contributed with respect to 2022 revenues an amount of Euro 4,197 thousand equal to 11.0% of 2022 revenues.

With regard to ICT Services and Software and ICT Solutions (without taking into account the Hardware component), the following chart shows some of the main players in the digital market in Italy, broken down by size (Source: The TOP 100 Software and Services 2023 ranking – IDC for Datamanager) https://www.datamanager.it/la-classifica-top-100-software-e-servizi-2023/).

Competition

The Group operates exclusively in the Italian ICT market (which is a segment of the wide digital market), primarily as a product and service provider for SMEs. There is a great deal of competition in the Italian ICT Market and, in particular, in the segment of the software solutions and ERP, where the industry is highly fragmented. Smaller operators mainly focus on SMEs in a particular sector and the larger operators do not compete for customers in the same customer target groups. Furthermore, competition on the Company's markets could intensify due to current or new operators. As of the Prospectus Date, the Group's sales are generated exclusively in Italy, where the Company deems to have a strong market position in the majority of its customer industries.

According to the following ranking, there are 100 companies reporting more than Euro 20 million in revenues in the ICT Services and Software and ICT Solutions segments in Italy. Below this revenue threshold the sector is highly fragmented.



Source: Datamanager 2023 and, for "Micro" companies, Aida BVD

In the segment of software solutions and ERP the Group competes both with companies that specialize in specific industries or provide special partial solutions and with companies producing more comprehensive ERP solutions. Some of the main competitors specialised by market sectors are Venistar, Alterna, MBM, Porini, Datatex in the Fashion and Luxury sector, E-one, Deda Group, Retelit in the Tile sector, E-libra, Easylex in the Legal sector, Dedalus, Gipo, Astrolabio and Bcs in the

Healthcare sector, Replica Sistemi in the Logistic sector, Retail Pro, Cegid, Autel in the Retail sector. In addition, some of the main cross-industry competitors are Reply, Var Group, Altea, EOS, Zucchetti, Teamsystem and San Marco Informatica.

Environmental, Social and Governance ("ESG")

The Company is focused on developing a three-year ESG roadmap focused on Environment Social and Governance.

The table below is summarizing the key areas of each of the three areas:

ENVIRONMENTAL

- **Green coding** to minimize the energy involved in processing lines of code
- **Green offering** to enable our customers to pursue environmental choices
- **Processes digitalization** to optimize results achieving higher level of efficiency
- **Hybrid / electric company car fleet** to reduce environmental pollution
- **Energy consumption reduction** to reduce natural resources waste

SOCIAL

- **Managerial positions for women** to build more diverse teams
- **Gender equality certification** to promote and monitor gender equality
- **Workplace safety** to improve occupational health, safety and working culture
- **Customer and employee satisfaction** to improve loyalty and drive collaboration
- **Welfare** to offer a broad range of benefits and services to employees

GOVERNANCE

- **Model 231** to create a safer workplace in the office preventing commission of crimes
- **ESG criteria on suppliers** to create an eco-friendly and ethical supply chain
- **Board mix men / women** to enhance board diversity
- **33% executive[1] women** to improve women leadership in the company
- **Long-Term Incentive Plan** to reward and align employees with stakeholders

Note: 1) Executive are defined as first line report to CEO

The Company's objective is to improve each of the areas listed above along the three-year plan. It should be noted that as of the Prospectus Date, the Company has not prepared any sustainability plan.

Moreover, as of the Prospectus Date, the Company is not aware of any environmental issues related to the use of its tangible fixed assets and the Group did not receive any notice, report or claim for environmental damages.

Certifications

The Group is required to obtain various licenses, permits and approvals for its operations. The Group has obtained all material licenses, permits and certificates required by applicable Italian law to carry out operations and such licenses, permits and certificates were valid and remain in effect as of the Prospectus Date.

Material Agreements

A description is given below of all acquisition agreements relating to the Group's subsidiaries and other agreements that have been entered into by the Company and the Group within the two years immediately preceding the Prospectus Date that are material to the Group's business or that contain provisions under which the Company or the Group has an obligation or entitlement that is material to the Company or the Group as of the Prospectus Date. For information concerning the relevant intercompany agreements, See "*Related party transaction – Relevant intercompany agreements*". For information regarding acquisitions and extraordinary transactions completed before 2022, See "*Business - History*".

It should be noted that no extraordinary transactions have taken place since the end of the financial year 2023 and as of the Prospectus Date, nor are any in progress (or even committed).

Acquisition of the Group subsidiaries completed in the last two years before the Prospectus Date

1. Acquisition of Sys-Dat Bari S.r.l.

On 7 July 2022, Tommaso Spalluto, Giuseppe Andresini, and HPA S.r.l. transferred to the Company the remaining quota, amounting to 45% of the capital of Sys-Dat Bari S.r.l., for Euro 324 thousand, to be paid in three installments on the signing of the agreement and on the 12 months and 24 months thereafter, respectively. On 29 November 2022, Sys-Dat Bari S.r.l. was incorporated into the Company, together with Sys-Dat Napoli S.r.l..

2. Acquisition of Sys-Dat Napoli S.r.l.

On 12 July 2022, Mario Apa transferred to the Company 40% of the capital of Sys-Dat Napoli S.r.l., for Euro 20 thousand, paid upon signing the agreement. At the time of the acquisition Mario Apa was not related parties of the Company. The acquisition was not supported by any third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size. On 29 November 2022, Sys-Dat Napoli S.r.l. was incorporated into the Company, together with Sys-Dat Bari S.r.l..

3. Acquisition of Equalis S.r.l.

On 15 March 2023, Nekte S.r.l. purchased 100% of the capital of Equalis S.r.l. ("**Equalis**") from its quotaholders Franco Rocca, Alberto Vanetti, Stefano Fogato, and Domenico Mincarini (the "**Equalis Selling Quotaholders**") for the following price: (i) as to Euro 28.17 thousand, to Domenico Mincarini on the closing date; (ii) as to the remainder, pro rata to all the Equalis Selling Quotaholders, as follows: (a) a fixed component of Euro 820.21 thousand, subject to price adjustments based on the results of the 2022 financial year, to be paid as follows: (a.1) as to Euro 410.10 thousand on the closing date; (a.2) as to Euro 205.05 thousand within 12 months from the closing date; (a.3) as to 205.05 thousand within 24 months from the closing date; and (b) a variable component equal to 97% of 30% of the EBITDA actually achieved by Nekte and Equalis in 2023 and the following two years 2024-2025, to be paid within 10 working days after the approval of the financial statements for each financial year or at the latest by the end of June of the following financial year if certain targets are achieved.

On 26 June 2023, Equalis was incorporated into Nekte S.r.l..

4. Acquisition of Trizeta S.r.l.

On 21 September 2023, Zaramella Group S.r.l. transferred to the Company 100% of the share capital of Trizeta S.r.l. ("**Trizeta**") for Euro 395.04 thousand, to be paid after deduction of the down payment of Euro 70 thousand made at the signing of the preliminary quota purchase agreement signed on 9 March 2023. The purchase price must be paid in three instalments: (i) Euro 61.68 thousand upon signing; (ii) Euro 131.68 thousand within the following 12 months; and (iii) Euro 131.68 thousand within the following 24 months, plus a variable portion equal to 30% of the EBITDA actually achieved over the three-year period 2023-2025.

The variable component will be calculated on the basis of the EBITDA achieved in the years 2023, 2024 and 2025 and paid after the closing of each financial year and, at the latest, by the end of April of the following year.

Natale Zaramella was appointed chief executive officer and granted with ordinary administration powers. Natale Zaramella entered into a non-compete agreement with the Group in the territory where Trizeta operates for five years in the event of voluntary resignation or termination for cause from the office. At the time the acquisition, Zaramella Group S.r.l. was not a related party of the Company. The acquisition was not supported by any third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size.

As of the Prospectus Date, the Company owns 100% of the share capital of Trizeta.

5. Acquisition of VCube S.r.l.

On 11 May 2023, the Company purchased 100% of the capital of Vcube S.r.l. ("**Vcube**"), on the other side from Roberto Pizzetti.

The price for the acquisition of the 70% of the share capital was set as follows: (i) a fixed component of Euro 2,549,79 thousand, subject to adjustment on the basis of 2022 financial results; and (ii) a variable component equal to 30% of the EBITDA achieved in the years 2023-2025. The fixed component is be paid: (i) as to Euro 1,028.57 thousand on the transfer date; (ii) as to Euro 507,07 thousand within 12 months from the transfer date; (iii) as to Euro 507,07 thousand within 24 months from the transfer date; and (iv) as to Euro 507,07 thousand within 36 months from the transfer date. The variable component will be paid to Roberto Pizzetti within 10 working days of the end of each financial year, and at the latest by the end of June of the following year.

The price for the acquisition of the remaining 30% of the capital will be determined on the basis of 30% of the EBITDA achieved in 2025, multiplied by the coefficient indicated below, depending on the amount accumulated over the three-year period 2023-2025, as follows:

- an amount equal to 30% of 8 times the EBITDA achieved in the year 2025, if the cumulative EBITDA of the years 2023, 2024 and 2025 is equal to or higher than Euro 3,600 thousand;
- an amount equal to 30% of 7 times the EBITDA achieved in the year 2025, if the cumulative EBITDA of the years 2023, 2024 and 2025 is equal to or higher than Euro 3,250 thousand and lower than Euro 3,600 thousand;
- an amount equal to 30% of 6 times the EBITDA achieved in the year 2025, if the cumulative EBITDA of the years 2023, 2024 and 2025 is equal to or higher than Euro 2,900 thousand and lower than Euro 3,250 thousand;
- an amount equal to 30% of 5 times the EBITDA achieved in the year 2025, if the cumulative EBITDA of the years 2023, 2024 and 2025 is equal to or higher than Euro 2,550 thousand,000.00 and lower than Euro 2,900 thousand;

- an amount equal to 30% of 4 times the EBITDA achieved in the year 2025, if the cumulative EBITDA of the years 2023, 2024 and 2025 is equal to or higher than Euro 2,200 thousand and lower than Euro 2,550 thousand;
- an amount equal to 30% of 3 times the EBITDA achieved in the year 2025, if the cumulative EBITDA of the years 2023, 2024 and 2025 is less than Euro 2,200 thousand.

Payment will be made within 10 working days of the closing of each financial year, or at the latest by the end of June of the following financial year.

Roberto Pizzetti was appointed as sole director of VCube and entered into a non-compete agreement with the Group in the territory where VCube operates for three years in the event of voluntary resignation or termination for cause from the office.

At the time the acquisition, Roberto Pizzetti was not a related party of the Company. The acquisition was not supported by any third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size.

6. Acquisition of SiSolution S.r.l.

On 16 November 2023, the Company purchased 100% of the capital of SiSolution S.r.l. ("**SiSolution**") from Massimo Re Cecconi for the following price: (i) a fixed component of Euro 2,850 thousand, subject to adjustment based on the 2023 financial results of Sisolution; (ii) a variable component equal to 25% of the value of the EBITDA actually achieved by Sisolution in the years 2024-2026. The fixed component of the price must be paid as follows: (a) as to Euro 500 thousand as a downpayment prior to the signing; (b) as to Euro 500 thousand upon signing; (c) as to Euro 950 thousand by 31 July 2024; (d) as to Euro 300 thousand by 31 October 2025; (e) as to Euro 600 thousand by 31 October 2026. The variable component is calculated on the basis of the EBITDA achieved in the years 2024, 2025 and 2026 and is paid after the end of each financial year and at the latest by the end of April of the following financial year.

The deferred payment of the price was secured, by a pledge on a quota representing 64.9% of SiSolution's capital in favor of the seller, which will be gradually cancelled after payment of each installment. The Company has also undertaken not to increase the share capital of SiSolution until the purchase price has been paid in full, i.e. before the deadline of 31 October 2026, or to carry out any other transaction of an extraordinary nature that could directly or indirectly reduce or limit the value of the pledged shares.

At the time of the acquisition, SiSolution and the vendor were not related party of the Company. The acquisition was not supported by any third-party appraisals. The contract contains representations and warranties that are customary for agreements of this nature and target size.

As of the Prospectus Date, the Company owns 100% of the share capital of SiSolution.

(i) Other extraordinary transactions

1. Real estate demerger of SYS-DAT S.p.A.

On 17 October 2023, the Company resolved to spin-off (the "**Demerger**") its entire real estate assets in favor of a newly-established company Brick S.r.l. ("**Brick**"), owned by the same quotaholders of Emmedata S.r.l.

The Demerger was aimed at separating the two main business of the Company to: (i) simplify the corporate structure and allow the Company to focus its activity only on its core industrial and commercial activities; (ii) reduce its business risk by spreading it over two different companies with different levels of potential risk; (iii) optimize profitability; and (iv) ease access to the Company of potential investors.

The following assets were spin-off in favor of Brick:

- four offices and nine parking spaces located in Milan; two offices and one garage located in Turin;
- the following two real estate lease agreements: (i) lease agreement No. FS1607627 dated 23 July 2014, UniCredit Leasing S.p.A., with an expiration date of 23 August 2032; and (ii) lease agreement No. 30050698/2 dated 28 May 2009, Alba Leasing S.p.A., with an expiration date of 27 May 2027.

The Demerger was completed on 27 December 2023.

On 24 January 2024 the Company, on one side, and Brick, on the other side, entered into two lease agreements relating to, respectively:

- the real estate units for office and parking spaces use located in Milan, Via Muzio Attendolo detto Sforza, No. 7/9 (the "**Milan Lease Agreement**");
- the real estate units for office use located in Turin, Via Pianezza No. 181 and Via Pianezza No. 185, as well as the real estate unit for garage use located in Via Pierluigi Nervi No. 11/A (the "**Turin Lease Agreement**").

For further information, see "*Description of the related party transactions".*

(ii) Strategic supply agreements

As of the Prospectus Date, the Group's activities are based on four main strategic supply agreements currently in place, namely with SAP for the resale of their software platforms, WIIT for the resale of hosting, housing and cloud services, AbleTech for the resale of Electronic Invoicing services and Microsoft for the resale of Microsoft software platforms. It should be noted that the relationships with such four strategic partners are important for the Group's business, even though they are substitutable. As of the Prospectus Date, the Company deems that there are no reasons for a termination of its commercial relationships with the above-mentioned strategic suppliers. In case of future termination of the relationship with SAP and/or Microsoft, the Company will sell more products and services of the other remaining strategic partner and, at the same time, will try to substitute the supplier with another and similar international player (for example, Oracle). In case of termination of the relationship with Able Tech and/or WIIT, as they provide a commodity services, they can be replaced by suppliers offering similar services, such as Postel, Aruba and others in substitution of Abletech and Azure (Microsoft), AWS (Amazon) and others in substitution of WIIT.

In 2023, the aforementioned strategic suppliers accounted in total for 17.1% of the Group's procurement costs (compared to 17.8% in 2022 and 20.6% in 2021) with each of them representing the following percentage: SAP 6.6%, Microsoft 5.2%, WIIT 3.0% and Able Tech 2.3%. It should be noted that the revenue generated in 2023 with WIIT products amount to Euro 2.688 thousand (5,8% of 2023 total revenue), with SAP products the revenue generated in 2023 amount to Euro 2.158 (4,6% of 2023 total revenue), with Microsoft products the revenue generated in 2023 amount to Euro 1.773 (3,8% of 2023 total revenue) and with Able Tech products the revenue generated in 2023 amount to Euro 614 thousand (1,3% of 2023 total revenue). As of the Prospectus Date, none of the contracts with the above-mentioned strategic suppliers is about to expired, nor provides for unusual clauses of termination.

a) SAP

SAP S.p.A. ("**SAP**") is a market leader in enterprise application software and provide services which help companies in all industries run better by redefining ERP and creating networks of intelligent enterprises that provide transparency, resiliency, and sustainability across supply chains. The partnership with SAP guarantees the Group's customers, in addition to the functional completeness of the software solutions developed, international coverage in terms of taxation, localization and support.

The business and technology relationship with SAP is strategic for the Group as many of the Group's software solutions are based on the SAP platform. In addition, the partnership with SAP provides the Group with access to preferential discounts when purchasing products and provides end customers with SAP technical support for all after-sales and maintenance activities. The Group sells the SAP platform as an integrated component in its solutions and builds a product based on customer needs to meet business specifications. In fact, the Group is able to build both proprietary and third-party add-on components over SAP platform to provide a product capable of handling the customer's business-critical processes.

On 30 November 2017, the Company and SAP entered into a Master Partner Agreement, by which the Company became a SAP partner for: *(i)* the reselling of SAP software and licenses and *(ii)* the placement of SAP Delivered Support to the Company's end users. The agreement is regulated by the general terms and conditions applicable to all SAP partners. The effectiveness of the Master Partner Agreement is contingent upon the parties entering into at least one SAP Partner Edge Schedule for at least one of the SAP Partner Edge Models provided. Therefore, all rights and obligations of the parties arising under or in connection with the Master Partner Agreement are effective only if a partner Edge Schedule has been entered into between the parties. The Master Partner Agreement will terminate on the date the last SAP Partner Edge Model is resolved, terminated, or otherwise ended between SAP and the Partner.

Consequently, on 30 November 2017, the Company and SAP, entered into an SAP Partner Edge Sell On Premise Schedule governing the Company's right to: *(i)* market and distribute SAP software products for which the Company achieved and continues to uphold a successful sale authorization in its own name, and on its own risk and for its own account; and *(ii)* position SAP Delivered Support for the software purchased from SAP (excluding SAP Business One for which SAP Delivered Support is not available), if available for the software product, to end-users located in the territory.

The Company started the partnership with SAP in 2004 as SAP Business One VAR, and in 2014 the Company became an EBM within VAR One Mater Var. As of the Prospectus Date, the Company is a "Gold Partner" of SAP.

b) WIIT

WIIT S.p.A. ("**WIIT**") is a leading cloud service delivery and cyber security company with a strong focus of managing complex and critical environments.

The business and technology relationship with WIIT is strategic for the Group because all of the Group's software solutions that require cloud space use WIIT's services. These services can consist of either the mere provision of the cloud, with server placement at the customer's premises, or solutions involving the integrated provision of cloud and server at WIIT.

On 26 February 2020, the Company and WIIT entered into a letter of intent concerning the Hosted Private Cloud services tender. On 22 February 2021, the Company and WIIT entered into an IT Outsourcing agreement concerning the Hosted Private Cloud services. The above-mentioned agreements have a duration of sixty months (five years). In the event of the expiry or termination of the agreement for any reason whatsoever, without prejudice to any further obligations arising from the agreement or the law, WIIT undertakes to provide such assistance as the Company may reasonably require to ensure a successful transition of the service. The WIIT agreement does not automatically renew upon the expiration of the initial sixty-month term.

The agreement provides for the right of the Company to terminate the contract in accordance with Art. 1456 of the Italian Civil Code and withdraw from it in the event that a direct competitor of the Company acquires the majority of the share capital of the outsourcer providing the service. For the contract period, the Company will pay WIIT fixed and variable fees. The fixed fees are related to the set-up of the Hosted Private Cloud and Outsourcing services, while the variable fees are related to the increase of usage required by the customers of the Company.

With reference to variable fees, the agreement provides that for the duration of the contract, the Company may purchase one or more "Cloud Units" with increases in computational capacity according to a minimum growth of 20% of the resources with the associated increase in the annual fee.

Between 2021 and 2022, the Company entered into three addendum letters of intent with WIIT to regulate the increase capacity requirements.

c) *Able Tech*

Able Tech S.r.l. ("**Able Tech**") is a company that develops innovative software for the electronic management of the processes of creation, management and digital storage of documents and has developed software for the outsourced provision of an integrated brokerage service for the management of the processes of issuing, sending and receiving electronic invoices through the Interchange System ("**IS**").

The business and technology relationship with Able Tech is strategic for the Group because all group companies use Able Tech's systems for the management of the processes of issuance, transmission and receipt of electronic invoice IX-FE and for the regulation-compliant digital preservation of information documents. The strategic relationship is also reflected in the solutions that the Company offers to its customers as the interfaces created by the Company provide for and link the services offered by Able Tech to those of SAP.

The Company, the group's companies (*i.e*., Nekte, Hars, Vcube and Emmedata) and Able Tech, have separately entered into an agreement on the provision of services containing the general terms and conditions for the supply of brokerage service for the management of the processes of issuance, transmission and receipt of electronic invoice IX-FE (hereinafter, the "**Able Tech Agreeement**").

The Able Tech Agreement is valid until December 31 of each year from the year of signing and will be automatically renewed from time to time for the following calendar year unless notice of termination is given in writing at least 90 days prior to the expiration of the contract.

The Able Tech Agreement sets forth that the service provided by Able Tech may include one or more of the following activities: (i) issuing or transmitting, on behalf of others, electronic invoices to public administrations and/or businesses or professionals (B2B) and/or end consumers (B2C) through the IS; and (ii) receiving, on behalf of others, electronic invoices issued to them and received throuh the IS.

As for the payments, the Able Tech Agreement set that if the volume of the service used by the company has exceeded by 10% the volume of the area contracted, each company will pay the balance relating to the area actually used, with reference to the annual fee, based on the price list in force on that date.

In accordance with the Able Tech Agreement, Able Tech has the right to suspend the provision of the service in the event of a justified reason for security reasons or risks of fraud and other illegal acts. If the customer is found to be insolvent, Able Tech reserves the right to suspend the service until the normal settlement of the debt. In addition, Able Tech reserves the right to terminate the agreement in accordance with Art. 1456 of the Italian Civil Code, without prejudice to the right to compensation, in the event that the customer fails to fulfil even one of the obligations contained in the Able Tech Agreement.

Furthermore, it should be noted that the Company, the group's companies (*i.e.* Nekte, Hars, Vcube and Emmedata) and Able Tech, entered into a service agreement for the regulation-compliant digital preservation of information documents (the "*Outsourced IX-CE digital preservation service agreement*"), through the storage of suitable media, the readability of which is guaranteed over time. The service allows the Company and the group's companies to request the production of Distribution Packages and access the retained documents remotely, thus allowing for no change in the place where the accounting records are kept, which will continue to be the Company.

d) *Microsoft*

Microsoft ("**MS**") is a market leader in enterprise application software and adopting Microsoft solutions, businesses can improve their operational efficiency, gain insights from data, and enhance customer experiences. In particular, Microsoft's services can help companies enhancing productivity and collaboration through applications like Office 365, improving security and compliance through Microsoft 365 and Azure, increasing innovation and agility through Microsoft's Power Platform, enhancing customer engagement through Dynamics 365 Sales, customer service and marketing, streamline business processes through Microsoft's enterprise resource planning (ERP) and enhancing business growth and competitive advantage. The partnership with Microsoft (Italian branch) guarantees the Group's customers, in addition to the functional completeness of the software solutions developed, international coverage in terms of taxation, localization and support.

The business and technology relationship with MS is strategic for the Group as many of the Group's software solutions are based on the MS platform. The relationship between the Group and MS started back in 2010. During this relationship, the Group was a "Silver Partner" until 2023 when MS updated the relationship between MS and its Partners and is currently a "Modern Work Solution Partner".

The relationship enables the Company to (i) acquire MS software and licenses and in particular Business Central platform for cloud solutions and Navision for on-premise solutions (ii) develop proprietary add-ons such as the Quantum legal solution or ModaSuite365 that are MS certified and available for sale on MS catalogue. Among the notable value-added software solution is worth mentioning those based on Microsoft Power BI platform.

The Company and Microsoft have entered into a Service Provider License Agreement (Indirect) by which Microsoft grants the Company a non-perpetual, non-exclusive, terminable, non-transferable, worldwide and limited right to copy, install, access, display, run, distribute, make available or otherwise interact with the products that are part of the agreement in order to provide software services. The term of the Service Provider Licenses Agreement is three years from the effective date identified on the signature form. The parties may terminate the Agreement earlier. Microsoft will provide customers with sixty days prior written notice of agreement expiration.

The Service Provider Licenses Agreement provides: (i) a wind down period, if the Company and Microsoft will not enter into a new Service Provider Licenses Agreement following the expiration of the latter, the Company may request an extension of the term of the Agreement. Microsoft in its sole discretion may approve or deny the request; and (ii) an earlier termination, by which the Company may voluntarily terminate the agreement without cause upon sixty days prior written notice to Microsoft. It should be noted that the agreement provides that either party may terminate the Service Provider Licenses Agreement for cause upon thirty days written notice, during which time the breaching party has a right to cure before the termination will become effective.

From the operational point of view, the Group acquire MS software and licenses either directly from MS or indirectly, to be noted the relationship with Navlab, where Nekte is one of the founding partners.

(iii) <u>Financing agreements</u>

As of the Prospectus Date, the Group is a party to a number of financing agreements, which are functional to the ordinary operations of the Group's business. The following table summarizes key information on the facilities agreements outstanding as of 31 March 2024.

Credit institution / borrower	**Signing date**	**Expiration date**	**Original amount (Euro)**	**Amount outstanding as of 31 March 2024 (Euro)**	**Interest rate**	**Warranties**
Intesa Sanpaolo S.p.A. / SYS-DAT S.p.A.	29 January 2021	29 January 2027	3,500,000.00	1,989,722.21	Fixed	Banca del Mezzogiorno MedioCredito Centrale S.p.A. (for 90% of the disbursed amount)
UniCredit S.p.A. / Modasystem S.r.l.	9 April 2021	30 April 2026	150,000.00	63,594.94	Fixed	Banca del Mezzogiorno MedioCredito Centrale S.p.A. (for 90% of the disbursed amount)
Banco BPM S.p.A. / SiSolution S.r.l.	11 February 2022	11 February 2026	200,000.00	97,280.53	Fixed	Banca del Mezzogiorno MedioCredito Centrale S.p.A. (for 80% of the disbursed amount)

The financing agreements to which the Company and the companies of the Group are party as of the Prospectus Date do not provide for financial covenants or negative pledges; however, in line with market practice for similar amounts and characteristics, the financing agreements provide that in the event of a breach by the borrower of certain general covenants (for example, failure to comply with payment terms, breach of disclosure obligations, internal cross-default, entering into extraordinary transactions not previously authorised, change in the form or structure of the company or cessation or modification of activities that jeopardise the repayment of the debt), the borrower will lose the benefit of the term and will be required to repay in advance the financing.

Financing agreement for Euro 3,500 thousand entered into on 29 January 2021 between SYS-DAT and Intesa Sanpaolo S.p.A.

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

The financing agreement is secured by a direct guarantee issued by Banca del Mezzogiorno MedioCredito Centrale S.p.A. through the fund referred to in Article 2, paragraph 100, letter a) of Law No. 662 of 23 December 1996, as amended and supplemented, for 90% of its total amount. Such public guarantee is granted within a public fund dedicated to the support of SMEs.

The Company has the option to early repay the loan prior to maturity provided that: (i) the Company is in compliance with all of its contractual obligations at the time of the early repayment; and (ii) the early repayment is not made at maturity of each instalment. In the event of a partial early repayment, the relevant amount will be calculated as a *pro rata* reduction of the instalments of subsequent maturity. In the event of total or partial prepayment of the loan, or of termination of the loan in accordance with the law or the provisions of the agreement, Intesa Sanpaolo shall charge an early repayment fee of (i) 1.00%, if the early repayment occurs up to the date on which the 36th instalment (inclusive) is due; or (ii) 0.50% if the early repayment occurs thereafter.

Under the financing agreement, the Company is required, *inter alia*, to: (i) immediately notify Intesa Sanpaolo of any technical, administrative or legal event or litigation, even if already publicly disclosed, that may materially adversely affect the financial, economic or financial position or may otherwise impair the Company's operating capacity (including but not limited to: enforcement actions, any event triggering the right of withdrawal by the shareholders, the receipt of notice of withdrawal by one or more shareholders, the creation of a separate unit for a specific business purpose ("*patrimonio destinato a uno specifico affare"*) ("**SU**") in accordance with Article 2447-*bis* of the Italian Civil Code); (ii) not to abandon, suspend or execute the financed program in a manner inconsistent with the forecasts provided to Intesa Sanpaolo and not to use all or part of the loan for purposes other than those contractually agreed.

Furthermore, Intesa Sanpaolo shall have the right to forfeit the benefit of the term if the events referred to in Article 1186 of the Italian Civil Code occur and to terminate the contract pursuant to Article 1456 of the Italian Civil Code or pursuant to Article 1353 of the Italian Civil Code if, inter alia, one of the following events occurs with respect to the Company: (i) merger, demerger, sale or transfer of businesses or business units not previously authorized in writing by Intesa Sanpaolo; (ii) the existence of formalities which, in the sole opinion of Intesa Sanpaolo, may adversely affect the legal, equitable, economic and financial position of the Company, such as, the receipt of injunctions, the seizure of corporate assets, the creation of SUs; (iii) default on credit, financial and guarantee obligations to any party; and (iv) forfeiture of the benefit of the term, termination or withdrawal for a reason attributable to the Company. The application for admission to insolvency proceedings or to proceedings, including out-of-court proceedings, having similar effects or generally involving the satisfaction of debts and obligations by other than normal means, including the assignment of assets to creditors, shall also constitute grounds for forfeiture.

The Company is not subject to any financial covenants under the financing agreement.

As of the Prospectus Date, the Company is in compliance with its undertakings under this financing agreement.

As of 31 March 2024, the outstanding amount of this financing agreement is approximately Euro 1,990 thousand.

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

On 9 April 2021, Moda Solutions S.r.l. (merged by incorporation into Modasystem by deed of merger of 18 November 2021) and UniCredit S.p.A. ("**UniCredit**") signed a financing agreement pursuant to which UniCredit granted Moda Solutions S.r.l. a loan of Euro 150 thousand with a nominal annual interest rate of 1.20%. The Annual Percentage Rate (APR) was 1.31% at the date of signing. The default rate is set at the contractual rate in force at the time of default, increased by 2 percentage points per annum. This financing agreement has a term of 60 months, expiring on 30 April 2026, and includes an amortisation period of 60 monthly instalments in arrears.

The financing agreement is secured by a direct guarantee issued by Banca del Mezzogiorno MedioCredito Centrale S.p.A. through the Fondo Centrale di Garanzia per le PMI for 90% of its total amount.

Modasystem has the right to prepay the loan subject to the following conditions: (i) all arrears are paid; and (ii) the payment of a 3% early prepayment fee.

The Company is not subject to any financial covenants under the financing agreement.

As of the Prospectus Date, Modasystem is in compliance with its undertakings under this financing agreement.

As of 31 March 2024, the outstanding amount of this financing agreement is approximately Euro 64 thousand.

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

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

This financing agreement is secured by a direct guarantee of Banca del Mezzogiorno MedioCredito Centrale S.p.A. through the Central Guarantee Fund for SMESs for 80% of its total amount. Such public guarantee is granted within a public fund dedicated to the support of SMEs.

SiSolution has the right to prepay the loan and must repay, in addition to principal, the interest and the other charges agreed on with BPM.

The Company is not subject to any financial covenants under the financing agreement.

As of the Prospectus Date, SiSolution is in compliance with its undertakings under this financing agreement.

As of 31 March 2024, the outstanding amount of this financing agreement is approximately Euro 97 thousand.

Intellectual Property

The Group's ability to protect the intellectual property that underpins its brand portfolio, technology and know-how is critical to its competitiveness. The Group seeks to protect its intellectual property against third party infringement, on the basis of case-by-case analysis, through the registration of trademarks or other means including licenses, confidentiality and non-disclosure agreements.

As of the Prospectus Date the Group have filed no. 9 trademark applications and owns various domain names.

As of the Prospectus Date, the Group has not been subject to any material legal proceeding for infringement of any third-party intellectual property rights.

With regard to the protection of software, the Group's policy does not provide for intellectual property registration procedures, but implements the following specific procedures:

- *Controlled access*: access to source code is restricted to authorised personnel as required for development. The Group uses authentication and access control systems;
- *Monitoring of development activities*: the Group uses version control systems to track changes to code and to determine who has contributed to any particular part of the software;
- *Regular updating of authorisations*: access rights are periodically reviewed and updated according to changes in team structure or project needs;
- *Monitoring and detection*: monitoring systems are implemented on internal servers to detect any suspicious activity or unauthorised access attempts;
- *Periodic security assessment*: periodic software security assessments are performed to identify and remediate any vulnerabilities;
- *Employment contracts and employee confidentiality*: employees and contractors sign employment contracts that include confidentiality obligations; and
- *Contracts with external partners*: suppliers or external development partners sign agreements that provide for the protection of intellectual property and confidentiality.

In particular, with regard to the protection of the code of resold third-party software (SAP, IBM, Microsoft) and associated add-ons/verticals, the Group complies with the rules provided by each specific vendor.

Regarding the protection of the code of proprietary software (client-server, web, host-server):

- the Group develops in internal development environments and only releases code in object (compiled) format and not source code on client servers;
- when it is technically impossible to protect client/server applications, the option/proposal is to install them in the Group's data centre, thus guaranteeing the protection of the source code.

Regarding the protection of licences/users:

- in the case of Microsoft, SAP and IBM products and add-ons, licences are protected according to the rules provided by each specific vendor;
- in the case of web products, sales are on a per-user basis and there is a control in the software of the number of licences activated, which prevents the customer from activating additional licences independently;
- in the case of client-server products hosted in the Group's data centre, the product licence is linked to the activation of a Citrix licence generated internally by the Group, avoids the customer to act autonomously;
- in the case of a client server product that is not hosted, the user management menu is not made available to the customer, so that the customer cannot independently activate a new user of the product.

Even though the Group's intellectual property rights have proven to be a key factor to establish commercial relationships with customers, as of the Prospectus Date, the Company does not believe it is significantly dependent on single patents, licenses, industrial, commercial or financial contracts, or new business processes.

Group Companies

The Company is the parent company of the Group. The table below sets forth a list of the Company's subsidiaries as of the Prospectus Date along with the main results from the 2023 registered accounts. Share capital of these subsidiaries is held directly by the Company.

Subsidiary	Economic interest and voting rights	Jurisdiction of incorporation	Equity 31 December 2023 *(in Euro)*	Income 2023 *(in Euro)*
Emmedata S.r.l.	100%	Italy	1,135,839	447,042
Modasystem S.r.l.	100%	Italy	1,320,275	377,201
Hars S.r.l.	100%	Italy	1,130,551	230,954
Nekte S.r.l.	100%	Italy	486,747	151,277
BWT S.r.l.	100%	Italy	441,332	139,278
Trizeta S.r.l.	100%	Italy	200,864	16,076
Logic One S.r.l.	100%	Italy	189,440	13,910
SiSolution	100%	Italy	1,325,378	66,927
Sys-Dat Verona S.r.l.	82%	Italy	2,521,305	168,790
Humatics S.r.l.	70%	Italy	138,428	20,903
VCube S.r.l.	70%	Italy	1,897,575	5,181

There is no short term need to recapitalize the companies listed in the table above with negative equity.

Sys-Dat Verona S.r.l., Emmedata S.r.l., Modasystem S.r.l., Hars S.r.l., Nekte S.r.l. and VCube S.r.l. are the only subsidiaries of the Company that could have a significant impact on the Group's profits and losses.

As of the Prospectus Date, the Company carries out direction and coordination activities within the meaning of the Italian Civil Code ("*attività di direzione e coordinamento*"), with respect to the companies belonging to the Group.

Insurance

The Group has in place insurance with respect to general liability, property risks, director and officer liability, business interruption and other insurance (such as car, credit and freight insurance). In particular, the Group maintains risk policies to insure against some of the risks associated with the production process and business interruption insurances to protect the Group against lost profits in certain circumstances. The Group believes that insurance coverage is adequate, and all insurance policies are in line with industry standards.

The Group's insurance policies are summarized below.

Policy holder	Additional insured	Coverage	Insurance company	N. of policy	Expiration	Premium *(in Euro)*
SYS-DAT S.p.A.	n/a	D&O policy	Groupama Assicurazioni S.p.A.	113215186	31 December 2024	2,275.00
SYS-DAT S.p.A.	n/a	Buildings reality policy	Groupama Assicurazioni S.p.A.	104329718	26 May 2024	155.00
SYS-DAT S.p.A.	n/a	Office policy	Groupama Assicurazioni S.p.A.	107750259	31 December 2024	290.00
SYS-DAT S.p.A.	n/a	Office policy	Groupama Assicurazioni S.p.A.	104330224	31 December 2024	2,275.00
SYS-DAT S.p.A.	n/a	Office policy (Turin)	Groupama Assicurazioni S.p.A.	114028943	31 December 2025	1026.00
SYS-DAT S.p.A.	n/a	Office policy (Cesenatico)	Groupama Assicurazioni S.p.A.	114028943	31 December 2024	488.00
SYS-DAT S.p.A.	n/a	Office policy	Groupama Assicurazioni S.p.A.	114159574	31 December 2024	488.00
SYS-DAT S.p.A.	n/a	Civil liability policy	Groupama Assicurazioni S.p.A.	111050882	31 December 2024	420.00
SYS-DAT S.p.A.	n/a	Directors liability policy	Chubb European Group Se	ITBRNQ67534	31 December 2024	1,760.40
Emmedata S.r.l.	n/a	Professional liability policy and cyber policy	Aon	ITMINTQ28062	31 December 2024	8,557.5
Emmedata S.r.l.	n/a	RCO policy and RCT policy	Aon	745636068	31 December 2024	699.99
Nekte S.r.l.	n/a	Industry policy	UnipolSai Assicurazioni	58132607341	20 March 2025	1,153.34
Nekte S.r.l.	n/a	Multirisk policy	UnipolSai Assicurazioni	82538592-1	20 March 2025	1,160.28
VCube S.r.l.	n/a	IT tech pro professional indemnity liability (RCP)	Chubb European Group Se	ITINTQ28205	30 November 2024	3,584.36
VCube S.r.l.	n/a	Multirisk policy	Allianz S.p.A.	116235575	23 April 2025	768.00
VCube S.r.l.	n/a	RCO policy	Itas Mutua	65/M14079887	31 March 2025	732.00
Hars S.r.l.	n/a	Office policy	UnipolSai Assicurazioni	1/33327/122/75296507	31 December 2024	1,806.24
Hars S.r.l.	n/a	Multi-risk professional policy (RCT)	UnipolSai Assicurazioni	1/33327/61/136675207	31 December 2024	1534.36
Hars S.r.l.	n/a	RCT policy	Arch Insurance	PI-48724723O3	31 January 2025	4913.01
Modasystem S.r.l.	n/a	Building reality Policy	UnipolSai Assicurazioni	1/2018/87/190106634	31 December 2027	210.13
Modasystem S.r.l.	n/a	Building reality Policy	UnipolSai Assicurazioni	1/2018/87/190106411	31 December 2028	295.17
Modasystem S.r.l.	n/a	Civil and Professional Liability policy	UnipolSai Assicurazioni	49601604	31 December 2024	1,343.86
Modasystem S.r.l.	n/a	Civil Liability policy	UnipolSai Assicurazioni	187488586	31 December 2024	10,501.28
SYS-DAT Verona S.r.l.	n/a	Office policy	Itas Mutua	7431000059038	31 December 2024	1,403
SYS-DAT Verona S.r.l.	n/a	D&O policy	Arch Insurance	DO-72106923O2	4 August 2024	1,807.99
SiSolutions S.r.l.	n/a	Trade & Services policy	UnipolSai Assicurazioni	1/59665/87/184784174	24 November 2024	2580.84

As of the Prospectus Date, the Group has not made any material insurance claims, nor has it experienced any material difficulties in renewing its insurance policies.

In addition, the Group has also additional policies covering the RCA insurance for cars and trucks of the Group and additional policies for the benefit of its employees covering, *inter alia*, (i) risks arising from business travel (e.g., coverage of medical expenses and assistance abroad), (ii) disputes arising in connection with their responsibilities; (iii) accident, disability, and/or illness, as well as (iv) life insurance policies, and (v) supplemental policies for reimbursement of medical/health care expenses.

Legal Proceedings

There are no administrative or, legal proceedings or arbitrations (including any such proceedings which are pending or threatened of which the Group is aware), during the 12 months preceding the Prospectus Date which may have, or have had, significant effects on the Group's financial position.

REGULATORY

The following paragraphs provide a short description of the key industry regulations that apply to the business of the Group in Italy, the main country where it operates. To the extent of its knowledge, the Company believes to operate in compliance with the applicable industry laws and regulations that are briefly listed below.

As of the Prospectus Date, there is no governmental, economic, budgetary, monetary or political factor or policy that has had or may have, directly or indirectly, a significant impact on the Group's business. Moreover, as of the Prospectus Date, the Company is not aware of any possible regulatory changes that may significantly affect the Group's business.

Italian product liability laws and regulations

In general, the Italian Civil Code requires selling shareholders of products to assure buyers that the products they sell are free from defects. Specifically, Article 1492 of the Italian Civil Code states that a buyer who purchases a product with defects that render it unsuitable for its intended use or appreciably diminish its value has the right to (i) rescind its purchase contract or (ii) obtain a price reduction. Article 1497 of the Italian Civil Code provides buyers with an independent ground to rescind a purchase contract if the product is fundamentally lacking in the promised qualities or in the essential qualities for its intended use. Article 1495 of the Italian Civil Code states that a buyer forfeits these rights if it fails to report a defect to the selling shareholder within eight days of its discovery, and that the buyer's claims in any event will be time barred one year after delivery of the product.

In addition to these provisions of the Civil Code, Legislative Decree no. 206 of 6 September 2005 (the "**Consumer Code**") establishes a comprehensive regulatory scheme applicable to the purchase and sale of goods and services in Italy. For example, Article 133 of the Consumer Code – as amended by Legislative Decree no. 170 of 4 November 2021 – states that a selling shareholder is liable to a buyer for any lack of conformity (*difetto di conformità*) existing at the time of delivery of goods and that becomes apparent within two years from the time of delivery. In any case, the action to enforce defects not willfully concealed by the selling shareholder will be time barred twenty-six months after the delivery of the goods. In addition, Title II of the Consumer Code establishes a product liability regime that makes manufacturers of defective products liable for the damages caused to third parties by their products. Accordingly, persons injured or otherwise damaged by a defective product can recover their damages from the manufacturer of the product if they can meet the burden of proving the existence of the defect, the damages suffered and the causal link between the two. If an injured party meets this burden, it is up to the manufacturer to prove the absence of the defect or damage or that a relevant exemption from liability, as the ones specified in article 118 of the Consumer Code, is available. Article 125 of the Consumer Code states that an injured party's claims will be time barred three years after the time it discovers (or should have discovered) the defect, the damage or the identity of the responsible party. According to article 126 of the Consumer Code the right to compensation shall expire ten years after the product in question was first placed into commerce by the producer or by the importer in the European Union. The forfeiture is prevented only by the statement of claim – unless the proceeding is extinguished – by the application for admission of the credit in an insolvency proceeding, or by the acknowledgement of the right by the liable party.

Injured parties may also seek relief under Article 2043 of the Civil Code, which states that any person who causes damages to others due to willful or negligent conduct shall be liable to reimburse the injured persons for such damages. Plaintiffs seeking redress under this provision have the burden of proving the willful or negligent nature of the act complained of the damages suffered and the causal link between the two. Such actions expire in five years from the day on which the relevant event occurred and/or from the day when an injured party discovered (or should have discovered) the foregoing elements.

Health and Safety

In Italy, the Group is required to comply with the following key legal provisions on environmental protection and safety at work:

- Legislative Decree no. 81 of April 9, 2008, the consolidated law on health and safety at work. The purpose of this consolidated law is to establish rules, procedures and preventive measures to be taken to make workplaces safer. The objective is to prevent or otherwise minimize workers' exposure to work-related risks in order to avoid injuries or accidents or, worse, contracting an occupational disease;

- Legislative Decree no. 231 of June 8, 2001 (the "**Decree 231**"), regulating the administrative liability of legal persons, companies and associations, with or without legal personality in case of criminal offenses committed by subjects that act on behalf of such legal entities, such as representatives, executives, directors, subordinates, and persons who – even de facto – perform management or control activities. Pursuant to Decree 231, companies may be held liable for a specific list of crimes committed or attempted in the interest or for the benefit of the entity. In the event that one of the offences listed in the decree is committed, both natural person who committed the offence, and legal person in which interest/benefit the offence was committed, will be prosecuted. Therefore, the proceeding will result in the ascertainment of the individual's criminal liability as well as the administrative liability of the company.

Data Protection Laws

The Group is required to comply with applicable EU and Italian data protection laws and regulations. In particular, the European Union Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC ("**General Data Protection Regulation**" or the "**GDPR**"), which became effective in May 2018, as supplemented by national laws (i.e., Legislative Decree no. 196/2003 of June 30, 2006, as amended by Legislative Decree no. 101/2018 of August 10, 2018), impose strict requirements on controllers and processors of personal data in the European Economic Area, including, for example, higher standards for obtaining consent from individuals to process their personal data, more robust disclosures to individuals and a strengthened individual data rights regime and shortened timelines for data breach notifications. Current data protection legal framework provides specific compliance obligations and administrative penalties for non-compliance (including possible fines up to 20 million EUR or, in case of undertaking, up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher).

The Group complies with the GDPR and the Italian Privacy Code (*i.e.*, Legislative Decree no. 196/2003 of June 30, 2006, as amended by Legislative Decree no. 101 of August 10, 2018 as well as the measures/orders of the Italian Data Protection Authority) by adopting, *inter alia*, the following documents/internal measures:

- the records of processing activities (where applicable, both as data controller and as data processor);
- the privacy information notices pursuant to articles 13 and 14 of the GDPR provided to the data subjects (*e.g.*, employees, customers, applicants, suppliers etc.)

formalization of the privacy roles within the Company, including, *inter alia*, the appointment of persons authorized to processing pursuant to article 29 of the GDPR or the appointment of system administrators. As applicable to each of the companies within the Group, a DPO has been appointed and specific data processing agreements under article 28 of the GDPR have been executed with the relevant third parties who process data as data processors.

In addition, the Group has adopted procedures for: (i) the management of personal data breaches and the fulfilment of the related legal obligations , (ii) the performance of data protection impact assessments ("DPIA") pursuant to article 35 of the GDPR, (iii) the management of the request for the exercise of data subjects' rights, (iv) IT systems and device management (*i.e.*, Access and security control, the internal regulation for the use of information systems and devices etc.).

Intellectual Property Rights

In Italy, the most important legal sources relating to intellectual property rights are (i) the Civil Code, (ii) Legislative Decree no. 30 of February 10, 2005 ("*Codice della Proprietà Industriale*" – the "**Industrial Property Code**"), and (iii) Law no. 633 of April 22, 1941 on copyright (the "**Copyright Law**"). Since the date of their enactment, the Industrial Property Code and the Copyright Law have undergone various amendments and modifications, including to implement European directives.

Italy adheres, *inter alia*, to (i) the Paris Union Convention for the Protection of Industrial Property of March 20, 1883, subject to several amendments and in force in Italy as the Stockholm text of July 14, 1967, and (ii) the "TRIPs" ("**Trade Related Aspects of Intellectual Property Rights**") agreements, adopted in Marrakesh on April 15, 1994.

The most important aspects of intellectual property rights which are potentially relevant to the Group are listed below, together with the related regulatory sources.

Trademarks and other distinctive signs

In Italy, registered trademarks are governed by Articles 7-28 of the Industrial Property Code. Provided that they have novelty and distinctive character, all signs and, in particular, words (including names), designs, logos, letters, numerals, sounds, the shape of the product or its packaging, color combinations or shades, which are able to distinguish the goods or services of a business from those of other businesses, may be registered.

The registration of a trademark carried out by the Italian Patent and Trademark Office ("**UIBM**") grants the owner the right to exclusive use such trademark throughout the national territory, for products or services identical or similar to those claimed in the registration; if the trademark is well known, protection is extended, subject to certain conditions, to non-related products or services as well. This exclusive right runs from the filing of the trademark application and lasts for 10 years, renewable for an unlimited number of times.

In the presence of a non-purely local use of a sign that has resulted in its qualified notoriety in the national territory or in a relevant part of it, the unregistered trademark (so-called "*de facto*" trademark) is also protected, although to a lesser extent.

In Europe, all trademark laws of the 27 EU countries have been harmonized under the Directive (EU) 2015/2436 of the European Parliament and of the Council dated December 16, 2015 to approximate the laws of the Member States relating to trademarks. As of the Prospectus Date, the Regulation (EU) 2017/1001 of the European Parliament and of the Council, dated June 14, 2017, applies to European trademarks ("**EU Trademark**"). Competent to receive EU Trademark applications is the European Union Intellectual Property Office ("**EUIPO**"). The conditions for the registrability of an EU Trademark are similar to those provided for Italian trademarks.

Much of Group's trademarks portfolio has been filed according to international conventions. The most important one is the Madrid System for the International Registration of Marks. This Convention is governed by the Madrid Agreement, concluded in 1891, and the Protocol relating to the Madrid Agreement, concluded in 1989. The system makes it possible to protect a mark in a large number of countries by obtaining an international registration that has effect in each of the designated contracting parties of the Madrid Agreement.

The owner of an Italian trademark or EU Trademark or related applications may request to the World Intellectual Property Organization in Geneva ("**WIPO**") an extension of the related protection to the countries which are party to the Madrid Agreement and Protocol (so-called "international trademark").

Company name, signs and domain names are other distinctive signs protected in Italy under certain conditions and governed also by unfair competition rules (Article 2598 of the Italian Civil Code).

Patents for invention and utility model

Patents for invention are governed by Articles 45-81-*octies* of the Industrial Property Code and protect an invention with innovative (i.e., not included in the state of the art) and inventive character that constitutes a solution to a technical problem and is suitable for industrial implementation and application; the invention may relate to a product or a process.

Patents for utility model are governed by Articles 82-86 of the Industrial Property Code and protect inventive ideas able to provide machines or parts of machines, instruments, tools or objects of use in general, with particular efficiency or ease of application or use.

The exclusivity of protection runs for both rights from the date of filing the application and lasts for 20 (twenty) years for inventions and 10 years for utility models (with no possibility of renewal). The office that examines and grants patents for invention and utility model in Italy is the UIBM. As of July 1, 2008, the examination of a patent application for invention is preceded by the result of the prior art search carried out by the European Patent Office ("**EPO**"), on behalf of the UIBM.

The most important international conventions relating to patents for invention are (i) the Patent Cooperation Treaty ("**PCT**") and (ii) the Munich Convention on the European Patent ("**EPC**"), which govern multiple filings in multiple states, with a centralized and simplified procedure. The European patent filed under the EPC is not a unified title, but rather a collection of national patents, since it is equivalent, in each member state in which the patent is validated, to a national patent. On the other hand, the European patent with unitary effect (so-called "unitary patent"), which has been introduced by Regulation (EU) no. 1257/2012 and it is now operational after the entry into force of the International Agreement on the Unified Patent Court, is a unified title directly granted by the EPO that allows a uniform and simultaneous patent protection in all the adhering EU member countries, without the need to obtain any validation in each of such countries.

Trade secrets and know-how

Confidential information (i.e., information not generally known or easily accessible to experts and professionals), which has an economic value as secret and is subject to appropriate confidentiality measures, is protected as industrial property rights under Articles 98 and 99 of the Industrial Property Code. The protection of trade secrets and know-how has been further strengthened following the implementation of Directive (EU) 2016/943 in Italy by Decree Law 63/2018.

The definition of trade secret and know-how also includes business information and technical-industrial experience. Confidentiality measures to be adopted to protect the secrecy of trade secrets and know-how may be (i) contractual (such as non-disclosure agreements and internal company policies), (ii) physical (such as padlocks on cabinets storing such information, locking certain rooms), and (iii) IT (such as password authentication procedures, firewalls).

Trade secrets and know-how are protected against acquisition, use and disclosure by unauthorized third parties as long as they remain confidential and are not disclosed. Therefore, they can hypothetically benefit from potentially unlimited time protection.

Software and databases

Copyrights are governed by the Berne Convention for the Protection of Literary and Artistic Works, usually known as the Berne Convention. The Berne Convention has 179 contracting parties and it introduced, worldwide, the concept that a copyright exists in the moment a work is "fixed", rather than requiring registration. It also enforces a requirement that countries recognize copyrights held by the citizens of all other parties to the convention.

In Italy, the Copyright Law regulates the protection of intellectual works of a creative nature that belong to literature, music, figurative arts, architecture, theater and cinematography, whatever their mode or form of expression. Software and databases fall within the scope of protection of the Copyright Law.

Copyright protects the form of code and preparatory material for the design of software, while the ideas and principles underlying any element of a program, including those underlying its interfaces, are excluded from the protection granted by the Copyright Law. While the patentability of software as such is excluded, it is possible, under certain conditions, to protect software through the patent system in cases where the software makes a technical contribution beyond the mere interaction between software and hardware.

The term of software protection is 70 years from the death of the author or, as a general rule, in the case of multiple authors, the last of them.

The database protectable by copyright is that which, by the choice or arrangement of the material, constitutes an intellectual creation of the author (*inter alia*, Articles 1-12-*bis* and 64-*quinquies*-64-*sexies* of the Copyright Law). In such a case, authorial protection concerns only the expressive form of the database and not the content itself. Regardless of the database's protection under Copyright Law, the law gives the database maker "*sui generis*" right, which is aimed at protecting the relevant investment and use of resources for the creation of the database.

The duration of the exclusive right of the creator of a database is 15 years starting from January 1 of the year following the date of completion of the database or is making available to the public (Article 102-*bis*, paragraphs 6 and 7, of the Copyright Law).

The Italian Foreign Investment Direct Investment Regulation

The Law Decree No. 21/2012 (hereinafter, the "**Golden Power Regulation**") imposes on companies that hold assets or carry out activities of strategic importance for Italy's defence and national security the obligation to notify the Presidency of the Council of Ministers (*Presidenza del Consiglio dei Ministri*) of any resolution, act or transaction, upon the occurrence of certain conditions, in order to obtain the prior authorization of the Presidency of the Council of Ministers.

The following provide a brief description of relevant conditions in presence of which a corporate transaction may fall within the scope of the Golden Power Regulation.

The first condition: the relevant strategic assets and sectors

From an objective point of view, the Golden Power Regulation applies to the extent that a potential target company (or a company adopting certain resolutions or corporate deeds) falls within one or more of the "strategic sectors", based on activities carried out and/or assets owned.

In particular, the sectors qualified strategic to the interests of the state are:

a) according to Article 1 of the Golden Power Regulation, the defence and national security, that has always been considered more sensitive by the Government and for which there are partly different rules than for other sectors (e.g. study, research, design, development, production, integration and life cycle support, including the supply chain, of several products and material used for defence and national security: *inter alia*, data information technologies and management of military and public security sensitive data, military radar and satellite systems, aero-aerospace-maritime equipment and systems, cybersecurity systems, weapon systems, etc.);

b) according to Article 2 of the Golden Power Regulation, the energy, telecommunications and transports (*e.g. (i)* national natural gas transmission network, compression and dispatching centres, as well as gas storage facilities; *(ii)* electricity and gas supply infrastructure from other States, including LNG regasification facilities onshore and offshore; *(iii)* national electricity transmission grid and related control and dispatching systems; *(iv)* management activities related to the use of networks and infrastructure referred to in points *(i), (ii)* and *(iii)*).

The entry into force of the Regulation (EU) 2019/452 of the European Parliament and the Council of 19 March 2019 - as well as further national regulatory measures - have implemented the sectors deemed critical to national interests.

In fact, the Article 2 of the Golden Power Regulation includes, among others, assets and relationships related to:

a) water (i.e. critical, physical or virtual infrastructures that ensure the continuity of services for the collection, purification, adduction, distribution and wholesale supply of drinking water for human consumption and water for irrigation, as well as sewerage and wastewater treatment).

b) health (i.e. pharmaceuticals and medical devices medical devices, diagnostics, prognostics and therapy, as well as in the chemical and agri-food sectors).

c) processing, storage, access and control of sensitive data and information.

d) financial, credit and insurance, including financial market infrastructures.

e) artificial intelligence, robotics, semiconductors, cybersecurity, nanotechnology and biotechnology.

f) the supply of critical raw materials for the EU (lithium, titanium, rare earths, cobalt, graphite, etc.), critical inputs in the steel and agri-food industries.

g) dual-use products (assets, including software and technology, which, although primarily for civil use and designed and sold for that purpose, may be diverted for military use).

The Company operates in the IT sector, offering applications inherent to the artificial intelligence, machine learning, virtual reality applied to machine maintenance and management process to numerous private operators also in the field of healthcare, finance and logistics. In addition, the business carried out by the subsidiaries concern also the cybersecurity sector and, specifically, the penetration test and vulnerability assessment. For this reason, as of the Prospectus Date the Company's activities and the activities of its subsidiaries may fall within the scope of the Article 1 or Article 2 of the Golden Power.

The second condition: types of relevant corporate transactions

The second condition is the type of the corporate transaction. Under a general perspective, Golden Power regulation provides an obligation to notify to the Presidency a wide variety of corporate transactions, not only limited to the mere traditional M&A transactions by a non-EU entity concerning a company that operates in strategic sector, but that also include a wide range of management acts and resolutions adopted by companies holding strategic assets.

Acquisition of shareholdings

To the extent relevant here, in the national defence and security sectors provided by Article 1 of the Golden Power Regulation, if the company is listed on a stock exchange or unregulated markets, it is subject to the notification, in any form and regardless of the nationality of the purchaser, the acquisition of a shareholding higher than the 3% threshold and, subsequently, of the 5%, 10%, 15%, 20%, 25% and 50% thresholds.

In the sectors provided by Article 2 of the Golden Power Regulation, it is subject to the notification:

(i) the acquisitions of shareholdings by non-EU entities of at least 10%, taking into account the shares or quotas already directly or indirectly held, where the total value of the investment is equal to or greater than EUR 1 million, and subsequently acquisition that exceed the thresholds of 15%, 20%, 25% and 50% of the share capital.

(ii) the acquisition in any form whatsoever by a non-EU entity of shareholdings in companies holding assets identified as strategic, of such significance as to determine control of the company whose shareholding is being acquired, within the meaning of Article 2359 of the Italian Civil Code and of the Legislative Decree No. 58 of 24 February 1998.

In the communications, energy, transport, health, agribusiness, financial, credit and insurance sectors, the obligation to notify also includes purchases of shareholding in any form by EU entities (including Italian one), of such significance as to determine control of the company whose shareholding is being acquired, within the meaning of Article 2359 of the Italian Civil Code and of the Legislative Decree No. 58 of 24 February 1998.

Furthermore, in determining the relevant shareholding, it shall be considered also the shareholding held by third parties with whom the purchaser has entered into any shareholders' agreements.

In the above-mentioned hypothesis, the notification obligation falls upon the purchaser, "if possible" jointly with the target. If not possible, the purchaser has the responsibility to send a notice to the target before the notification, containing the essential elements of the notification and providing proof of its receipt to the Presidency. The purpose of this provision is to allow target to participate in the proceedings (e.g., in the case of "hostile takeovers"), in which the target is entitled to submit statements and documents.

Management acts and resolutions

As mentioned, Golden Power Regulation include within the notification obligation also certain corporate resolutions adopted by companies active in strategic sectors.

In particular:

1. resolutions, acts or transactions resulting in changes in the ownership, control or availability of assets considered strategic in favour of a non-EU entity (and, in national defence and security sector as well as communications, energy, transport, health, agribusiness, financial, credit and insurance sectors, also in favour of an EU entity including Italian ones) shall be notified to the Presidency, including, inter alia,

   - the merger or demerger of the company, the transfer of the business / going concern that include strategic assets.

   - the assignment of such assets by way of guarantee.

   - the transfer of subsidiaries that hold such assets, or the transfer of the registered office to a non-EU country.

2. resolutions that have the effect of changing the destination of strategic assets, including any resolutions that modify the corporate purpose, that entail the dissolution of the company or the amendment of certain bylaws clauses (clauses that provides that, in relation to the amount of shares held by the same person, the voting right is limited to a maximum size or that provide for brackets).

It should be noted that this category is intended to include not only corporate resolutions but also, more generally, acts or agreements that may entail a change in the availability of assets that are abstractly strategic. In this regard, consider, for instance, agreements concerning the licensing of source codes used in the technology and IT sector or of special production know-how, information, and other intangible assets.

In these cases, the notification obligation falls upon the company who has adopted the relevant resolution.

The administrative proceedings

Golden Power regulations provides for specific proceedings, terms and deadline that the Presidency shall comply with.

In particular:

a) To the purpose of the Presidency's assessment on potential risks for Italian strategic interests, the foregoing acquisitions, transactions, deeds and resolutions, concerning strategic companies and assets, must be notified to the Presidency of the Council of Ministers within 10 days from the execution of the relevant agreements or the adoption of deeds and resolutions.

b) Once the notification is submitted and considered as complete, a 45-day waiting period starts to run (and it might be suspended only for a 10-day or 20-day period, whether the Presidency needs to gather further information or documentation from the notifying entity or from third entities). Note that any further requests do not suspend the period.

c) At the end of the review period, the Presidency may: *(i)* consider the transaction excluded from the scope of application of the Golden Power Regulation (so called, "*no jurisdiction*"); *(ii)* consider the transaction included in the perimeter and decide; *(iii)* to issue its clearance without prescription; *(iv)* to issue its clearance with prescriptions; *(v)* to veto the adoption of the resolution or to oppose the acquisition.

d) If the Government fails to issue any determination, the notified acquisition/transaction/resolution is deemed to be cleared (through the mechanism of silence-consent).

It should be noted that, according to Article 1 and Article 2 of the Golden Power Regulation, until the notification and, thereafter, until the expiry of the period for the possible exercise of the special powers, are suspended:

– in the event of acquisition, the voting rights or, in any case, those of a content other than equity related to the shares or quotas representing the relevant shareholding.

– In the other cases, the effectiveness of the notified resolution, act or transaction.

The sanctions

Where a strategic company or a perspective purchaser do not comply with the obligation to submit the requested notification, Golden Power Regulations provide for specific sanctions.

Firstly, the Government retains the right to commence the golden power procedure *ex officio*, even if a formal notification has not been issued.

In addition, it is provided that:

- the purchase and target shall subject to an administrative fine equal to twice the value of the transaction, and in any case not less than 1 per cent of the turnover in the last financial year for which the balance sheet was approved.

- the resolutions, acts and transactions carried out are null and void.

- the government may also order the company and the counterparty, if any, to restore the previous situation at its own expense.

Sanctions are provided also in the event of non-compliance with prescriptions imposed by the Presidency. In this regard:

- it shall apply an administrative fine equal to twice the value of the transaction, and in any case not less than 1 per cent of the turnover in the last financial year for which the balance sheet was approved.

- for as long as the material non-compliance continues, the voting rights or any rights other than equity rights related to the shares or quotas representing the relevant shareholding are suspended.

- any resolutions approved with the decisive vote of such shares or quotas, or in any event resolutions or acts adopted in breach or non-compliance with the prescriptions are null and void.

Italian mandatory tender offer rules

Under the Consolidated Financial Act, a public tender offer must be made by any person who, by reason of purchases of shares for consideration or the increase of voting rights, directly or indirectly or acting in concert with other persons, holds more than 30% of the voting share capital and/or derivative instruments as provided for under Article 44-*ter* of the Issuers Regulation (hereinafter referred to as "securities") of a company listed on an Italian regulated market.

The tender offer must cover all remaining outstanding securities of a company. Pursuant to applicable laws and regulations, a tender offer must also be launched by any person who owns more than 30% of the securities without, at the same time, exercising majority voting rights at an ordinary shareholders' meeting and purchases or acquires, directly or indirectly, by way of acquisition or exercise of subscription or conversion rights during a 12-month period more than 5% of the share capital of such company having the right to vote on the appointment or removal of the board of directors.

In companies other than small and medium-sized enterprises ("**SME**"), a public tender offer must also be made by any person who, by way of share acquisition, holds more than 25% of the voting share capital if no other shareholder holds a greater interest in the company.

The tender offer must cover all remaining outstanding shares of the company. A mandatory tender offer must also be launched by any person who owns more than 30% of the voting share capital (or more than 25% of the voting share capital if no other shareholder holds a greater interest in the company or exceeds the thresholds provided in relation to SMEs) (to be calculated (i) excluding any treasury shares held, directly or indirectly, by the company with certain exceptions and (ii) including certain derivative instruments, as provided by the Issuers Regulation) without at the same time exercising majority voting rights at an ordinary shareholders' meeting and purchases or acquires, directly or indirectly, by way of acquisition or exercise of subscription or conversion rights during a 12-month period more than 5% of the share capital of such company.

The tender offer must be launched within 20 days of the date on which the relevant threshold was exceeded, at a price not lower than the highest price paid by the offeror for any purchase of the company's securities of the same class during the previous 12 months. If during the same period no purchase of securities takes place, the offer must be launched at the weighted average market price of the company's securities of the same class in the previous 12 months or, if the company's securities have been trading for less than 12 months, at the weighted average market price of such shorter period of time. However, pursuant to the Consolidated Financial Act, CONSOB may authorize the launch of a mandatory tender offer at a different price in certain circumstances. Under certain circumstances, notwithstanding the purchase of a company's securities in excess of the threshold amount, the Consolidated Financial Act and the Issuers Regulation, as amended, establish various exemptions from the duty to launch a tender offer, when, among others:

(i) another shareholder, or other shareholders jointly, can exercise the majority of the voting rights at an ordinary shareholders meetings;

(ii) the relevant threshold is exceeded:

i. in the context of the recapitalization of a listed company or another measure having the purpose of increasing the company's assets and the company is in a certified situation of financial crisis;

ii. without other purchases having been carried out or agreed upon during the previous 12 months, exclusively through the subscription of an increase of the share capital of the listed company, with the exclusion of pre-emption rights made in the context of a recovery plan which (a) was previously communicated to the market, (b) certifies the said situation of crisis and (c) whose reasonableness was certified according to the provisions of the Italian bankruptcy law; or

iii. in the presence of a situation of crisis which differs from the cases under (i) and (ii) above, subject to certain conditions;

(iii) the shareholding is acquired following the transfer between companies in which the same persons have, including jointly and/or indirectly through controlled company pursuant to Article 2359, paragraph 1, of the Italian Civil Code, the majority of the voting rights in ordinary meetings or is acquired following the transfer between such companies and the above subjects;

(iv) the threshold is exceeded following the exercise of pre-emption, subscription, or conversion rights already attributed;

(v) the thresholds under Article 106, paragraphs 1, 1-bis, 1-ter and 3, letter b) of the Consolidated Financial Act are exceeded respectively and the purchaser undertakes to sell to non-related parties such excessive shareholding within 12 months without exercising the relevant voting rights;

(vi) the thresholds under Article 106, paragraphs 1, 1-bis, 1-ter and 3, letter b) of the Consolidated Financial Act are exceeded as a result of the purchase of derivative financial instruments and the purchaser undertakes to sell to non-related parties such excessive shareholding within six months and not to exercise in the same period the voting rights associated with the participation exceeding the thresholds;

(vii) the threshold is exceeded as a result of mergers and demerger transactions approved by the shareholders of the target company and, without prejudice to Articles 2368, 2369 and 2373 of the Italian Civil Code, the majority of shareholders present in the meeting does not express a negative vote (without taking into account the shareholder who purchases the shareholding exceeding the relevant thresholds and the shareholder or shareholders who own, either alone or in concert, the majority (also relative) of at least 10% of the share capital). For such purpose, the articles of association of listed companies may provide for a qualified majority of the shareholders expressing a negative vote, in any case not exceeding 7.5% of the share capital; or

(viii) the purchase follows inheritance or transactions inter vivos for no consideration.

Italian law further provides that the acquisition of an interest in excess of the relevant threshold of a company does not trigger the obligation to launch a tender offer, if the person concerned has exceeded the threshold as a result of either:

(a) a public tender or public exchange offer launched for 100% of the voting securities of the company; or

(b) a public tender or public exchange offer launched for at least 60% of the voting securities the company, if:

i. the tender offer has been approved by shareholders of the company holding a majority of the voting securities (excluding (x) the offeror, (y) the current majority shareholder (if its participation is higher than 10%) and (z) persons who act in concert with the offeror);

ii. the offeror (its subsidiaries, controlling persons, related companies and other persons connected to it by virtue, among others, of shareholders' agreements) has not acquired more than 1% of the ordinary shares of the company in the 12 months before notifying CONSOB or during the offer; and

iii. CONSOB, after having received satisfactory evidence that the terms under (i) and (ii) have been complied with, has ruled that a mandatory bid does not need to be made.

After such offer has been completed, the offeror nevertheless becomes obliged to launch an offer for 100% of the share capital if, during the subsequent 12 months, either:

(a) it (or its affiliates, subsidiaries, directors, officers or any of the shareholders with which it has entered into a shareholders' agreement) purchases more than 1% of the share capital of the company; or

(b) the shareholders of the company approve a merger or demerger.

Moreover, the Consolidated Financial Act provides that (i) anyone holding more than 90% of a class of voting securities of an Italian listed company must purchase all the remaining securities of such class upon the holder's request, unless it restores an adequate public float within 90 days so as to ensure proper trading and (ii) any person holding at least 95% of a class of voting securities of an Italian listed company as a result of a tender offer over 100% of the voting securities must purchase all of the remaining securities of that class upon the holders' request.

In the case of (ii) above – and also in the case of (i) above where the interest is purchased exclusively through a tender offer relating to 100% of the voting securities—the purchase price shall be the same as in the prior offer provided in each case that, in a voluntary offer, at least 90% of the voting securities targeted have been tendered in the offer. Otherwise, the price is determined by CONSOB, taking into account the price offered in a prior tender offer, if any, or the market price of the shares during the previous six months.

Any shareholder holding more than 95% of the ordinary share capital of a listed company pursuant to a tender offer involving all the voting securities issued by the company has the right to obtain title to the remaining voting shares within three months after the end of the tender offer, if it has stated its intention to make such an acquisition in the offer document, at a price determined as indicated in the above paragraph.

The voting rights relating to all the shares held by a person who has not complied with these rules, cannot be exercised, and the number of shares exceeding the relevant threshold must be sold within 12 months. In the event of non-compliance with such provisions, a shareholders' resolution passed with the votes relating to such shares may be challenged by the shareholders or CONSOB if it would not have been passed without such votes.

Where, in the period between the date of the notice referred to in Article 102, paragraph 1, of the Consolidated Financial Act, and the date of the payment of the consideration, the offerors, and those acting in concert with them, acquire, directly or indirectly or through nominees, the financial instruments that are the subjects of the offer or hold long positions which relate to such financial instruments for a consideration higher than the offering price, align the offering price to the price paid for the above acquisitions.

The above-mentioned provisions apply to the purchasers, on an amount exceeding 0.1% of the same class of financial instruments subject to the offer, and by the offerors and the persons acting in concert with them, which are made in the six months following the last payment date.

CAPITALIZATION AND INDEBTEDNESS

The tables below set out the Group's consolidated capitalization and indebtedness as of 31 March 2024.

The information set forth in the table below should be read in conjunction with, and is qualified by reference to, "*Operating and Financial Review*" and the Three-Years Financial Statements.

Capitalization

The following table, prepared in accordance with paragraph 166 et seq. of ESMA Recommendations 2021/32/382/1138, shows the composition of the Issuer's equity and debt as at 31 March 2024.

Euro thousand	**31 March 2024** ***(unadited)***
Total net current financial debt (a)	**14,644**
of which guaranteed	0
of which not guaranteed	14,644
Total net non current financial debt	**(10,969)**
of which guaranteed	0
of which not guaranteed	(10,969)
Equity	
Share capital	(1,015)
Reserves [(*)]	(18,274)
Total Equity (c)	**(19,289)**
Total equity and debt (a+b+c)	(15,614)

[(*)] The result for the FY2023, amounting to Euro 4,241 thousand, as decided by the Shareholders' Meeting on 27 March 2024, was allocated to reserves. Shareholders' equity as of 31 March 2024 does not take into account the result for the period.

Indebtedness

The table below sets out the Group's indebtedness as of March 31, 2024.

Euro thousand	**31 March 2024** ***(unadited)***
A. Cash	14,148
B. Cash equivalents	0
C. Other current financial assets	5,154
D. Liquidity (A)+(B)+(C)	**19,302**
E. Current financial debt	(74)
F. Current portion of non-current financial debt	(4,584)
G. Current financial debt (E)+(F)	**(4,658)**
H Net current financial debt (D)+(G)	**14,644**
I. Non-current financial debt	(1,423)
J. Debt instruments	0
K. Other non-current financial debt	(9,546)
L. Non current financial debt (I)+(J)+(K)	**(10,969)**
M. Net Financial Position (H)+(L)	**3,675**

There has been no material change in the Group's capitalization or indebtedness since 31 March 2024.

It is also important to point out that there is no indirect and conditional indebtedness, as defined in Annex 11 of EU Regulation 980/2019, point 3.2, and ESMA Guidelines 32-382-1138, points 185-187.

Working capital statement

In accordance with Prospectus Regulation, as well as in accordance with the definition of working capital – a means by which the issuer obtains the liquid resources necessary to meet the obligations reaching maturity – as defined in the recommendations contained in ESMA Recommendations 32-382-1138 of March 4, 2021, the Company believe that, as of the Prospectus Date, the working capital is sufficient to cover the Group's liquidity needs for twelve months following the Prospectus Date. For the avoidance of doubt, the proceeds of the Offer have not been included in the calculation of the working capital.

SELECTED FINANCIAL AND OTHER INFORMATION

The following tables set forth the summary financial information and other data as of and for the periods indicated. The following summary consolidated financial information as of and for the years ended December 31, 2023, 2022 and 2021 has been derived from, and should be read in conjunction with, the Three-Year Consolidated Financial Statements, which were prepared in accordance with IFRS and approved by the Board of Directors of the Company on 20 March 2024. The section also contains financial and operating indicators, which are used by the Company to monitor the Company's economic, financial and operating performance. See also "*Capitalization and indebtedness*", "*Presentation of Financial and Other Information*" and "*Operating and financial review*".

Summary Consolidated income statement

The following table sets forth selected information from our consolidated income statement for the years ended December 31, 2023, 2022 and 2021.

Euro thousand and percentage of revenues	**2023**	**%**	**2022**	**%**	**2021**	**%**
Revenues from contracts with customers	46,266	100%	37,761	99%	28,801	99%
Other revenues and income	202	0%	234	1%	349	1%
Total revenues	**46,468**	**100%**	**37,995**	**100%**	**29,150**	**100%**
Raw materials, consumables and goods	2,754	6%	2,515	7%	2,778	10%
Change in inventories	(505)	(1%)	(145)	(0%)	(151)	(1%)
Costs for services	15,534	33%	13,062	34%	9,978	34%
Personnel expenses	18,980	41%	14,295	38%	10,347	35%
Other operating costs	405	1%	355	1%	245	1%
Total operating costs	**37,168**	**80%**	**30,082**	**79%**	**23,197**	**80%**
EBITDA	**9,300**	**20%**	**7,913**	**21%**	**5,953**	**20%**
Depreciation and amortisation	2,569	6%	1,646	4%	1,013	3%
Other write-downs/releases of provisions	263	1%	674	2%	(15)	(0%)
Other provisions	0	0%	0	0%	0	0%
EBIT	**6,468**	**14%**	**5,593**	**15%**	**4,955**	**17%**
Interest income/(expense) from investments	18	0%	5	0%	38	0%
Net interest income/(expense)	(85)	(0%)	(158)	(0%)	(159)	(1%)
Interest income/(expense) from other financial assets	141	0%	(150)	(0%)	22	0%
Share of results of investments accounted for using the equity method	0	0%	0	0%	17	0%
Result before taxes	**6,542**	**14%**	**5,290**	**14%**	**4,873**	**17%**
Taxes	2,301	5%	1,599	4%	1,252	4%
Net result for the year (A)	**4,241**	**9%**	**3,691**	**10%**	**3,621**	**12%**
Net result from defined benefits plan (B)	(79)	(0%)	406	1%	(185)	(1%)
Net result for the year (A+B)	**4,162**	**9%**	**4,097**	**11%**	**3,436**	**12%**

Summary Consolidated statement of the financial position

The following table sets forth certain information from our consolidated statement of financial position as of December 31, 2023, 2022 and 2021.

Euro thousand and percentage of total assets	**31 December 2023**	**%**	**31 December 2022**	**%**	**31 December 2021**	**%**
Non-current assets						
Goodwill	8,954	15%	5,779	12%	4,002	10%
Other intangible assets other than goodwill	7,384	12%	3,907	8%	1,686	4%
Property, plant and equipment	788	1%	545	1%	467	1%
Right of use assets	3,995	7%	4,945	10%	3,941	10%
Investments accounted for using equity method	0	0%	0	0%	134	0%
Other investments	23	0%	55	0%	23	0%
Other non-current assets	65	0%	31	0%	28	0%
Deferred tax assets	615	1%	647	1%	564	1%
Total non-current assets	**21,824**	**36%**	**15,909**	**33%**	**10,845**	**28%**

Current assets						
Inventories	1,894	3%	427	1%	273	1%
Trade receivables	16,015	26%	12,415	26%	7,757	20%
Tax receivables	345	1%	109	0%	1,236	3%
Other receivables	406	1%	100	0%	528	1%
Other current financial assets	4,633	8%	4,291	9%	2,164	6%
Other current assets	1,590	3%	1,174	2%	550	1%
Cash and cash equivalents	14,437	24%	13,867	29%	15,753	40%
Total current assets	**39,320**	**64%**	**32,383**	**67%**	**28,261**	**72%**
TOTAL ASSETS	**61,144**	**100%**	**48,292**	**100%**	**39,106**	**100%**
Group equity						
Share capital	1,015	2%	1,015	2%	1,015	3%
Share premium reserve	60	0%	60	0%	60	0%
Legal reserve	203	0%	203	0%	203	1%
Other reserves	918	2%	862	2%	806	2%
First time adoption reserve	544	1%	544	1%	544	1%
OCI Reserve	143	0%	222	0%	(185)	(0%)
Retained earnings/(losses)	12,003	20%	9,220	19%	6,487	17%
Net result for the year	4,232	7%	3,677	8%	3,595	9%
Total Group equity	**19,118**	**31%**	**15,803**	**33%**	**12,525**	**32%**
Minority interests						
Minority interests	162	0%	147	0%	154	0%
Net result for the year	9	0%	14	0%	26	0%
Total minority interests	**171**	**0%**	**161**	**0%**	**180**	**0%**
Non-current liabilities						
Non-current provisions	330	1%	243	1%	556	1%
Employee benefits	6,662	11%	5,432	11%	4,778	12%
Deferred tax liabilities	1,794	3%	1,143	2%	377	1%
Other non-current financial liabilities	11,025	18%	9,615	20%	8,992	23%
Total non-current liabilities	**19,811**	**32%**	**16,433**	**34%**	**14,703**	**38%**
Current liabilities						
Current financial liabilities	4,910	8%	3,331	7%	2,644	7%
Trade payables	4,564	7%	3,860	8%	2,910	7%
Tax liabilities	2,092	3%	1,607	3%	1,898	5%
Other current liabilities	10,478	17%	7,097	15%	4,246	11%
Total current liabilities	**22,044**	**36%**	**15,895**	**33%**	**11,698**	**30%**
TOTAL EQUITY AND LIABILITIES	**61,144**	**100%**	**48,292**	**100%**	**39,106**	**100%**

Euro thousand	**31 December 2023**	**31 December 2022**	**31 December 2021**
Share capital	1,015	1,015	1,015
Legal reserve	203	203	203
Other reserves	1,665	1,688	1,225
Retained earnings/(losses)	12,003	9,220	6,487
Net result for the year	4,232	3,677	3,595
Total Group Equity	**19,118**	**15,803**	**12,525**
Minority interests	162	147	154
Net result for the year	9	14	26
Total minority interests	**171**	**161**	**180**
Equity	**19,289**	**15,964**	**12,705**

Euro thousand	**31 December 2023**	**31 December 2022**	**31 December 2021**
Share premium reserve	60	60	60
Warrants reserve	140	84	28
First time adoption reserve	544	544	544
Actuarial gain/(losses) reserve	143	222	(185)
Other reserves	778	778	778
Total other reserves	**1,665**	**1,688**	**1,225**

Summary Consolidated statement of cash flows

The following tables sets forth certain information from the Company's consolidated statement of cash flow for the years ended December 31, 2023, 2022 and 2021.

Euro Thousand	31 December 2023	31 December 2022	31 December 2021
Cash flows generated by operating activities			
Net result for the year	4,242	3,691	3,622
Taxes	2,301	1,599	1,250
Net interests	85	158	159
Gains/(losses) on asset disposal	0	0	(38)
Dividends	(18)	(5)	0
Depreciation	2,569	1,646	1,013
Impairment losses	123	824	(37)
Changes in provisions for risks and charges	55	(242)	38
Changes in employees benefits	515	265	237
Other	56	47	(56)
Changes in inventories	(1,313)	(129)	(217)
Changes in trade receivables	(1,168)	(4,440)	(30)
Changes in trade payables	260	765	(613)
Changes in other current assets/liabilities	1,465	3,547	998
Tax paid	(1,876)	(2,066)	(775)
Net cash flows from/(for) operating activities (A)	**7,296**	**5,660**	**5,551**
Cash flows generated by investment activities			
Investments in intangible assets	(2,173)	(1,720)	(1,014)
Investments in tangible assets	(136)	(120)	(342)
Investments in financial assets	0	0	(117)
Disposal of assets	30	0	84
Dividends received	18	5	0
Interests received	108	25	3
Cash acquired (transferred) from change in consolidation area	(2,480)	(1,341)	(1,711)
Changes in other financial activities	392	(2,107)	(579)
Net cash flows from/(for) investment activities (B)	**(4,241)**	**(5,258)**	**(3,676)**
Cash flows generated by financing activities			
Net change in other short-term financing sources	(3)	6	(192)
Loans and financing granted by banks and other financial institutions in the year	0	0	3,600
Repayment of long-term loans and other financing	(1,544)	(1,461)	(253)
Interests paid	(278)	(173)	(163)
Capital increase	0	0	178
Dividends paid	(660)	(660)	(666)
Net cash flows from/(for) financing activities (C)	**(2,485)**	**(2,288)**	**2,504**
Total cash flows (A)+(B)+(C)	**570**	**(1,886)**	**4,379**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**13,867**	**15,753**	**11,374**
Increase/(decrease) in cash and cash equivalents	570	(1,886)	4,379
CASH AND CASH EQUIVALENTS AT END OF YEAR	**14,437**	**13,867**	**15,753**

Please note that the table above represents a restatement of the consolidated statement of cash flow for the years ended December 31, 2023, 2022 and 2021 included in the Three-Year Consolidated Financial Statements, in order to show the cash acquired (or transferred) from change in consolidation area as part of the cash flow generated (or absorbed) from investment activities.

The consolidated statement of cash flow included in the Three-Year Consolidated Financial Statements and attached in the F-pages, is shown in the following table.

Euro thousand	31 December 2023	31 December 2022	31 December 2021
Cash flows generated by operating activities			
Net result for the year	4,242	3,691	3,622
Taxes	2,301	1,599	1,250
Net interests	85	158	159
Gains/(losses) on asset disposal	0	0	(38)
Dividends	(18)	(5)	0
Depreciation	2,569	1,646	1,013
Impairment losses	123	824	(37)
Changes in provisions for risks and charges	55	(242)	38
Changes in employees benefits	515	265	237
Other	56	47	(56)
Changes in inventories	(1,313)	(129)	(217)
Changes in trade receivables	(1,168)	(4,440)	(30)

Changes in trade payables	260	765	(613)
Changes in other current assets/liabilities	1,465	3,547	998
Tax paid	(1,876)	(2,066)	(775)
Net cash flows from/(for) operating activities (A)	**7,296**	**5,660**	**5,551**
Cash flows generated by investment activities			
Investments in intangible assets	(2,173)	(1,720)	(1,014)
Investments in tangible assets	(136)	(120)	(342)
Investments in financial assets	0	0	(117)
Disposal of assets	30	0	84
Dividends received	18	5	0
Interests received	108	25	3
Changes in other financial activities	392	(2,107)	(579)
Net cash flows from/(for) investment activities (B)	**(1,761)**	**(3,917)**	**(1,965)**
Cash flows generated by financing activities			
Net change in other short-term financing sources	(3)	6	(192)
Loans and financing granted by banks and other financial institutions in the year	0	0	3,600
Repayment of long-term loans and other financing	(1,544)	(1,461)	(253)
Interests paid	(278)	(173)	(163)
Capital increase	0	0	178
Dividends paid	(660)	(660)	(666)
Net cash flows from/(for) financing activities (C)	**(2,485)**	**(2,288)**	**2,504**
Total cash flows (A)+(B)+(C)	**3,050**	**(545)**	**6,090**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**13,867**	**15,753**	**11,374**
Increase/(decrease) in cash and cash equivalents	3,050	(545)	6,090
Cash acquired (transferred) from change in consolidation area	(2,480)	(1,341)	(1,711)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**14,437**	**13,867**	**15,753**

The restated cash flows for the three financial years under review are summarised in the following table.

Euro thousand	**31 December 2023**	**31 December 2022**	**31 December 2021**
A - Cash flows generated/absorbed by operating activities	7,296	5,660	5,551
B - Cash flows generated/absorbed by investment activities	(4,241)	(5,258)	(3,676)
C - Cash flows generated/absorbed by financing activities	(2,485)	(2,288)	2,504
D - Total cash flows (A+B+C)	**570**	**(1,886)**	**4,379**
E - Cash and cash equivalents at the beginning of the year	13,867	15,753	11,374
F - Increase/(decrease) in cash and cash equivalents	570	(1,886)	4,379
H - Cash and cash equivalents at the end of the year (E+F+G)	14,437	13,867	15,753

The cash flows shown in the Three-Year Consolidated Financial Statements approved and attached in the F-pages for the three periods under review are summarised in the following table.

Euro thousand	**31 December 2023**	**31 December 2022**	**31 December 2021**
A - Cash flows generated/absorbed by operating activities	7,296	5,660	5,
B - Cash flows generated/absorbed by investment activities	(1,761)	(3,917)	(1,965)
C - Cash flows generated/absorbed by financing activities	(2,485)	(2,288)	2,504
D - Total cash flows (A+B+C)	**3,050**	**(545)**	**6,090**
E - Cash and cash equivalents at the beginning of the year	13,867	15,753	11,374
F - Increase/(decrease) in cash and cash equivalents	3,050	(545)	6,090
G - Cash acquired (transferred) from change in consolidation area	(2,480)	(1,341)	(1,711)
H - Cash and cash equivalents at the end of the year (E+F+G)	14,437	13,867	15,753

Non-IFRS Measures and other metrics

The Non-IFRS Measures are not recognized measures of financial performance under IFRS and have not been audited or reviewed. These Non-IFRS Measures and other metrics are presented because they are used by management to monitor the performance of the business and operations. These measures also provide additional information to investors to enhance their understanding of Group's results. For more details on ESMA Guideline on Alternative Performance Measures (ESMA/2015/1415), see – "*Important information — Definitions of the Non-IFRS measures*".

Euro thousand, ratio and percentages	**Notes**	**31 December 2023**	**31 December 2022**	**31 December 2021**
EBIT	1	6,468	5,593	4,955

EBIT margin	1	13.9%	14.7%	17.0%
EBITDA	1	9,300	7,913	5,953
EBITDA margin	1	20.0%	20.8%	20.4%
ROE	2	22.0%	23.1%	28.5%
ROI	3	40.0%	51.3%	75.6%
ROS	4	13.9%	14.7%	17.0%
Net Financial Indebtedness	5	3,115	5,061	6,153
Net Financial Indebtedness/ Equity	5	0.16	0.32	0.48
Net Financial Indebtedness / EBITDA	5	(0.33)	(0.64)	(1.03)
DSO	6	103	98	80
Trade receivables turnover	6	3.5	3.7	4.6
DPO	7	74.3	71.3	65.3
Trade payables turnover	7	4.9	5.1	5.6
Net fixed capital	8	13,038	9,091	5,134
Commercial net working capital	8	13,365	9,132	5,246
Net working capital	8	3,136	1,811	1,416
Net invested capital	8	16,174	10,902	6,550

Below is the detail and description of the individual indicators summarised above in numerical order.

1. EBITDA, EBITDA margin, EBIT and EBIT Margin

The Company defines:

- EBIT as the sum of the profit for the year, plus current and deferred taxes and net financial income/expenses;
- EBIT margin as the ratio of EBIT to revenue;
- EBITDA as the sum of the profit for the year plus current and deferred taxes, net financial income/charges, depreciation, amortisation, impairments and provisions;
- EBITDA margin as the ratio of EBITDA to revenue.

Following table reconciles the profit for each financial year under review with EBIT and EBITDA.

Euro thousand	**2023**	**% on revenues**	**2022**	**% on revenues**	**2021**	**% on revenues**
Net result for the year	4,241	9%	3,691	10%	3,621	12%
+ Taxes	2,301	5%	1,599	4%	1,252	4%
+/- Net interest income (expense)	(74)	0%	303	1%	82	0%
EBIT	**6,468**		**5,593**		**4,955**	
EBIT margin		13.9%		14.7%		17.0%
+ Depreciation, amortisation and impairment losses	2,832	6%	2,320	6%	998	3%
EBITDA	**9,300**		**7,913**		**5,953**	
EBITDA margin		20.0%		20.8%		20.4%

This indicator for the periods under review amounted to Euro 9,300 thousand, Euro 7,913 thousand and Euro 5,953 thousand as of 31 December 2023, 2022, and 2021, respectively.

2023 vs 2022

The EBITDA growth trend shows a 18% year-on-year increase, mainly related to the growth of the business: the year-on-year increase in revenues (+23%) was partially offset by the increase in costs, with particular reference to personnel costs (+33%), due both to an increase in the number of personnel (with an increase of no. 102 units in relation to the average number of employees), and to the search for increasingly qualified personnel to support the growth undertaken by the Company. The revenues increase was mostly driven by organic growth: the companies acquired in the year gave a modest contribution, equal to Euro 2,732 thousand in 2023 (5.9% of total revenues) influenced by the timing of their acquisition during the fiscal year. In terms of EBITDA, out of +1,387 thousand of increase in EBITDA, Euro 356 thousand comes from companies acquired during FY2023.

However, it is important to point out that the EBITDA margin remained constant, decreasing from 20.8% to 20.0%.

The EBIT growth trend shows a +16% year-on-year increase.

The year-on year increase in EBITDA commented above is partially offset by the increase in amortization costs (+56%) mainly connected to new investments for R&D activities, compensated by lower write downs for bad debts (-61%).

However, the EBIT margin remains quite stable, from 14.7% to 13.9%.

2022 vs 2021

The EBITDA growth trend shows a 33% year-on-year increase.

The year-on-year increase in revenue (+30%) is substantially matched by the growth in costs (+31%), particularly in costs for services (+31%), due to the change from a business mainly related to licensed software to a business mostly related to recurring fees, and personnel costs (+38%), due both to an increase in the number of personnel (with an increase of no. 75 units in relation to the average number of employees), and to the search for increasingly qualified personnel to support the growth undertaken by the Company. The revenue increase was mostly driven by organic growth: the companies acquired in the year gave a modest contribution, equal to Euro 4,197 thousand in 2022 (11.0% of total revenues) influenced by the timing of their acquisition during the fiscal year. In terms of EBITDA, out of +1,960 thousand of increase in EBITDA, Euro 875 thousand comes from companies acquired during FY2022.

The growth in EBITDA is due to the increase in prices and hourly rates applied by the Company (+10% approx.).

However, it is important to point out that the EBITDA margin remained constant, rising from 20.4% to 20.8%.

The EBIT growth trend shows a +13% year-on-year increase.

The year-on year increase in EBITDA commented above is partially offset by the increase in amortization costs (+62%) mainly connected to new investments for R&D activities, and higher write downs for bad debts.

The EBIT margin increased from 17% in the FY2021 to 14.7% in the FY2022, mainly as a result of the R&D investments made by the Issuer during the financial years under review (Euro 831 thousand in the FY2021, equal to 2.85% of total revenue and Euro 1,798 thousand in the FY2022, equal to 4.50% of total revenue).

2. ROE

This indicator is calculated as shown in the table below.

Euro thousand	31 December 2023	31 December 2022	31 December 2021
Net result for the year (A)	4,241	3,691	3,621
Equity (B)	19,289	15,964	12,705
ROE (A)/(B)	**22.0%**	**23.1%**	**28.5%**

As of 31 December 2023 the ROE was equal to 22.0%, as of 31 December 2022 was equal to 23.1% and as of 31 December 2021 was equal to 28.5%. The trend is mainly due to the inorganic growth of the business, with the acquisition process during the three years period which resulted in an equity increase only partially offset by the increase in net result and, consequently by the increase in net result for the year.

3. ROI

This indicator is calculated as shown in the table below.

Euro thousand	31 December 2023	31 December 2022	31 December 2021
EBIT (A)	6,468	5,593	4,955
Net invested capital (B)	16,174	10,903	6,551
ROI (A)/(B)	**40.0%**	**51.3%**	**75.6%**

As of 31 December 2023 the ROI was equal to 40.0%, as of 31 December 2022 was equal to 51.3% and as of 31 December 2021 was equal to 75.6%. The trend in ROI during the three years period shows the ongoing investment process started by the Company.

4. ROS

This indicator is calculated as shown in the table below.

Euro thousand	31 December 2023	31 December 2022	31 December 2021
EBIT (A)	6,468	5,593	4,955
Total revenues (B)	46,468	37,995	29,150
ROS (A)/(B)	**13.9%**	**14.7%**	**17.0%**

As of 31 December 2023 the ROS was equal to 13.9%, as of 31 December 2022 was equal to 14.7% and as of 31 December 2021 was equal to 17.0%. The trend in ROS is mainly due to the business growth, which leads the Company to a revenue increase higher than the EBIT’s one, related to the lower profitability of the new companies acquired.

5. Net Financial Indebtedness

The following table shows the breakdown of the Company's Net Financial Indebtedness as of 31 December 2023, 2022, and 2021, determined in accordance with CONSOB Communication No. DEM/6064293 of 28 July 2006 and in accordance with ESMA Recommendations/2013/319.

Euro thousand	31 December 2023	31 December 2022	31 December 2021	Change 2023 vs 2022		Change 2022 vs 2021	
A. Cash	14,437	13,867	15,753	570	4%	(1,886)	(12%)
B. Cash equivalents	0	0	0	0	n.a.	0	n.a.
C. Other current financial assets	4,633	4,291	2,164	342	8%	2,127	98%
D. Liquidity (A)+(B)+(C)	**19,070**	**18,158**	**17.917**	**912**	**5%**	**241**	**1%**
E. Current financial debt	(15)	(14)	(8)	(1)	7%	(6)	75%
F. Current portion of non-current financial debt	(4,895)	(3,317)	(2,636)	(1,578)	48%	(681)	26%
G. Current financial debt (E)+(F)	**(4,910)**	**(3,331)**	**(2,644)**	**(1,579)**	**47%**	**(687)**	**26%**
H Net current financial debt (D)+(G)	**14,160**	**14,827**	**15,273**	**(667)**	**(4%)**	**(446)**	**(3%)**
I. Non-current financial debt	(1,620)	(2,309)	(3,065)	689	(30%)	756	(25%)
J. Debt instruments	0	0	0	0	n.a.	0	n.a.
K. Other non-current financial debt	(9,425)	(7,457)	(6,055)	(1,968)	26%	(1,402)	23%
L. Non current financial debt (I)+(J)+(K)	**(11,045)**	**(9,766)**	**(9,120)**	**(1,279)**	**13%**	**(646)**	**7%**
M. Net Financial Position (H)+(L)	**3,115**	**5,061**	**6,153**	**(1,946)**	**(38%)**	**(1,092)**	**(18%)**

The Company has a positive Net Financial Indebtedness of Euro 3,115 thousand for the year ended 31 December 2023, Euro 5,061 thousand for the year ended 31 December 2022 and Euro 6,154 thousand for the year ended 31 December 2021.

The item "Other financial Debt" mainly refers to Right of Use Liabilities, accounted for in accordance to IFRS16, earn-out debts and trade payables overdue more than 360 days, as highlighted in paragraph Net Financial Indebtedness of the Group for the years ended December 31, 2023, 2022 and 2021 of Section "*Operating and Financial Review*".

The indicators subject to analysis by the Company with reference to Net Financial Indebtedness are:

- ratio of Net Financial Indebtedness to shareholders' equity
- ratio of Net Financial Indebtedness to EBITDA;
- ratio of EBIT to financial expenses.

The ratio of Net Financial Indebtedness to shareholders' equity is calculated as shown in the table below.

Euro thousand and ratio	31 December 2023	31 December 2022	31 December 2021
Net Financial Indebtedness (A)	3,115	5,061	6,154
Equity (B)	19,289	15,964	12,705
Net Financial Indebtedness / Equity (A/B)	**16.1%**	**31.7%**	**48.4%**

The ratio of Net Financial Indebtedness to EBITDA is calculated as shown in the table below.

Euro thousand and ratio	31 December 2023	31 December 2022	31 December 2021
Net Financial Indebtedness (A)	3,115	5,061	6,154
EBITDA (B)	9,300	7,913	5,953
Net Financial Indebtedness/EBITDA (A)/(B)	**33%**	**64%**	**103%**

The ratio of EBIT to financial expenses is calculated as shown in the table below.

Euro thousand and ratio	31 December 2023	31 December 2022	31 December 2021
Net Financial Indebtedness (A)	3,115	5,061	6,154
EBIT (B)	6,468	5,593	4,955
Net Financial Indebtedness/EBIR A (A)/(B)	**48%**	**90%**	**124%**

6. <u>DSO (Days Sales Outstanding)</u>

The DSO and the trade receivables turnover rate are calculated as shown in the table below.

Euro thousand and ratio	31 December 2023	31 December 2022	31 December 2021
Trade receivables (A) net of 22% VAT	13,127	10,176	6,358
Total revenues (B)	46,468	37,995	29,150
DSO (A)/(B)*365	**103**	**98**	**80**
Trade receivables turnover ratio (B)/(A)	**3.54**	**3.73**	**4.58**

As of 31 December 2023, the DSO was 103. The turnover rate for trade receivables is 3.54. as of 31 December 2022, the DSO was 98. The turnover rate for trade receivables was 3.73. as of 31 December 2021, the DSO was 80. The turnover rate for trade receivables was 4.58.

7. DPO (Days Payables Outstanding)

The DPO and the trade payables turnover rate are calculated as shown in the table below.

Euro thousand and ratio	**31 December 2023**	**31 December 2022**	**31 December 2021**
Trade payables (A) net of 22% VAT	3,724	3,041	2,281
Cost for goods and services (B)	18,288	15,577	12,756
DPO (A)/(B)*365	**74**	**71**	**65**
Trade payables turnover (B)/(A)	**4.91**	**5.12**	**5.59**

As of 31 December 2023, the DPO was 74. The turnover rate for trade payables is 4.91. as of 31 December 2022, the DPO was 71. The turnover rate for trade receivables was 5.12. as of 31 December 2021, the DPO was 65. The turnover rate for trade payables was 5.59.

8. Key Balance Sheet and Financial Data Reclassified by Sources and Uses

Below are the main balance sheet and financial data reclassified into a schedule of the Company's sources and uses as of 31 December 2023, 2022 and 2021.

Euro thousand	**31 December 2023**	**31 December 2022**	**31 December 2021**
Uses			
Net fixed assets	13,038	9,091	5,134
Net working capital	3,136	1,812	1,417
Total uses	**16,174**	**10,903**	**6,551**
Sources			
Net Financial Indebtedness (*)	3,115	5,061	6,154
Equity	(19,289)	(15,964)	(12,705)
Total sources	**(16,174)**	**(10,903)**	**(6,551)**

(*) For a better understanding of the composition of the Net Financial Indebtedness as of 31 December 2023, 2022 and 2021, please see Part II, Section One, Chapter XVIII, Paragraph 8.1 "*Short- and long-term financial resources of the Company*".

Net fixed assets and net working capital as of the reference dates are calculated as shown in the table below.

Euro thousand	**31 December 2023**	**31 December 2022**	**31 December 2021**
Uses			
Tangible assets	788	545	467
Right of use assets	3,995	4,945	3,941
Other intangible assets	7,384	3,907	1,686
Goodwill	8,954	5,779	4,002
Investments	23	55	157
Deferred tax assets	615	647	564
Other non-current assets	65	31	28
Employee benefits	(6,662)	(5,432)	(4,778)
Non-current provisions	(330)	(243)	(556)
Deferred tax liabilities	(1,794)	(1,143)	(377)
Net fixed assets	**13,038**	**9,091**	**5,134**
Trade receivables	16,015	12,415	7,757
Contract assets	1,699	336	187
Inventories	194	91	85
Trade payables	(4,543)	(3,710)	(2,783)
Advances for contract assets	0	0	0
Other current assets	2,341	1,383	2,314
Tax liabilities	(2,092)	(1,607)	(1,898)
Other current liabilities	(10,478)	(7,096)	(4,245)
Net working capital	**3,136**	**1,812**	**1,417**
Total Uses	**16,174**	**10,903**	**6,551**
Sources			
Net Financial Indebtedness (*)	**3,115**	**5,061**	**6,154**
Share capital	1,015	1,015	1,015
Legal reserve	203	203	203

Other reserves	1,665	1,688	1,225
Net result for the year	4,232	3,677	3,595
Retained earnings/(losses)	12,003	9,220	6,487
Group Equity	**19,118**	**15,803**	**12,525**
Minority interests	162	147	154
Net result for the year	9	14	26
Equity	**19,289**	**15,964**	**12,705**
Total sources	**16,174**	**10,903**	**6,551**

OPERATING AND FINANCIAL REVIEW

The following is a discussion and analysis of the Group's results of operations and financial condition as of and for the years ended December 31, 2023, 2022 and 2021.

The discussion of the Group's result of operations reported in this chapter is based on financial information extracted without adjustments from the Three-Year Consolidated Financial Statements. Factors that could cause or contribute to these results include, but are not limited to, those discussed below and elsewhere in this Prospectus.

The following discussion of the financial condition and results of operation of the Group should be read in conjunction with the rest of this Prospectus, including the information set forth in "*Selected Financial Information*" and the Three-Year Consolidated Financial Statements beginning on page F-1 of this Prospectus.

For further information on the critical accounting judgements and key sources of estimation uncertainty, please see the Notes to the Three-Year Consolidated Financial Statements.

For a discussion of the presentation of the Group's historical information included in this Prospectus, see "*Important Information – Presentation of financial and other information*". For a reconciliation of Non-IFRS Measures to their most directly comparable IFRS measure, see "*Selected Financial and Other Information – Non-IFRS Measures and other metrics*".

Overview

The Group is a leading ICT player in Italy, rooted in many years of experience developed in the market of IT solutions for the main industrial segments and service markets. SYS-DAT Group offers highly innovative IT solutions for all of its clients' mission critical processes. The Group's mission is to enable new business models to its customers, through software solutions and consulting services. The solutions provided by the Group in each segment of activity may be applied, simultaneously or separately, in all or some of the following industry sectors: fashion & luxury, manufacturing, ceramics, food & beverage, healthcare, logistics, publishing, banking and professional services (law firms), retail and distribution.

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

- cross-selling, that drove an enriched offering thanks to new solutions coming from the acquired companies and from R&D activities;
- the evolution of the software sales proposal from "On Premise" to "Software as a Service";
- the increase in recurring Cloud fees, coming from more and more customers and solutions managed in Outsourcing, and recurring maintenance fees;
- the identification of software proposals that had tangible benefits through the enablement of new business models (e.g. Virtual Showroom, Omnichannel);
- the acquisition of new medium-large customers.

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

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

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

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

M&A Strategy

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

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

ESG Strategy

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

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

Comparability of Financial Information

Since 2021, the Company accelerated its growth by acquiring 8 companies (3 of them subsequently merged into existing Group's companies). The acquisitions completed by the Group during the financial years 2023 and 2022 have resulted in a discrepancy in the perimeter of the Group considered for the financial years 2023, 2022 and 2021, which affects the comparability of the historical financial information included in the Three-Year Consolidated Financial Statements. As a result, the consolidated financial data for the years ending 31 December 2023 and 2022, and 2021 are not fully comparable and could mislead the investor in the correct interpretation of the economic and financial performance of the Group and thus in the possible choice of investment.

Current trading and recent developments

Since 31 December 2023, there have been no material developments in the Group's business. Despite the overall macroeconomic uncertainty, the operations are continuing to proceed regularly and based on the evidence currently available, the Company believes that will not suffer a significant impact from the dynamics taking place in the economic environment.

To the Company's knowledge, since December 31, 2023 and until the Prospectus Date, compared with the financial year 2023 and with the budget 2024, there have been: (i) no significant changes in the Group's financial condition; (ii) no significant changes in the Group's operating performance; (iii) no significant changes in the Group's inventory, backlog, costs and pricing structure; and (iv) no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for the current financial year.

From the closing date of the 2023 financial year until the Prospectus Date, the Group has not signed any new material financial agreements.

With regard to the unaudited consolidated results for the three months ended March 31, 2024, based on management accounts, the Group recorded: (i) total revenues of Euro 14.3 million; and (ii) EBITDA of Euro 2.8 million. The Net Financial Indebtness at 31 March 2024 is cash positive for Euro 3.7 million. Information presented above has been prepared by management based on internal management accounts and operational records. This information presented above has not been audited, reviewed, verified or subject to any procedures by the Group's Independent Auditors nor any other party for the purposes of its inclusion herein, and accordingly, the Group's Independent Auditors do not express an opinion or provide any form of assurance with respect thereto for the purpose of this Prospectus.

The Group's economic performance is subject to a variety of internal and external factors. The occurrence of external circumstances and factors beyond management's control, including prevailing macroeconomic conditions and the consequences of the ongoing conflicts between Russia and Ukraine and Israel and Hamas, could have a material adverse effect on the Group's business, financial condition and results of operations. In particular, the Group's inability to fully and/or timely passthrough to its customers future increases in prices may result in the Group's inability to absorb the increased prices with material adverse effects on the Group's profitability. At the same time, the increase of costs related to the financing of the Group's growth and of R&D activities might reduce economic margins, even in a situation of growing results.

Key factors affecting the Group's performance

As of 31 December 2023, the Company reported an EBITDA equal to Euro 9,300 thousand and a net profit for the year equal to Euro 4,241 thousand, after having capitalized developments costs equal to Euro 2,047 thousand, or 4.4% of total revenues for the year.

As of 31 December 2022, the Company reported an EBITDA equal to Euro 7,913 thousand and a net profit for the year equal to Euro 3,691 thousand, after having capitalized developments costs equal to Euro 1,709 thousand, or 4.5% of total revenues for the year.

As of 31 December 2021, the Company reported an EBITDA equal to Euro 5,953 thousand and a net profit for the year equal to Euro 3,621 thousand, after having capitalized developments costs equal to Euro 831 thousand, or 2.8% of total revenues for the year.

Please note that the Company has capitalized mainly internal costs such as employees costs for each year ended 31 December 2023, 31 December 2022 and 31 December 2021.

Financial operations, positive and equal to Euro 74 thousand, negative and equal to Euro 303 thousand, and negative and equal to Euro 82 thousand as of 31 December 2023, 2022 and 2021, respectively, amounted, in percentage terms, to:

- EBIT +1.14% as of 31 December 2023, -5.42% and -1.66%, as of 31 December 2022 and 2021, respectively;

- EBITDA +0.80%, -3.83% and -1.38% as of 31 December 2023, 2022 and 2021, respectively.

The main factors that influenced the Company's financial/operating performance are briefly outlined below.

- The EBITDA trend in FY 2023 shows an increase equal to 18% vs FY 2022; the year-on-year increase in revenues (+23%) was partially offset by the increase in costs, with particular reference to personnel costs (+33%), due both to an increase in the number of employees, that grew by 102 FTE on average over the year, and to the search of higher skilled employees to support the growth undertaken by the Company.

- The EBITDA margin in FY 2023 compared to fiscal year 2022, remained approximately steady, from 20.8% to 20.0%.

- The EBITDA trend in FY 2022, shows an increase equal to 33% vs FY 2021; the year-on-year increase in revenue (+31%) is substantially matched by the growth in costs (+31%), particularly in costs for services (+31%), due to the change from a business mainly related to licensed software to a business more related to recurring fees, and personnel costs (+38%), due both to an increase in the number of employees , that grew by 75 FTE on average over the year, and to the search for higher skilled employees to support the growth undertaken by the Company. The increase in EBITDA is also caused by the increase in prices and hourly rates applied by the Company (+10% approx.).

- The EBITDA margin in fiscal year 2022 compared to fiscal year 2021, remained mostly stable, rising from 20.4% to 20.8%.

Significant unusual transactions

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

<u>FY 2021</u>

The Company acquired (i) Humatics, a company specialized in A.I. and based in Verona, (ii) Attua, a company specialized in cybersecurity and based in Verona and (iii) OS2, a company specialized in digital marketing and based in Palermo. More specifically, 100% of Attua was acquired and merged by SYS-DAT Verona, while Logic One acquired and merged a company branch of OS2.

FY 2022

The Company acquired 100% of Emmedata, a company specialized in solutions for the shoe market and based in Civitanova Marche (MC).

FY 2023

The Company acquired: (i) Equalis, a company with solutions specialized for the legal market and based in Milano, that was acquired and merged by Nekte, (ii) V-cube, a company specialized in cybersecurity and based in Reggio Emilia, (iii) Trizeta, a company with solutions specialized for the industrial and manufacturing market and based in Monselice (PD) and (iv) Sisolution, a company with solutions specialized for the textile and manufacturing market and based in San Macario di Samarate (VA)

For further information on M&A activities please refer to section "*Material Agreements*" in Chapter "*Business*" of the Prospectus.

Employment

The Company has invested and continues to invest in the professional growth and enrichment of its human resources.

The ratio of personnel costs over the total revenues in FY 2023 is around 41%, showing a constant increase compared to the previous FY 2022 and FY 2021 in which it stood respectively at around 38% and 35%.

Future developments and R&D activities

In FY 2023, FY 2022 and FY 2021 the Company continued its intense development activity. Development costs that respect the requirements of IFRS 38 are recognized in each financial year as intangible assets with a definite useful life.

The development activities in FY 2023 were mainly focused on four application areas: ERP, SAP ADD-ON, CRM and Retail as detailed in the table below.

2023 R&D total number of days	ERP	SAP ADD-ON	CRM	Retail	Other
7,860	4,872	1,013	467	907	601

The total development cost capitalized in FY 2023 was Euro 2.047 thousand and shown in the table below.

Euro thousand	ERP	SAP ADD-ON	CRM	Retail	Other	TOTAL
Development cost	1,187	331	196	212	121	2,047

Below the most notable projects for each product family; with regards to the project area "SAP ADD-ON", please note that it refers to add-on to the main technology developed by the Company to customize solutions requested by clients that become available also to other customers.

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

The research and development activity in FY 2022 was mainly focused on four application areas: ERP, SAP ADD-ON, CRM and Retail as detailed in the table below.

2022 R&D total number of days	ERP	SAP ADD-ON	CRM	Retail	Other
6,321	3,705	883	452	760	520

The total development cost capitalized in FY 2022 was Euro 1,709 thousand and shown in the table below.

Euro thousand	ERP	SAP ADD-ON	CRM	Retail	Other	TOTAL
Investments of the year	996	269	160	173	111	1,709

Below are described the most notable projects for each product family:

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

The research and development activity in FY 2021 was mainly focused on four application areas: ERP, SAP ADD-ON, CRM and Retail as detailed in the table below.

2021 R&D total number of days	ERP	SAP ADD-ON	CRM	Retail	Other
3,624	2,269	668	24	565	98

The total development cost capitalized in FY 2021 was Euro 831 thousand and are shown in the table below.

Euro thousand	ERP	SAP ADD-ON	CRM	Retail	Other	TOTAL
Investments of the year	550	137	4	114	27	831

Below the most notable projects for each product family:

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

The percentage of development costs on net revenues was equal to 4.50% during FY23, to 4.37% during FY22 and to 2.85% during FY21.

Research expenses are charged to profit and loss in the period in which they are incurred. Development costs are recognized as assets only if the cost attributable to the asset during its development can be reliably measured, the product or process is technically and commercially feasible, it is expected that future economic benefits will flow to the Company and the Company has sufficient resources to complete its development and to use or sell the asset Development costs are recognized net of the cumulated depreciation and after any impairment loss.

RESULT OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

Analysis of the Company's economic performance as of 31 December 2023 and 31 December 2022

The main items of the Company's profit and loss account as of 31 December 2023 and 31 December 2022 are presented below.

Euro thousand and percentage of revenues	**2023**	**%**	**2022**	**%**	**Change 2023 vs 2022**	
Revenues from contracts with customers	46,266	100%	37,761	99%	8,505	23%
Other revenues and income	202	0%	234	1%	(32)	(14%)
Total revenues	**46,468**	**100%**	**37,995**	**100%**	**8,473**	**22%**
Raw materials, consumables and goods	2,754	6%	2,515	7%	239	10%
Change in inventories	(505)	(1%)	(145)	(0%)	(360)	248%
Costs for services	15,534	33%	13,062	34%	2,472	19%
Personnel expenses	18,980	41%	14,295	38%	4,685	33%
Other operating costs	405	1%	355	1%	50	14%
Total operating costs	**37,168**	**80%**	**30,082**	**79%**	**7,086**	**24%**
EBITDA	**9,300**	**20%**	**7,913**	**21%**	**1,387**	**18%**
Depreciation and amortisation	2,569	6%	1,646	4%	923	56%
Other write-downs/releases of provisions	263	1%	674	2%	(411)	(61%)
EBIT	**6,468**	**14%**	**5,593**	**15%**	**875**	**16%**
Interest income/(expense) from investments	18	0%	5	0%	13	260%
Net interest income/(expense)	(85)	(0%)	(158)	(0%)	73	(46%)
Interest income/(expense) from other financial assets	141	0%	(150)	(0%)	291	(194%)
Result before taxes	**6,542**	**14%**	**5,290**	**14%**	**1,252**	**24%**
Taxes	2,301	5%	1,599	4%	702	44%
Net result for the year (A)	**4,241**	**9%**	**3,691**	**10%**	**550**	**15%**
Net result from defined benefits plan (B)	(79)	(0%)	406	1%	(485)	(119%)
Net result for the year (A+B)	**4,162**	**9%**	**4,097**	**11%**	**65**	**2%**

(*) For more details regarding the composition of EBITDA, see Paragraph "*Non-IFRS mesures and other metrics*" in Section "*Selected Financial and other information*" of the Prospectus.

Selected information supporting the changes in the main income statement items as of 31 December 2023 and 31 December 2022 are presented below.

Revenues from sales and services

Revenues increased from Euro 37,761 thousand in FY 2022 to Euro 46,266 thousand in FY 2023, showing an increase of Euro 8,505 thousand (+23%).

The revenue increase was mostly driven by organic growth: the companies acquired in the year gave a modest contribution, equal to Euro 2,732 thousand in 2023 (5.9% of total revenues) influenced by the timing of their acquisition during the fiscal year.

The breakdown of operating revenues is illustrated below.

Euro thousand and percentage on revenues	**2023**	**%**	**2022**	**%**	**Change 2023 vs 2022**	
Core business software solutions	33,318	71.70%	27,200	71.59%	6,118	22%
Value added software solutions	4,576	9.85%	3,453	9.09%	1,123	33%
ICT Services	8,372	18.02%	7,108	18.71%	1,264	18%
Total revenues from contracts with customers	**46,266**	**99.57%**	**37,761**	**99.38%**	**8,505**	**23%**

Revenues from core business software solutions

Revenues from core business software solutions increased by Euro 6,118 thousand (+22%) in FY 2023.

On a percentage basis, *Core Business Software Solutions* have maintained over the years a % of revenues above 70%, which is in line with the Company target KPI. This high percentage favours two success factors:

- strong and durable business relationship with customers, as these projects have an average lifetime of more than 10 years;
- cross selling opportunities as Core Business Software Solutions, primarily the ERP, are central to all additional new solutions that will be purchased over time.

Core Business Software Solutions evolution was driven by different factors in the years:

- in FY 2022, the year was characterized by strong growth in ERP&CRM solutions in the fashion&luxury industry, mainly the Shoe's market;

- In FY 2023, the year was characterized by the consolidation of ERP solutions and a growth in extended ERP solutions such as CRM&B2B.

Revenues from Value added software solutions

Revenues from Value added software solutions increased by Euro 1,123 thousand (+33%) in FY 2023.

On a percentage basis, they typically represent 10% of the Core Business Software Solutions, thanks to cross selling activities.

Value Added Software Solutions ratio of revenue in FY 2023 increased mainly thanks to Virtual Showroom and digital marketing.

Revenues from ICT services

Revenues from ICT services increased by Euro 1,264 thousand (+18%) in FY 2023, and the ratio basis was quite stable around 18%.

ICT Services evolution was driven by different factors in the years:

- FY 2022: the year had strong growth in both quality and quantity across the entire offering with particular focus on Digital Marketing and Cloud services which increasingly became an integral part of the entire offering.

- FY 2023: the year saw a consolidation of the entire ICT Services offering and growth in GDPR services and Managed Cyber Security Services.

The table below shows the breakdown of revenues by geographical area.

Euro thousand and percentage on revenues	**2023**	**%**	**2022**	**%**
Italy	43,580	94%	35,697	94%
C.E.E.	1,405	3%	998	3%
Extra C.E.E.	1,281	3%	1,066	3%
Total revenues from contracts with customers	**46,266**	**100%**	**37,761**	**99%**

As shown in the table above, the Company's business appears to be mainly concentrated at a national level (94% for both FY 2023 and 2022).

<u>Other revenues and income</u>

Other revenues decreased from Euro 234 thousand in FY 2022 to Euro 202 thousand in FY 2023, a decrease of Euro 32 thousand (-14%).

Euro thousand and percentage on revenues	**2023**	**%**	**2022**	**%**	**Change 2023 vs 2022**	
Recoveries and chargebacks	14	0.0%	21	0.1%	(7)	(33%)
Operating contributions	16	0.0%	17	0.0%	(1)	(6%)
Other contributions	19	0.0%	33	0.1%	(14)	(42%)
Insurance claims	5	0.0%	2	0.0%	3	150%
Non-recurring income	96	0.2%	160	0.4%	(64)	(40%)
Other	52	0.1%	1	0.0%	51	5,100%
Total other revenues and income	**202**	**0.4%**	**234**	**0.6%**	**(32)**	**(14%)**

As shown in the table above, "other revenues and income" mainly refer to non-recurring income (equal to Euro 96 thousand during FY2023 and Euro 160 thousand during FY2022), mainly due to collections from insolvency proceedings not originally forecast and previously fully written off.

<u>Raw materials, consumables and goods</u>

Raw materials, consumables and goods increased from Euro 2,515 thousand in FY 2022 to Euro 2,754 thousand in FY 2023, an increase of Euro 239 thousand (+10%).

Euro thousand and percentage on revenues	2023	%	2022	%	Change 2023 vs 2022	
HW for resale	1,288	2.8%	1,453	3.8%	(165)	(11%)
SW for resale	1,203	2.6%	887	2.3%	316	36%
HW and SW for internal use	95	0.2%	64	0.2%	31	48%
Other	168	0.4%	111	0.3%	57	51%
Total raw materials, consumables and goods	**2,754**	**5.9%**	**2,515**	**6.6%**	**239**	**10%**

The procurement of raw materials takes place at market conditions and is influenced by normal inflationary trends. The majority of raw materials, consumables and goods is acquired as part of contracts with customers and resold to them over the duration of the contract itself.

Change in inventories of finished products.

Change in inventories of finished products are negative and equal to Euro 505 thousand as of 31 December 2023 (negative and equal to Euro 145 thousand as of 31 December 2022).

Euro thousand	2023	2022	Change 2023 vs 2022	
Changes in contract assets	(556)	(165)	(391)	237%
Changes in finished goods	51	20	31	155%
Change in inventories	**(505)**	**(145)**	**(360)**	**392%**

Please note how the change in inventories is mainly attributable to the variance in contract assets, negative and equal to Euro 556 thousand in FY 2023 and negative and equal to Euro 165 thousand in FY 2022. For further details on contract assets please refer to "*Inventories*" section in Paragraph "*Net Working Capital*" included in Chapter "*Capital resources of the Group for the years ended December 31, 2023, 2022 and 2021*" of the Prospectus.

Costs for services

Costs for services increased from Euro 13,062 thousand in FY 2022 to Euro 15,534 thousand in FY 2023, showing an increase of Euro 2,472 thousand (+19%).

The breakdown of costs for services, as of 31 December 2023 and 31 December 2022 are presented below.

Euro thousand and percentage on revenues	2023	%	2022	%	Change 2023 vs 2022	
Consulting services	4,538	9.8%	3,770	9.9%	768	20%
Software maintenance fee	1,972	4.2%	1,597	4.2%	375	23%
Outsourcing maintenance fee	2,218	4.8%	1,747	4.6%	471	27%
Electronic invoicing fee	412	0.9%	299	0.8%	113	38%
Maintenance costs	74	0.2%	76	0.2%	(2)	(3%)
Insurance	122	0.3%	109	0.3%	13	12%
Marketing	204	0.4%	72	0.2%	132	183%
Directors costs	4,077	8.8%	3,823	10.1%	254	7%
Travel and accomodation fees	1,043	2.2%	831	2.2%	212	26%
Utilities	377	0.8%	240	0.6%	137	57%
Rental and leasing service costs	411	0.9%	304	0.8%	107	35%
Other	86	0.2%	194	0.5%	(108)	(56%)
Total costs of services	**15,534**	**33.4%**	**13,062**	**34.4%**	**2,472**	**19%**

The increase in items "Consulting services" (equal to Euro 768 thousand), "Software maintenance fee" (equal to Euro 375 thousand), "Outsourcing maintenance fee" (equal to Euro 471 thousand) is strictly connected to the business growth, that required an higher level of services supplied by third parties.

The increase in item "Marketing", equal to Euro 132 thousand (+183%) is strictly connected to the IPO process and to the choice of the Company to invest on the brand awareness in FY 2023.

The increase in item "Director costs", equal to Euro 254 thousand (+7%) is mainly connected to the business combination occurred in FY 2023 and to the increase in the number of Directors.

Personnel expenses

Personnel expenses increased from Euro 14,295 thousand in FY 2022 to Euro 18,980 thousand in FY 2023, showing an increase of Euro 4,685 thousand (+33%).

Euro thousand and percentage on revenues	2023	%	2022	%	Change 2023 vs 2022	
Wages and salaries	14,481	38.1%	11,015	29.0%	3,466	31%
Social security contributions	3,069	8.1%	2,353	6.2%	716	30%
Employees' leaving entitlement and other personnel provisions	849	2.2%	645	1.7%	204	32%
Warrants	55	0.1%	55	0.1%	0	0%
Other costs	526	1.4%	227	0.6%	299	132%
Total personnel expenses	**18,980**	**50.0%**	**14,295**	**37.6%**	**4,685**	**33%**

The increase in the item Personnel expenses as of 31 December 2023 compared to 31 December 2022 is mainly due to the recruitment of 159 new employees during the FY 2023 (of which 51 due to business combination operations), for the development of ongoing projects, which resulted in an increase in the item wages and salaries.

The following table shows the average number of employees of the Company in the FY 2023 and 2022.

Average number of employee	2023	2022
Executives	8	7
White-collars	341	240
TOTAL	**349**	**247**

The following table shows the number of employees employed by the Company as of 31 December 2023 and 31 December 2022.

Numbers of Employee	2023	2022
Executives	8	7
White-collars	420	262
TOTAL	**428**	**269**

The workforce as of 31 December 2023 is equal to of 8 executives and 420 white-collar. The total number of fixed-term employees is 12. The workforce as of 31 December 2022 is equal to of 6 executives and 269 white-collar employees. The total number of fixed-term employees is 6.

Depreciation, amortization and impairment losses

Depreciation, amortizazion and impairment losses is equal to Euro 2,832 thousand in FY 2023 and Euro 2,320 thousand in FY 2022, showing an increase of Euro 512 thousand (22%).

Euro thousand and percentage on revenues	2023	%	2022	%	Change 2023 vs 2022	
Amortisation of tangible assets	843	1.8%	724	1.9%	119	16%
Amortisation of intangible assets	1,726	3.7%	922	2.4%	804	87%
Bad debt write-downs	263	0.6%	674	1.8%	(411)	(61%)
Total depreciation and amortisation	**2,832**	**6.1%**	**2,320**	**6.1%**	**512**	**22%**

This trend is a direct consequence of the continuous process of productive investments pursued by the Company in recent years.

The item "bad debt provision", refers to the net amount of provisions and releases relating to the allowance for doubtful accounts.

Other operating costs

Other operating expenses increased from Euro 355 thousand in FY 2022 to Euro 405 thousand in FY 2023, showing an increase of Euro 50 thousand, corresponding to 14%.

Euro thousand and percentage on revenues	2023	%	2022	%	Change 2023 vs 2022	
Stamp duties and other taxes	95	0.2%	76	0.2%	19	100%
Membership fees and benefits	32	0.1%	42	0.1%	(10)	(24%)
Non recurring expenses	223	0.5%	225	0.6%	(2)	100%
Other	55	0.1%	12	0.0%	43	358%
Total other operating costs	**405**	**0.9%**	**355**	**0.9%**	**50**	**14%**

The main item of "other operating costs" refers to non-recurring expenses, equal to Euro 223 thousand in FY2023 and Euro 225 thousand in FY2022 and mainly related to losses on receivables from previous years (equal to Euro 173 thousand in

FY2023 and Euro 18 thousand in FY2022) and non-recurring costs (equal to Euro 50 thousand in FY2023 and Euro 207 thousand in FY2022).

Net interest income (expense)

Net interest income (expenses) increased from a negative balance equal to Euro 303 thousand in FY 2022 to a positive balance equal to Euro 74 thousand in FY 2023, showing an increase of Euro 377 thousand, corresponding to 124%.

Euro thousand and percentage on revenues	2023	%	2022	%	Change 2023 vs 2022	
Dividends and financial income from invested assets	18	0.04%	5	0.01%	13	260%
Other financial income/(charges)	(85)	(0.18%)	(158)	(0.42%)	73	(46%)
Unrealized gains/(losses) at fair value	141	0.30%	(150)	(0.39%)	291	(194%)
Net income/ (expenses) from financial operations	**74**	**0.19%**	**(303)**	**(1.04%)**	**377**	**(124%)**

Other financial income/(charges) is composed as follows.

Euro thousand and percentage on revenues	2023	%	2022	%	Change 2023 vs 2022	
Interest payables on loans	16	0.03%	21	0.06%	(5)	(24%)
Interests payables on leasing	213	0.46%	129	0.34%	84	65%
Realized losses/(gains) on invested assets losses/(gains)	(159)	(0.34%)	1	0.00%	(160)	(16000%)
Other	15	0.03%	7	0.02%	8	114%
Other financial income/(charges)	**85**	**0.18%**	**158**	**0.42%**	**(73)**	**(46%)**

The decrease during FY23 is mainly due to capital gains on financial investments, positive and equal to Euro 159 thousand, almost entirely related to bond portfolio.

Analysis of the Company's economic performance as of 31 December 2022 and 31 December 2021

The main items of the Company's profit and loss account as of 31 December 2022 and 31 December 2021 are presented below.

Euro thousand and percentage of revenues	2022	%	2021	%	Change 2022 vs 2021	
Revenues from contracts with customers	37,761	99%	28,801	99%	8,960	31%
Other revenues and income	234	1%	349	1%	(115)	(33%)
Total revenues	**37,995**	**100%**	**29,150**	**100%**	**8,845**	**30%**
Raw materials, consumables and goods	2,515	7%	2,778	10%	(263)	(9%)
Change in inventories	(145)	(0%)	(151)	(1%)	6	(4%)
Costs for services	13,062	34%	9,978	34%	3,084	31%
Personnel expenses	14,295	38%	10,347	35%	3,948	38%
Other operating costs	355	1%	245	1%	110	45%
Total operating costs	**30,082**	**79%**	**23,197**	**80%**	**6,885**	**30%**
EBITDA	**7,913**	**21%**	**5,953**	**20%**	**1,960**	**33%**
Depreciation and amortisation	1,646	4%	1,013	3%	633	62%
Other write-downs/releases of provisions	674	2%	(15)	(0%)	689	(4593%)
EBIT	**5,593**	**15%**	**4,955**	**17%**	**638**	**13%**
Interest income/(expense) from investments	5	0%	38	0%	(33)	(87%)
Net interest income/(expense)	(158)	(0%)	(159)	(1%)	1	(1%)
Interest income/(expense) from other financial assets	(150)	(0%)	22	0%	(172)	(782%)
Share of results of investments accounted for using the equity method	0	0%	17	0%	(17)	(100%)
Result before taxes	**5,290**	**14%**	**4,873**	**17%**	**417**	**9%**
Taxes	1,599	4%	1,252	4%	347	28%
Net result for the year (A)	**3,691**	**10%**	**3,621**	**12%**	**70**	**2%**
Net result from defined benefits plan (B)	406	1%	(185)	(1%)	591	(319%)
Net result for the year (A+B)	**4,097**	**11%**	**3,436**	**12%**	**661**	**19%**

Selected information supporting the changes in the main income statement items as of 31 December 2022 and 31 December 2021 is presented below.

Revenues from sales and services

Revenues increased from Euro 28,801 thousand in FY 2021 to Euro 37,761 thousand in FY 2022, showing an increase of Euro 8,960 thousand (+31%). The revenue increase was mostly driven by organic growth: the companies acquired in the year gave a modest contribution, equal to Euro 4,197 thousand in 2022 (11.0% of total revenues) influenced by the timing of their acquisition during the fiscal year.

The breakdown of operating revenues is illustrated below.

Euro thousand and percentage on revenues	**2022**	**%**	**2021**	**%**	**Change 2022 vs 2021**	
Core business software solutions	27,200	71.6%	21,683	74.4%	5,517	25%
Value added software solutions	3,453	9.1%	2,140	7.3%	1,313	61%
ICT Services	7,108	18.7%	4,978	17.1%	2,130	43%
Total revenues from contracts with customers	**37,761**	**99.4%**	**28,801**	**98.8%**	**8,960**	**31%**

Revenues from core business software solutions

Revenues from core business software solutions increased by Euro 5,517 thousand (+25%) in FY 2022.

On a percentage basis, *Core Business Software Solutions* have maintained over the years a % of revenues above 70%, which is in line with the Company target KPI. This high ratio favours two success factors:

- strong and durable business relationship with customers, as these projects have an average lifetime of more than 10 years;
- cross selling opportunities as Core Business Software Solutions, primarily the ERP, are central to all additional new solutions that will be purchased over time.

Core Business Software Solutions evolution was driven by different factors in the years under analysis:

- FY 2021, in the "Post Covid" year, the Market re-started investing in medium and long-term projects, where the focus was towards process optimization. The Manufacturing and Distribution Industry have grown more than the Fashion & Luxury Industry;
- FY 2022, the year was characterized by strong growth in ERP&CRM solutions in the fashion&luxury industry, mainly the Shoe’s market.

Revenues from Value added software solutions

Revenues from Value added software solutions increased by Euro 1,313 thousand (+61%) in FY 2022.

On a percentage basis, they typically represent almost 10% of the Core Business Software Solutions, thanks to cross selling activities.

Value Added Software Solutions evolution was driven by different factors in the years under analysis:

- FY 2021, in the “Post-Covid” year, given the overall uncertainty, customers were mainly focused on core solutions, hence Value Added despite growing, had a lower percentage of total revenue compared with the following years;
- FY 2022, the year marked a growth also in terms of share of revenue compared to the previous year driven by all the value added solutions and in particular thanks to RFID and BI solutions.

Revenues from ICT services

Revenues from ICT services increased by Euro 2,130 thousand (+43%) in FY 2022.

On a percentage basis they were quite stable around 18%. ICT Services evolution was driven by different factors in the years under analysis:

- 2021, the “Post-Covid” year was characterized by the consolidation of Cloud services, thanks to the growth of web solutions and the need of outsourcing of information systems due to smart-working;
- FY 2022, the year had strong growth in both quality and quantity across the entire offering with particular focus on Digital Marketing and Cloud services which increasingly became an integral part of the entire offering.

The table below shows the breakdown of revenues by geographical area.

Euro thousand and percentage on revenues	**2022**	**%**	**2021**	**%**
Italy	35,697	94%	27,067	93%

C.E.E.	998	3%	631	2%
Extra C.E.E.	1,066	3%	1,103	4%
Total revenues from contracts with customers	**37,761**	**99%**	**28,801**	**99%**

As shown in the table above, the Company's business appears to be mainly concentrated at a national level (94% and 93% of turnover in the FY 2022 and 2021, respectively).

Other revenues

Other revenues decreased from Euro 349 thousand in FY 2021 to Euro 234 thousand in FY 2022, that represents a decrease of Euro 115 thousand (-33%).

Euro thousand and percentage on revenues	2022	%	2021	%	Change 2022 vs 2021	
Recoveries and chargebacks	21	0.1%	48	0.2%	(27)	(56%)
Operating contributions	17	0.0%	6	0.0%	11	183%
Other contributions	33	0.1%	90	0.3%	(57)	(63%)
Insurance claims	2	0.0%	5	0.0%	(3)	(60%)
Non recurring income	160	0.4%	194	0.7%	(34)	(18%)
Other	1	0.0%	6	0.0%	(5)	(83%)
Total other revenues and income	**234**	**0.6%**	**349**	**1.2%**	**(115)**	**(33%)**

As shown in the table above, "other revenues" mainly refer to non-recurring income (equal to Euro 160 thousand during FY2022 and Euro 194 thousand during FY2021) mainly due to:

- In FY 2022, mainly related to collections from insolvency proceedings not originally foreseen and previously fully written off, equal to Euro 150 thousand.
- In FY 2021, (i) capital gains on the disposal of a property in the amount of Euro 89 thousand and (ii) Euro 100 thousand, mainly related to collections from insolvency proceedings not originally foreseen and previously fully written off.

Raw materials, consumables and goods

Raw materials, consumables and goods decreased from Euro 2,778 thousand in FY 2021 to Euro 2,515 thousand in FY 2022, showing a decrease of Euro 263 thousand (-9%).

The procurement of raw materials takes place at market conditions and is influenced by normal inflationary trends.

Euro thousand and percentage on revenues	2022	%	2021	%	Change 2022 vs 2021	
HW for resale	1,453	3.8%	1,088	3.7%	365	34%
SW for resale	887	2.3%	1,503	5.2%	(616)	(41%)
HW and SW for internal use	64	0.2%	104	0.4%	(40)	(38%)
Other	111	0.3%	83	0.3%	28	34%
Total raw materials, consumables and goods	**2,515**	**6.6%**	**2,778**	**9.5%**	**(263)**	**(9%)**

The majority of raw materials, consumables and goods is acquired as part of contracts with customers and resold to them over the duration of the contract itself.

Change in inventories of finished products.

Change in inventories of finished products are negative and equal to Euro 145 thousand as of 31 December 2022 (positive and equal to Euro 151 thousand as of 31 December 2021).

Euro thousand	2022	2021	Change 2022 vs 2021	
Changes in contract assets	(165)	(158)	(7)	4%
Changes in finished goods	20	7	13	186%
Change in inventories	**(145)**	**(151)**	**6**	**190%**

Please note how the change in inventories is mainly attributable to the variance in contract assets, negative and equal to Euro 165 thousand in FY 2022 and negative and equal to Euro 158 thousand in FY 2021. For further details on contract assets please refer to refer to "*Inventories*" section in Paragraph "*Net Working Capital*" included in Chapter "*Capital resources of the Group for the years ended December 31, 2023,2022 and 2021*" of the Prospectus.

Costs for services

Costs for services increased from Euro 9,978 thousand in FY 2021 to Euro 13,062 thousand in FY 2022, showing an increase of Euro 3,084 thousand (+31%).

The breakdown of costs for services, as of 31 December 2022 and 31 December 2021 are presented below.

Euro thousand and percentage on revenues	2022	%	2021	%	Change 2022 vs 2021	
Consulting services	3,770	9.92%	3,602	12.36%	168	5%
Software maintenance fee	1,597	4.20%	1,096	3.76%	501	46%
Outsourcing maintenance fee	1,747	4.60%	1,092	3.75%	655	60%
Electronic invoicing fee	299	0.79%	172	0.59%	127	74%
Maintenance costs	76	0.20%	56	0.19%	20	36%
Insurance	109	0.29%	89	0.31%	20	22%
Marketing	72	0.19%	49	0.17%	23	47%
Directors costs	3,823	10.06%	2,877	9.87%	946	33%
Travel and accomodation fee fees	831	2.19%	401	1.38%	430	107%
Utilities	240	0.63%	126	0.43%	114	90%
Rental and leasing service costs	304	0.80%	245	0.84%	59	24%
Other	194	0.51%	173	0.59%	21	12%
Total costs of services	**13,062**	**34.38%**	**9,978**	**34.23%**	**3,084**	**31%**

The increase in items "Consulting services" (equal to Euro 170 thousand), "Software maintenance fee" (equal to Euro 501 thousand), "Outsourcing maintenance fee" (equal to Euro 655 thousand) is strictly connected to the business growth, that required a higher level of services supplied by third parties.

The increase in item "Director costs", equal to Euro 946 thousand (+33%) is mainly connected to the business combination occurred in the year and the increase in the number of Directors.

Personnel expenses

Personnel expenses increased from Euro 10,347 thousand in FY 2021 to Euro 14,295 thousand in FY 2022, showing an increase of Euro 3,948 thousand, corresponding to (+38%).

Euro thousand and percentage on revenues	2022	%	2021	%	Change 2022 vs 2021	
Wages and salaries	11,015	29.0%	7,842	26.9%	3,173	40%
Social security contributions	2,353	6.2%	1,965	6.7%	388	20%
Employees' leaving entitlement and other personnel provisions	645	1.7%	452	1.6%	193	43%
Warrants	55	0.1%	28	0.1%	27	96%
Other costs	227	0.6%	60	0.2%	167	278%
Total personnel expenses	**14,295**	**37.6%**	**10,347**	**35.5%**	**3,948**	**38%**

The increase in the item Personnel expenses as of 31 December 2022 compared to 31 December 2021 is mainly due to the recruitment of 68 new employees during the financial year 2022 (of which 3 coming from business combination operations), for the development of ongoing projects, which resulted in an increase in the item wages and salaries.

The following table shows the average number of employees of the Company in the FY 2022 and 2021 respectively.

Average number of employee	2022	2021
Executives	7	5
White-collars	240	167
TOTAL	**247**	**172**

The following table shows the number of employees employed by the Company as of 31 December 2022 and 31 December 2021.

Number of employees	2022	2021
Executives	7	5
White-collars	262	183
TOTAL	**269**	**188**

The workforce as of 31 December 2022 is equal to 7 executives and 262 white-collar employees. The total number of fixed-term employees is 6.

The workforce as of 31 December 2021 is equal to 5 executives and 183 white-collar employees. The total number of fixed-term employees is 1.

Other operating costs

Other operating costs increased from Euro 245 thousand in FY 2021 to Euro 355 thousand in FY 2022, showing an increase of Euro 110 thousand, corresponding to +44%.

Euro thousand and percentage on revenues	2022	%	2021	%	Change 2022 vs 2021	
Stamps and other taxes	76	0.2%	130	0.4%	(54)	(42%)
Membership fees and benefits	42	0.1%	26	0.1%	16	62%
Non recurring expenses	225	0.6%	79	0.3%	146	185%
Other	12	0.0%	10	0.0%	2	20%
Total other operating costs	**355**	**0.9%**	**245**	**0.8%**	**110**	**45%**

Other operating costs mainly refers to non-recurring costs, equal to Euro 225 thousand in fiscal year 2022 and Euro 79 thousand in fiscal year 2021, mainly related to losses on receivables from previous years (equal to Euro 18 thousand in FY2022 and Euro 20 thousand in FY2021) and other non-recurring costs (equal to Euro 207 thousand in FY2022 and Euro 51 thousand in FY2021).

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses is equal to Euro 2,320 thousand in FY 2022 and Euro 998 thousand in FY 2021, recording an increase of Euro 1,322 thousand (+132%).

Euro thousand and percentage on revenues	2022	%	2021	%	Change 2022 vs 2021	
Amortisation of tangible assets	724	1.9%	603	2.1%	121	20%
Amortisation of intangible assets	922	2.4%	410	1.4%	512	125%
Bad debt write-downs	674	1.8%	(15)	(0.1%)	689	(4593%)
Total depreciation and amortisation	**2,320**	**6.1%**	**998**	**3.4%**	**1,322**	**132%**

This trend is a direct consequence of the continuous process of productive investments pursued by the Company in recent years.

The item “bad debt provision” refers to the net amount of provisions and releases relating to the allowance for doubtful accounts.

Net interest income (expense)

Net interest expenses decreased from a negative balance equal to Euro 385 thousand in FY 2021 to a negative balance equal to Euro 303 thousand in FY 2022, corresponding to a decrease of Euro 221 thousand or 270%.

Euro thousand and percentage on revenues	2022	%	2021	%	Change 2022 vs 2021	
Dividends and financial income from invested assets	5	0.0%	38	0.1%	(33)	(87%)
Other financial income/(charges)	(158)	(0.4%)	(159)	(0.5%)	1	(1%)
Unrealized gains/(losses) at fair value	(150)	(0.4%)	22	0.1%	(172)	(782%)
Share of results of investments accounted for using the equity method	0	0.0%	17	0.1%	(17)	(100%)
Net income/ (expenses) from financial operations	**(303)**	**(0.8%)**	**(82)**	**(0.3%)**	**(221)**	**270%**

Other financial income/(charges) is composed as follows.

Euro thousand and percentage on revenues	2022	%	2021	%	Change 2022 vs 2021	
Interest payables on loans	21	0.1%	9	0.0%	12	133%
Interests payables on leasing	129	0.3%	109	0.4%	20	18%
Realized losses/(gains) on invested assets	1	0.0%	0	0.0%	1	n.a.
Other	7	0.0%	41	0.1%	(34)	(83%)
Other financial income/(charges)	**158**	**0.4%**	**159**	**0.5%**	**(1)**	**(1)%**

CAPITAL RESOURCES OF THE GROUP FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

The Company’s consolidated balance sheets for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021 is set out below.

31 December 2023 vs 31 December 2022

Euro Thousand	31 December 2023	%	31 December 2022	%	Change 2023 vs 2022	
Non-current assets						
Goodwill	8,954	15%	5,779	12%	3,175	55%
Other intangible assets other than goodwill	7,384	12%	3,907	8%	3,477	89%
Property, plant and equipment	788	1%	545	1%	243	45%
Right of use assets	3,995	7%	4,945	10%	(950)	(19%)
Other investments	23	0%	55	0%	(32)	(58%)
Other non-current assets	65	0%	31	0%	34	110%
Deferred tax assets	615	1%	647	1%	(32)	(5%)
Total non-current assets	**21,824**	**36%**	**15,909**	**33%**	**5,915**	**37%**
Current assets						
Inventories	1,894	3%	427	1%	1,467	344%
Trade receivables	16,015	26%	12,415	26%	3,600	29%
Tax receivables	345	1%	109	0%	236	217%
Other receivables	406	1%	100	0%	306	306%
Other current financial assets	4,633	8%	4,291	9%	342	8%
Other current assets	1,590	3%	1,174	2%	416	35%
Cash and cash equivalents	14,437	24%	13,867	29%	570	4%
Total current assets	**39,320**	**64%**	**32,383**	**67%**	6,937	21%
TOTAL ASSETS	**61,144**	**100%**	**48,292**	**100%**	**12,852**	**27%**
Group equity						
Share capital	1,015	2%	1,015	2%	0	0%
Share premium reserve	60	0%	60	0%	0	0%
Legal reserve	203	0%	203	0%	0	0%
Other reserves	918	2%	862	2%	56	6%
First time adoption reserve	544	1%	544	1%	0	0%
OCI Reserve	143	0%	222	0%	(79)	(36%)
Retained earnings/(losses)	12,003	20%	9,220	19%	2,783	30%
Net result for the year	4,232	7%	3,677	8%	555	15%
Total Group equity	**19,118**	**31%**	**15,803**	**33%**	**3,315**	**21%**
Minority interests						
Minority interests	162	0%	147	0%	15	10%
Net result for the year	9	0%	14	0%	(5)	(36%)
Total minority interests	**171**	**0%**	**161**	**0%**	**10**	**6%**
Non-current liabilities						
Non-current provisions	330	1%	243	1%	87	36%
Employee benefits	6,662	11%	5,432	11%	1,230	23%
Deferred tax liabilities	1,794	3%	1,143	2%	651	57%
Other non-current financial liabilities	11,153	18%	9,744	20%	1,409	14%
Total non-current liabilities	**19,811**	**33%**	**16,562**	**34%**	**3,377**	**20%**
Current liabilities						
Current financial liabilities	4,782	8%	3,203	7%	1,579	49%
Trade payables	4,564	7%	3,860	8%	704	18%
Tax liabilities	2,092	3%	1,607	3%	485	30%
Other current liabilities	10,478	17%	7,096	15%	3,382	48%
Total current liabilities	**22.044**	**36%**	**15,766**	**33%**	**6,150**	**39%**
TOTAL EQUITY AND LIABILITIES	**61,144**	**100%**	**48,292**	**100%**	**12,852**	**27%**

31 December 2022 vs 31 December 2021

Euro Thousand	31 December 2022	%	31 December 2021	%	Change 2022 vs 2021	
Non-current assets						
Goodwill	5,779	12%	4,002	10%	1,777	44%
Other intangible assets other than goodwill	3,907	8%	1,686	4%	2,221	132%
Property, plant and equipment	545	1%	467	1%	78	17%
Right of use assets	4,945	10%	3,941	10%	1,004	25%
Investments accounted for using equity method	0	0%	134	0%	(134)	(100%)

Other investments	55	0%	23	0%	32	139%
Other non-current assets	31	0%	28	0%	3	11%
Deferred tax assets	647	1%	564	1%	83	15%
Total non-current assets	**15,909**	**33%**	**10,845**	**28%**	**5,064**	**47%**
Current assets						
Inventories	427	1%	273	1%	154	56%
Trade receivables	12,415	26%	7,757	20%	4,658	60%
Tax receivables	109	0%	1,236	3%	(1,127)	(91%)
Other receivables	100	0%	528	1%	(428)	(81%)
Other current financial assets	4,291	9%	2,164	6%	2,127	98%
Other current assets	1,174	2%	550	1%	624	113%
Cash and cash equivalents	13,867	29%	15,753	40%	(1,886)	(12%)
Total current assets	**32,383**	**67%**	**28,261**	**72%**	4,122	15%
TOTAL ASSETS	**48,292**	**100%**	**39,106**	**100%**	**9,186**	**23%**
Group equity						
Share capital	1,015	2%	1,015	3%	0	0%
Share premium reserve	60	0%	60	0%	0	0%
Legal reserve	203	0%	203	1%	0	0%
Other reserves	862	2%	806	2%	56	7%
First time adoption reserve	544	1%	544	1%	0	0%
OCI Reserve	222	0%	(185)	(0%)	407	(220%)
Retained earnings/(losses)	9,220	19%	6,487	17%	2,733	42%
Net result for the year	3,677	8%	3,595	9%	82	2%
Total Group equity	**15,803**	**33%**	**12,525**	**32%**	**3,278**	**26%**
Minority interests						
Minority interests	147	0%	154	0%	(7)	(5%)
Net result for the year	14	0%	26	0%	(12)	(46%)
Total minority interests	**161**	**0%**	**180**	**0%**	**(19)**	**(11%)**
Non-current liabilities						
Non-current provisions	243	1%	556	1%	(313)	(56%)
Employee benefits	5,432	11%	4,778	12%	654	14%
Deferred tax liabilities	1,143	2%	377	1%	766	203%
Other non-current financial liabilities	9,744	20%	9,158	23%	586	6%
Total non-current liabilities	**16,562**	**34%**	**14,869**	**38%**	**1,693**	**11%**
Current liabilities						
Current financial liabilities	3,203	7%	2,479	6%	724	29%
Trade payables	3,860	8%	2,910	7%	950	33%
Tax liabilities	1,607	3%	1,898	5%	(291)	(15%)
Other current liabilities	7,096	15%	4,245	11%	2,851	67%
Total current liabilities	**15,766**	**33%**	**11,532**	**29%**	**4,234**	**37%**
TOTAL EQUITY AND LIABILITIES	**48,292**	**100%**	**39,106**	**100%**	**9,186**	**23%**

The following table shows the reclassified statement by "sources and uses" of the Company's consolidated statement of financial position for the years ended 31 December 2023, 31 December 2022 and 31 December 2021.

Euro thousand	**31 December 2023**	**31 December 2022**	**31 December 2021**
Uses			
Net fixed assets	13,038	9,091	5,134
Net working capital	3,136	1,812	1,417
Total uses	**16,174**	**10,903**	**6,551**
Sources			
Net Financial Indebtedness	3,115	5,061	6,154
Equity	(19,289)	(15,964)	(12,705)
Total sources	**(16,174)**	**(10,903)**	**(6,551)**

Below is an analysis of the main items of the reclassified statement by "sources and uses" for the years ended 31 December 2023, 31 December 2022 and 31 December 2021.

Euro thousand	**31 December 2023**	**31 December 2022**	**31 December 2021**
Uses			
Tangible assets	788	545	467

Right of use assets	3,995	4,945	3,941
Other intangible assets	7,384	3,907	1,686
Goodwill	8,954	5,779	4,002
Investments	23	55	157
Deferred tax assets	615	647	564
Other non-current assets	65	31	28
Employee benefits	(6,662)	(5,432)	(4,778)
Non-current provisions	(330)	(243)	(556)
Deferred tax liabilities	(1,794)	(1,143)	(377)
Net fixed assets	**13,038**	**9,091**	**5,134**
Trade receivables	16,015	12,415	7,757
Contract assets	1,699	336	187
Inventories	194	91	85
Trade payables	(4,543)	(3,710)	(2,783)
Other current assets	2,341	1,383	2,314
Tax liabilities	(2,092)	(1,607)	(1,898)
Other current liabilities	(10,478)	(7,096)	(4,245)
Net working capital	**3,136**	**1,812**	**1,417**
Total Uses	**16,174**	**10,903**	**6,551**
Sources			
Net Financial Indebtedness	**3,115**	**5,061**	**6,154**
Share capital	1,015	1,015	1,015
Legal reserve	203	203	203
Other reserves	1,665	1,688	1,225
Net result for the year	4,232	3,677	3,595
Retained earnings/(losses)	12,003	9,220	6,487
Group Equity	**19,118**	**15,803**	**12,525**
Minority interests	162	147	154
Net result for the year	9	14	26
Equity	**19,289**	**15,964**	**12,705**
Total sources	**16,174**	**10,903**	**6,551**

The changes over the period under analysis are described and detailed below, focusing with regard to net fixed assets and net working capital.

<u>Net Fixed Assets</u>

The following table provides a breakdown of net fixed assets for the years ended 31 December 2023, 31 December 2022 and 31 December 2021.

Euro thousand	31 December 2023	31 December 2022	31 December 2021	Change 2023 vs 2022		Change 2022 vs 2021	
Tangible assets	788	545	467	243	45%	78	17%
Right of use	3,995	4,945	3,941	(950)	(19%)	1,004	25%
Goodwill	8,954	5,779	4,002	3,175	55%	1,777	44%
Other intangibles assets other than goodwill	7,384	3,907	1,686	3,477	89%	2,221	132%
Investments	23	55	157	(32)	(58%)	(102)	(65%)
Deferred tax assets	615	647	564	(32)	(5%)	83	15%
Other non-current assets	65	31	28	34	110%	3	11%
Employee benefits	(6,662)	(5,432)	(4,778)	(1,230)	23%	(654)	14%
Non-current provisions	(330)	(243)	(556)	(87)	36%	313	(56%)
Deferred tax liabilities	(1,794)	(1,143)	(377)	(651)	57%	(766)	203%
Net fixed assets	**13,038**	**9,091**	**5,134**	**3,947**	**43%**	**3,957**	**77%**

2023 vs 2022

<u>Tangible Assets</u>

Tangible Assets increased by Euro 243 thousand (45%) compared to 31 December 2022.

Euro thousand	Lands and buildings	Plant and machinery	Other tangible assets	Total

Net Book Value as of 31 December 2022	**266**	**23**	**256**	**545**
Investments	71	174	429	674
Net decreases	(257)	0	(5)	(262)
Depreciation	(9)	(21)	(139)	(169)
Net Book Value as of 31 December 2023	**71**	**176**	**541**	**788**

The variation in "Land and buildings", which decreased by Euro 195 thousand in FY 2023 compared to FY 2022, is mainly due to the effect of a partial proportional spin off of real estate assets executed by the Company on 27 December 2023.

The purpose of the spin off was to separate the two activities in which the Company was engaged, thereby enabling: (i) the simplification of the corporate structure, allowing the Company to concentrate its commitments on its characteristic industrial and commercial activities only; (ii) the reduction of the business risk, since the same is now spread over two different companies, which by their very nature present different levels of potential and operational risk; (iii) the optimization and better control of the profitability of the core activities and their development; and (iv) an easier way to attract new potential shareholders. At the spin-off execution date, the quotas of the real estate new company were assigned to the shareholders of the Company.

The spin off concerned four offices and nine parking spaces located in Milan; two offices and one parking place located in Turin, for a total gross amount of Euro 283 thousand. The spin off took place without any fair value revaluation.

For further information regarding the spin off please refer to *Business - Other extraordinary transactions - Real estate demerger of SYS-DAT S.p.A.*.

The change in "Plant and Machinery", which increased by Euro 153 thousand in FY 2023 compared to FY 2022, is mainly due to the combined effect of:

- new plants and machinery that derives from the acquired companies that entered into the consolidation perimeter in FY 2023, in particular Si-Solution S.r.l., equal to Euro 157 thousand
- New investments of the year, equal to Euro 17 thousand;
- Amortisation of the year, equal to Euro 21 thousand.

"Other tangible assets" increased by Euro 285 thousand (+111%) compared to 31 December 2022 and is detailed as follows.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
Furniture	63	23	40	174%
Electronic office equipments	210	158	52	33%
Mobile phones	15	11	4	36%
Other	252	64	188	294%
Other tangible assets	**541**	**256**	**285**	**111%**

The variation is mainly due to the combined effect of:

- the variation of the consolidation perimeter according to the merger and acquisition activity in FY 2023, equal to Euro 304 thousand of new assets added.
- new investments of the year, equal to Euro 125 thousand and net decreases, equal to Euro 5 thousand;
- Amortisation of the year, equal to Euro 139 thousand.

<u>Goodwill</u>

"Goodwill" amounts to Euro 8,954 thousand as of 31 December 2023 (14.6% of total consolidated assets), and increased by Euro 3,175 thousand compared to Euro 5,779 thousand as of 31 December 2022 (12.0% of total consolidated assets) and is detailed as follows.

Euro thousand	31 December 2022	New Business combinations	31 December 2023
E-LAB CONSULTING S.R.L.	245		245
MODA SYSTEM S.R.L.	430		430
BTW INFORMA TICA S.R.L.	11		11
NEKTE S.R.L.	526		526
HARS S.R.L.	426		426

SYS-DAT VERONA S.R.L.	1,637		1,637
SYS-DAT VERONA S.R.L. (ATTUA S.R.L. MERGER)	20		20
HUMATICS S.R.L.	282		282
EMMEDATA S.R.L.	1,495		1,495
EQUALIS S.R.L.	-	57	57
VCUBE S.R.L.	-	1,286	1,286
SISOLUTION S.R.L.	-	1,584	1,584
TRIZETA S.R.L.	-	248	248
BUSINESS COMBINATIONS GOODWILL BEFORE 31 DECEMBER 2020 (*)	707	-	707
Total Goodwill	**5,779**	**3,175**	**8,954**

(*) The IFRS transition performed by the Company to prepare the "Three-Year Consolidated Financial Statements" for FY 2023, 2022 and 2021 fixed the Transition Date as of 1 January 2021 (equal to 31 December 2020). According to IFRS 3, the business combinations before that date have been assumed according to the hystorical values.

The new business combinations realized by the Company in FY 2023 were Equalis S.r.l., VCube S.r.l., Sisolution S.r.l. and Trizeta S.r.l.. The goodwill acquired and shown in the table above represent the residual portion of the difference between the acquisition price and the fair value of the net assets acquired, after the Company performed the PPA for each business combination (see comments below).

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

Euro thousand	**31 December 2023**	**31 December 2022**	**Change 2023 vs 2022**	
VAR FASHION S.R.L. (Company branch)	230	230	-	0%
BMS SPA (Company branch)	100	100	-	0%
SAI S.R.L. (Company branch)	216	216	-	0%
VAR DIGITAL S.R.L. (Company branch)	99	99	-	0%
TDA SAS DI MARIO APA (Company branch)	21	21	-	0%
OS2 S.R.L. (Company branch)	41	41	-	0%
Business combinations goodwill before 31 December 2020	**707**	**707**	**-**	**0%**

The item goodwill, as shown above, increased over the years according to the merger and acquisitions process performed by the Company. According to IFRS 3, for each acquisition occurred over the period between 1 January 2021 and 31 December 2023, the Company run a Purchase Price Allocation (PPA) exercise with the support of an independent external consultant, comparing the total acquisition price including contractual obligations (in terms of variable amounts and earn-outs) with the fair value of the net assets acquired. The analysis detailed the fair values of acquired assets; in particular from the work done came out intangible assets with definite useful life, such as software and customer relationships. The outcome of the PPA is presented in the following paragraphs. Goodwill for each acquisition over the mentioned period resulted as a residual value after the allocation of the fair values to software and customer relationships as described above. It has to be noted that goodwill was calculated with the full goodwill method according to IFRS 3, that means including the value of third parties (minorities), corrected for IFRS accounting at the reference date, deducting the value of the acquired assets and considering the effect of deferred taxes, as per the following table splitted by acquisition under analysis.

Euro thousand	*Attua S.r.l.*	*Humatics S.r.l.*	*Emmedata S.r.l.*	*Equalis S.r.l.*	*Trizeta S.r.l.*	*Sisolution S.r.l.*	*Vcube S.r.l.*
Business combination date	15/02/2021	12/07/2022	15/02/2022	15/03/2023	21/09/2023	16/11/2023	11/05/2023
Price	881	251	2.600	859	395	2.850	2.056
Eam-out	150	94	162	120	197	790	607
Total price	**1.031**	**345**	**2.762**	**979**	**592**	**3.640**	**2.663**
% owned	100%	70%	100%	100%	100%	100%	70%
Minorities (full goodwill method)	-	148	-	-	-	-	1.142
Total cost	**1.031**	**493**	**2.762**	**979**	**592**	**3.640**	**3.805**
Equity acquired	476	107	354	500	149	1.259	1.770
Net asset acquired	476	107	354	500	149	1.259	1.770
Fair value - software	79	4	709	298	48	285	162
Fair value - customer relationships	664	141	558	287	222	821	879
Deferred Tax Liabilities	(207)	(40)	(353)	(163)	(75)	(309)	(290)
Net assets acquired (100%)	**1.011**	**211**	**1.267**	**922**	**345**	**2.056**	**2.520**
Goodwill	**20**	**282**	**1.495**	**57**	**248**	**1.584**	**1.286**

The useful life calculated for software and customer relationships according to the PPA is set out below:

- Software: 5 years;
- Customer relations: 10 years, based on an *attrition rate* (*churn rate*) equal to 10%.

Impairment Test

In accordance to IAS 36, the goodwill, since considered to have an indefinite useful life, is subject to an impairment test at least once a year. If the outcome of the test reveals an impairment loss, the Company must book an impairment loss in the financial consolidated statements. This test is based on the comparison between the recoverable amount of the goodwill and its net book value in the consolidated financial statements.

The recoverable amount can be calculated either as the present value of the future expected operating cash flows deriving from the use of the asset (the so called “Value in Use”) or as the fair value of the asset less cost to sell it. The Company selects as method to calculate the recoverable amount of the goodwill the Value in Use. The present value of the expected future cash flows deriving from the single acquisitions were calculated with the following assumptions: (i) the cash generating unit (CGU) was considered to be the single legal entity acquired; (ii) the expected operating cash flows were discounted using an appropriate rate, that the Company considered to be the weighted average cost of debt and equity (WACC - Weighted Average Cost of Capital).

The expected operating cash flows were determined on the basis of the 2024-2027 group business plan. The recoverable amount was estimated as the sum of the present value of the operating cash flows for the explicit projections period (2024-2027) and the terminal value expected beyond that projection period.

As far as the estimate of the terminal value is concerned, the expected operating cash flow derives from the FY 2027 expected operating cash flow, appropriately adjusted to take into consideration (i) an adequate level of investment and (ii) the absorption of net long-term working capital.

The cost of capital used to discount the expected operating cash flows is based on the following assumptions:

- was estimated using the Capital Asset Pricing Model (CAPM), which is a generally accepted method referred to in IAS 36 as well;
- reflects current market estimates of the time value of money and the specific risks of asset groups;
- was calculated using comparative market parameters to estimate the “beta coefficient” and the weighting coefficient of the equity and debt capital components;
- takes into account the impact of the application of the new IFRS16 standard.

In addition, it should be noted that:

- WACC used to discount expected operating cash flows amounts to 12.3%;
- the growth rate used (g-rate), expressed in nominal terms and referring to expected operating cash flows in functional currency, is equal to 1%.

The growth rate in the terminal value “g” was prudentially estimated considering a lower growth rate compared to market and Company’s revenues growth.

The impairment test led to recoverable amounts of the goodwill that exceeds their respective carrying amounts. On the basis of the results of the impairment test, the Company did not write down the value of the above-mentioned goodwill, as no impairment loss was identified.

The impairment test was performed on the FY 2023 carrying amounts only since the Company has adopted the IFRS framework starting from the consolidated financial statements closed as of 31 December 2023.

In relation to the assumptions, a sensitivity analysis with respect to WACC and perpetuity growth rate “g” has been performed by the Company. The sensitivity analysis confirmed the results of the Impairment Test and no impairment losses were recorded accordingly. The total headroom coming out from the Impairment Test amounted to Euro 64,3 million in a consolidated basis.

Right of Use of assets (ROU)

“Right of Use of assets” decreased by Euro 950 thousand (-19%) compared to 31 December 2022 and is detailed as follows.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
ROU – company cars	784	446	338	76%
ROU – buildings	3,211	4,499	(1,288)	(29%)
Total ROU	**3,995**	**4,945**	**(950)**	**(19%)**

ROU is accounted for in accordance to the accounting standard IFRS16, which requires the recognition of an asset in a separate line item as outstanding leasing contracts, representing the ROU of the asset, is composed as follows:

- ROU buildings, equal to Euro 3,211 thousand as of 31 December 2023, refers to properties leased by the Company in Turin and Milan.

- ROU company cars, equal to Euro 784 thousand as of 31 December 2023, refers to car long terms rental contracts.

The following table shows the changes in ROU from 31 December 2022 to 31 December 2023.

Euro thousand	Company Cars	Buildings	Total
Net Book Value as of 31 December 2022	**446**	**4,499**	**4,945**
Investments	594	479	1,073
Net decreases		(1,347)	(1,347)
Depreciation	(256)	(420)	(676)
Net Book Value as of 31 December 2023	**784**	**3,211**	**3,995**

The change in "Right of Use assets", which decreased by Euro 950 thousand in FY 2023 compared to FY 2022, is mainly due to the combined effect of:

- the enter into the consolidation perimeter of the ROU of assets belonging to the acquired companies in FY 2023, which resulted in new contributions for Euro 200 thousand, mainly related to company's cars, equal to Euro 118 thousand;

- new lease contracts signed during the year, equal to Euro 873 thousand, of which company's car for Euro 477 thousand and of which buildings for Euro 396 thousand;

- net decreases, equal to 1,347 thousand, with regards to buildings, due to the spin-off of real estate assets executed by the Company on 27 December 2023, previously described;

- amortization of existing ROU, equal to Euro 676 thousand, of which company's car for Euro 256 thousand and of which buildings for Euro 420 thousand.

Intangible assets other than goodwill

Intangible Assets increased by Euro 3,447 thousand (+89%) compared to 31 December 2022. The following table shows the composition of the item as of the reference dates.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
Development costs	2,995	1,866	1,129	61%
Other	72	51	21	41%
Software	1,270	777	493	63%
Customers relationships	3,047	1,213	1,834	151%
Total other intangible assets	**7,384**	**3,907**	**3,477**	**89%**

The following table shows the changes in intangible assets from 31 December 2022 to 31 December 2023.

Euro thousand	Development costs	Software	Customer relationships	Other	Total
Net Book Value as of 31 December 2022	**1,866**	**777**	**1,213**	**51**	**3,907**
Investments – Net Increases	2,046	123	0	31	2,201
Investments – PPA contributions	0	793	2,209	0	3,001
Depreciation	(917)	(423)	(375)	(10)	(1,725)
Net Book Value as of 31 December 2023	**2,995**	**1,270**	**3,047**	**72**	**7,384**

"Development costs" equal to Euro 2,995 thousand as of 31 December 2023 (Euro 1,866 thousand as of 31 December 2022) refers to costs related to the main four project areas (ERP, SAP ADD-ON, CRM and Retail) incurred by the company during each financial year that are recognizable as assets according to IAS 38. For further details regarding the project areas please refer to paragraph refer to “*future developments on R&D activities*” section in Paragraph “*Key factors affecting the group’s performance*” included in Chapter “*Operating and financial review*” of the Prospectus.

The following table shows the changes “Development costs” from 31 December 2022 to 31 December 2023.

Euro thousand	ERP	SAP ADD-ON	CRM	Retail	Other	TOTAL
Net Book Value as of 31 December 2022	**1,127**	**297**	**130**	**207**	**105**	**1,866**
Investments	1,187	331	196	212	120	2,046
Depreciation	(547)	(147)	(72)	(100)	(51)	(917)
Net Book Value as of 31 December 2023	**1,767**	**481**	**254**	**319**	**174**	**2,995**

The variation in “Software”, which increased by Euro 493 thousand in FY 2023 compared to FY 2022, is mainly due to the combined effect of:

- new business combination during the year, which resulted in new software acquired by the Group, equal to Euro 793 thousand, after the Company performed the PPA exercise as described above;
- investments made by the Group, equal to Euro 123 thousand;
- amortization costs of existing software, equal to Euro 423 thousand.

“Customer relationships” equal to Euro 3,047 thousand as of 31 December 2023 (Euro 1,213 thousand as of 31 December 2022) refers to the intangible asset acquired during the business combinations realized by the Company over the reference period. It consists of the relationships with the customers of the various subsidiaries acquired, intended to last over time. This intangible asset, that derives from contracts for the services provided to clients often on a recurring base, meets the conditions set by IAS 38 for the recognition of a specific intangibles. The fair value of the Customer Relationships held by each individual company acquired, was therefore determined estimating the differential income coming out from the customer relationships during their expected remaining life (so called “Income Approach”).

The change in “Customer Relationships”, which increased by Euro 1,834 thousand in FY 2023 compared to FY 2022, is mainly due to the combined effect of:

- new business combinations occurred during the year, which resulted in an increase of Euro 2,209 thousand after the Company performed the PPA exercise as described above;
- amortization of existing customer relationships, equal to Euro 375 thousand.

“Other Intangible Assets” equal to Euro 72 thousand as of 31 December 2023 (Euro 51 thousand as of 31 December 2022), mainly refers to OS2 trademark, equal to Euro 55 thousand as of 31 December 2023.

The change in “Other Intangible Assets”, which increased by Euro 21 thousand in FY 2023 compared to FY 2022, is mainly due to the combined effect of:

- investments made by the Group, equal to Euro 29 thousand;
- amortization costs of existing assets, equal to Euro 10.

Other Investments

“Investments” decreased by Euro 32 thousand (-58%) compared to 31 December 2022.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
Other investments	23	55	(32)	(58%)
Total investments	**23**	**55**	**(32)**	**(58%)**

“Other Investments” equal to Euro 23 thousand as of 31 December 2023 (Euro 55 as of 31 December 2022), includes the minority investments of the Company including G.L. Italia S.r.l., with which the Company has a commercial agreement to distribute products based on the Golden Lake platform, and Nav-Lab S.r.l., a group supplier of Microsoft products.

For further details please refer to the table below.

Euro thousand	%	31 December 2023	31 December 2022	Change 2023 vs 2022	
G.L. Italia S.r.l.	9.0%	9	9	0	0%

Nav-Lab S.r.l.	12.5%	14	14	0	0%
DH 42 S.r.l.	50%	0	2	(2)	(100%)
Rentys S.r.l.	60%	0	30	(30)	(100%)
Total other non-current assets		**23**	**55**	**(32)**	**(58%)**

The decrease of the year, equal to Euro 32 thousand (-58%) is mainly due to the sold of Renty's investment during the period.

With regards to the investment in DH 42 S.r.l. and Rentys S.r.l., please note that the first one has been a dormant entity over the period under analysis and the second one, was put into liquidation in December 2022, effective as of January 2023.

Other non-current assets

Other non-current assets increased by Euro 34 thousand (+110%) compared to 31 December 2022.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
Security deposits	65	31	34	110%
Total other non-current assets	**65**	**31**	**34**	**110%**

The item "Other non-current assets" includes various security deposits, mainly related to utilities and real estate rental contracts.

Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets decreased by Euro 32 thousand (-5%) compared to 31 December 2022. The following table shows the composition of the item.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
Intangibles	170	146	24	16%
Provisions	237	366	(129)	(35%)
Director compensation	153	79	74	94%
Other	55	56	0	0%
Total deferred tax assets	**615**	**647**	**(32)**	**(5%)**

"Deferred tax assets" exclusively includes tax receivables for which the recovery is deemed probable. The Company's 2024-2027 business plan is used by the Company to determinate the recoverability of these temporary differences. The deferred tax assets do not include receivables on past tax losses.

Deferred tax liabilities increased by Euro 651 thousand (+57%) compared to 31 December 2022.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
Intangibles	1,709	1,021	688	67%
Provisions	81	119	(38)	(32%)
Other	4	3	1	33%
Total deferred tax liabilities	**1,794**	**1,143**	**651**	**57%**

"Deferred tax liabilities" are equal to Euro 1,794 thousand as of 31 December 2023 and refers mainly to temporary differences related to the recognition of development costs, equal to Euro 1,709 thousand as of 31 December 2023.

Employee benefits

Employee benefits increased by Euro 1,230 thousand (+23%) compared to 31 December 2022.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
Staff leaving indemnity provision	6,662	5,432	1,230	23%
Total employee benefits	**6,662**	**5,432**	**1,230**	**23%**

The main economic and financial assumptions used for the actuarial valuation are detailed below.

%	As of 31 December 2023	As of 31 December 2022
Annual rate of actualisation	3.06%	3.63%
Annual rate of inflation	2.00%	2.30%
Annual rate of Staff leaving indemnity provision increase	3.00%	3.23%
Annual rate of salary increase	0.50%	0.50%

In particular, it should be noted that:

- the annual discount rate used to determine the present value of the bond, consistently with IAS 19, derives from Iboxx Corporate AA with duration equal to 7-10 years. For this purpose, the yield with a duration comparable to the duration of the collective labour contract being valued was chosen;

- the annual rate of increase of the staff leaving indemnity provision as provided for in Article 2120 of the Italian Civil Code is equal to 75% of inflation plus 1.5%.

The following table shows the changes in the staff leaving indemnity provision from 31 December 2022 to 31 December 2023.

Employee benefits as of 31 December 2022	**5,432**
Interest costs	299
Payments	(454)
Service cost	682
Transfer in/ (out)	607
Actuarial gains/(losses)	96
Employee benefits as of 31 December 2023	**6,662**

Employee benefits, which under Italian law fall under the termination benefits (TFR), are considered by IAS 19 as "post-employment benefits"; they represent pension plans of the "defined benefit" type and are therefore subject to valuation using the actuarial "Projected Unit Credit Method".

Provisions

Provisions increased by Euro 87 thousand (+36 %) compared to 31 December 2022.

Euro thousand	31 December 2022	Business combinations	Provision	Use of the provision	Actuarial gains/losses	31 December 2023	Change 2023 vs 2022	
Directors retirement benefits (TFM)	232	25	50	0	7	314	82	35%
Other provisions	11	0	5	0	0	16	5	45%
Total non-current provision	**243**	**25**	**55**	**0**	**7**	**330**	**87**	**36%**

"Directors retirement benefits", equal to a Euro 314 thousand, are considered by IAS 19 as "post-employment benefits"; they represent an annual provision in favour of Group Directors, to be paid upon termination of the relationship, and are therefore subject to valuation using the actuarial "Projected Unit Credit Method". The Company has appointed an external and independent actuarial consultant to estimate all the "post-employment benefits" impacts on the consolidated financials.

The main economic and financial assumptions used for actuarial valuation purposes are detailed below.

%	As of 31 December 2023	As of December 2022
Annual rate of actualization	3.06%	3.63%

The change in the period was mainly due to the provision for the year, equal to Euro 50 thousand and the effect of the business combinations, equal to Euro 25 thousand.

"Other provision", equal to Euro 16 thousand as of 31 December 2023 (Euro 11 thousand as of 31 December 2022) refers to the "Commercial Agents' severance pay", related to one agent and accounted in accordance to IAS 37.

2022 vs 2021

Tangible Assets

Tangible Assets increased by Euro 78 thousand (17%) compared to 31 December 2021.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
Lands and buildingds	266	274	(8)	(3%)
Plant and machinery	23	6	17	283%
Other tangible assets	256	187	69	37%
Tangible assets	**545**	**467**	**78**	**17%**

The following table shows the changes in tangible assets from 31 December 2021 to 31 December 2022.

Euro thousand	Lands and buildings	Plant and machinery	Other tangible assets	Total
Net Book Value as of 31 December 2021	**274**	**6**	**187**	**467**
Investments	0	26	199	225
Depreciation	(8)	(9)	(130)	(147)
Net Book Value as of 31 December 2022	**266**	**23**	**256**	**545**

The change in "Land and buildings", which decreased by Euro 8 thousand in FY 2022 compared to FY 2021, is due to the effect of the amortization of the year.

The change in "Plant and Machinery", which increased by Euro 17 thousand in FY 2022 compared to FY 2021, is mainly due to the combined effect of:

- new investment, equal to Euro 26 thousand, of which Euro 15 thousand connected to asset acquired in the business combinations and Euro 11 thousand connected to the annual renewal of the Company's assets;
- amortization of the year, equal to Euro 9 thousand.

"Other assets" included in "Tangible assets" increased by Euro 69 thousand (+37%) compared to 31 December 2021 and is detailed as follows.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
Furniture	23	17	6	35%
Electronic office equipments	158	85	73	86%
Mobile phones	11	7	4	57%
Other	64	78	(14)	(18%)
Other tangible assets	**256**	**187**	**69**	**37%**

The change is mainly due to the combined effect of:

- new investment, equal to Euro 199 thousand, of which Euro 89 thousand connected to asset acquired in the business combinations and Euro 110 thousand connected to the annual renewal of the Company's assets, mainly related to electronic office equipment, evenly distributed among the various group companies;
- amortization of the year, equal to Euro 130 thousand.

Goodwill

"Goodwill" is equal to Euro 5,799 thousand as of 31 December 2022 (12.0% of total consolidated assets), increased by Euro 1,777 thousand compared to Euro 4,002 thousand as of 31 December 2021 (10.2% of total consolidated assets) and is detailed as follows.

Euro thousand	31 December 2021	Other movements	Business combination	31 December 2022
E-LAB CONSULTING S.R.L.	245			245
MODA SYSTEM S.R.L.	430			430
BTW INFORMATICA S.R.L.	11			11
NEKTES.R.L.	526			526
HARS S.R.L.	426			426
SYS-DAT VERONA S.R.L.	1,637			1,637
SYS-DAT VERONA S.R.L. (ATTUA S.R.L. merger)	20			20
HUMATICS S.R.L.	-		282	282
EMMEDATA S.R.L.	-		1,495	1,495
Business combinations goodwill before 31 December 2020	707	-		707
Total Goodwill	**4,002**	**-**	**1,777**	**5,779**

For the "Business combination goodwill before 31 December 2020" please refer to the comments reported for 2023 vs 2022.

The business combinations realized by the Company in FY 2022 were Humatics S.r.l. and Emmedata S.r.l.. The goodwill acquired and shown in the table above represent the residual portion of the difference between the acquisition price and the fair value of the net assets acquired, after the Company performed the PPA for each business combination (see comments below).

Right of use assets (ROU)

ROU increased by Euro 1,004 thousand (+25%) compared to 31 December 2021 and is detailed as follows.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
ROU - cars	446	368	78	21%
ROU – buildings	4,499	3,573	926	100%
Total ROU	**4,945**	**3,941**	**1,004**	**25%**

ROU accounted for in accordance with IFRS16, which requires the recognition of an asset in a separate line item as of outstanding leasing contracts, representing the ROU of the asset, is composed as follows:

- ROU buildings, equal to Euro 4,499 thousand as of 31 December 2022, refers to properties leased by the Group in Turin and in Milan.

- ROU company cars, equal to Euro 446 thousand as of 31 December 2023, refers to car long terms rental contracts.

The following table shows the changes in ROU from 31 December 2021 to 31 December 2022.

Euro thousand	Company Cars	Buildings	Total
Net Book Value as of 31 December 2021	**368**	**3,573**	**3,941**
Investments	310	1,271	1,581
Depreciation	(232)	(345)	(577)
Net Book Value as of 31 December 2022	**446**	**4,499**	**4,945**

The change in ROU, which increased by Euro 1,004 thousand in FY 2022 compared to FY 2021, is mainly due to the combined effect of:

- the enter into the consolidation perimeter of the ROU of assets belonging to the acquired companies in FY 2022, which resulted in new contribution for Euro 301 thousand, mainly related to buildings, equal to Euro 294 thousand;

- new lease contracts signed during the year, equal to Euro 1,279 thousand, of which company's car for Euro 302 thousand and of which buildings for Euro 977 thousand;

- amortization of existing ROU, equal to Euro 577 thousand, of which company's car for Euro 232 thousand and of which buildings for Euro 345 thousand.

<u>Intangible assets other than goodwill</u>

Intangible Assets (other than goodwill) increased by Euro 2,221 thousand (132%) compared to 31 December 2021.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
Development costs	1,866	665	1,201	181%
Other	51	57	(6)	(11%)
Software	777	295	482	163%
Customers relationships	1,213	669	544	81%
Total other tangible assets	**3,907**	**1,686**	**2,221**	**132%**

The following table shows the changes in intangible assets from 31 December 2021 to 31 December 2022.

Euro thousand	Capitalised development costs	Software	Customer relations	Other	Total
Net Book Value as of 31 December 2021	**665**	**295**	**669**	**57**	**1,686**
Investments – Net Increases	1,709	23	0	1	1,733
Investments – PPA contributions	0	713	699	0	1,412
Net decreases	0	(1)	0	0	(1)
Depreciation	(508)	(253)	(155)	(7)	(923)
Net Book Value as of 31 December 2022	**1,866**	**777**	**1,213**	**51**	**3,907**

"Development costs" equal to Euro 1,866 thousand as of 31 December 2022 (Euro 665 thousand as of 31 December 2021) refers to costs related to the main four project areas (ERP, SAP ADD-ON, CRM and Retail) incurred by the company during each financial year that are recognizable as assets according to IAS 38.

The following table shows the changes in the item "Development costs" from 31 December 2021 to 31 December 2022.

Euro thousand	ERP	SAP ADD-ON	CRM	Retail	Other	Total
Net Book Value as of 31 December 2021	**440**	**109**	**3**	**91**	**22**	**665**
Investments	996	269	160	173	111	1,709
Depreciation	(309)	(81)	(33)	(57)	(28)	(508)
Net Book Value as of 31 December 2022	**1,127**	**297**	**130**	**207**	**105**	**1,866**

For further details on development project please refer to refer to "*future developments on R&D activities*" section in Paragraph "Key factors affecting the group's performance" included in Chapter "Operating and financial review" of the Prospectus.

The variation in "Software", which increased by Euro 482 thousand in FY 2022 compared to FY 2021, is mainly due to the combined effect of:

- new business combination occurred during the year, which resulted in new software acquired by the Group, equal to Euro 713 thousand;
- investments made by the Group, equal to Euro 23 thousand;
- amortization, equal to Euro 253 thousand;
- disposals of minor assets, equal to Euro 1 thousand.

"Customer relationships" equal to Euro 1,213 thousand as of 31 December 2022 (Euro 669 thousand as of 31 December 2021) refers to the intangible asset acquired during the business combinations realized by the Company over the reference period. It consists of the relationships with the customers of the various subsidiaries acquired, intended to last over time. This intangible asset, that derives from contracts for the services provided to clients often on a recurring base, meets the conditions set by IAS 38 for the recognition of a specific intangibles. The fair value of the Customer Relationships held by each individual company acquired, was therefore determined estimating the differential income coming out from the customer relationships during their expected remaining life (so called "Income Approach").

The variation in "Customer relationships", which increased by Euro 544 thousand in FY 2022 compared to FY 2021, is mainly due to the combined effect of:

- new business combinations occurred during the year, which resulted in new customer relationships for Euro 699 thousand;
- amortization, equal to Euro 155 thousand.

"Other Intangible Assets" equal to Euro 51 thousand as of 31 December 2022 (Euro 57 thousand as of 31 December 2021) mainly refers to OS2 trademark, equal to Euro 44 thousand as of 31 December 2022.

The variation in "Other Intangible Assets", which decreased by Euro 6 thousand in FY 2022 compared to FY 2021, is mainly due to the amortization of the year.

<u>Investments</u>

"Investments" decreased by Euro 102 thousand (-65%) compared to 31 December 2021.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
Investments accounted for using equity method	0	134	(134)	(100%)
Other investments	55	23	32	139%
Total investments	**55**	**157**	**(102)**	**(65%)**

The item "Investments accounted for using the equity method", nil as of 31 December 2022 (Euro 134 thousand as of 31 December 2021) includes the investment in Humatics S.r.l., in which the Company's holds 35% of the share capital as of 31 December 2021 that has been increased to 70% during FY2022: after this transaction the subsidiary has been fully consolidated.

The item "Other Investments" equal to Euro 55 thousand as of 31 December 2022 (Euro 23 thousand as of 31 December 2021), includes minority investments such as G.L. Italia S.r.l., with which the Company has a commercial agreement to distribute products based on the Golden Lake platform and Nav-Lab S.r.l., a group supplier of Microsoft products. For further details please refer to the table below.

Euro thousand	%	31 December 2022	31 December 2021	Change 2022 vs 2021	
G.L. Italia S.r.l.	9.0%	9	9	0	0%
Nav-Lab S.r.l.	12.5%	14	14	0	0%
DH 42 S.r.l.	50%	2	0	2	100%
Rentys S.r.l.	60%	30	0	30	100%
Total other non-current assets		**55**	**23**	**32**	**139%**

With regards to the investment in DH 42 S.r.l. and Rentys S.r.l., please note that the first one is a dormant entity and the second one was putted into liquidation in December 2022, effective as of January 2023.

Other non-current assets

Other non-current assets increased by Euro 3 thousand (+11%) compared to 31 December 2021.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
Security deposits	31	28	3	11%
Total other non-current assets	**31**	**28**	**3**	**11%**

The item "Other non-current assets" includes long term security deposits related to utilities and real estate rentals contracts.

Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets increased by Euro 83 thousand (+15%) compared to 31 December 2021.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
Intangibles	146	136	10	7%
Provisions	366	338	28	8%
Director compensation	79	6	73	1217%
Other	56	84	(28)	(33%)
Total deferred tax assets	**647**	**564**	**83**	**15%**

"Deferred tax assets" exclusively includes tax receivables for which recovery is deemed probable. The Company's 2024-2027 business plan is used to determinate the recoverability of these temporary differences. The deferred tax assets do not include receivables on past tax losses. Deferred tax liabilities increased by Euro 766 thousand (+203%) compared to 31 December 2021.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
Intangibles	1,021	370	651	176%
Provisions	119	3	116	3867%
Other	3	4	(1)	100%
Total deferred tax liabilities	**1,143**	**377**	**766**	**203%**

"Deferred tax liabilities" is equal to Euro 1,143 thousand as of 31 December 2022 and refers mainly to temporary differences related to the recognition of development costs, equal to Euro 1,021 thousand as of 31 December 2022.

Employee benefits

Employee benefits increased by Euro 654 thousand (+14%) compared to 31 December 2021.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
Staff leaving indemnity provision	5,432	4,778	654	14%
Total employee benefits	**5,432**	**4,778**	**654**	**14%**

The main economic and financial assumptions used for the actuarial valuation are detailed below.

%	As of 31 December 2022	As of December 2021
Annual rate of actualisation	3.63%	0.44%
Annual rate of inflation	2.30%	1.75%
Annual rate of TFR increase	3.23%	2.81%
Annual rate of salary increase	0.50%	0.50%

In particular, it should be noted that:

- the annual discount rate used to determine the present value of the bond, consistently with IAS 19, derives from Iboxx Corporate AA with duration equal to 7-10 years. For this purpose, the yield with a duration comparable to the duration of the collective labour contract being valued was chosen;

- the annual rate of increase of the staff leaving indemnity as provided for in Article 2120 of the Italian Civil Code is equal to 75% of inflation plus 1.5%.

The following table shows the changes in the staff leaving indemnity from 31 December 2021 to 31 December 2022.

Employee benefits as of 31 December 2021	**4,778**
Interest costs	22
Payments	(367)
Service cost	610
Transfer in/ (out)	896
Actuarial gains/(losses)	(507)
Employee benefits as of 31 December 2022	**5,432**

Employee benefits, which under Italian law fall under the termination benefits (TFR), are considered by IAS 19 as "post-employment benefits"; they represent pension plans of the "defined benefit" type and are therefore subject to valuation using the actuarial "Projected Unit Credit Method".

Provisions

Provisions decreased by Euro 313 thousand (-56 %) compared to 31 December 2021.

Euro thousand	31 December 2021	Business combinations	Provision	Use of the provision	Actuarial gains/losses	31 December 2022	Change 2022 vs 2021	
Directors retirement benefits (TFM)	397	0	68	(206)	(27)	232	(165)	(42%)
Other provisions	159	0	1	(149)	0	11	(148)	(93%)
Total non-current provision	**556**	**0**	**69**	**(355)**	**(27)**	**243**	**(313)**	**(56%)**

"Directors' retirement benefits", equal to a Euro 232 thousand, are considered by IAS 19 as "post-employment benefits"; they represent an annual provision in favour of Group Directors, to be paid upon termination of the relationship, and are therefore subject to valuation using the actuarial "Projected Unit Credit Method". The Company has appointed an external and independent actuarial consultant to estimate all the "post-employment benefits" impacts on the consolidated financials.

The main economic and financial assumptions used for the actuarial valuation are detailed below.

%	As of 31 December 2022	As of 31 December 2021
Annual rate of actualization	3.63%	0.44%

The change in the period was mainly due to the leaving of two Directors resulted in the liquidation of the relative provision for Euro 206 thousand.

"Other provision", equal to Euro 11 thousand as of 31 December 2022 (Euro 159 thousand as of 31December 2022) refers to:

- "Commercial Agents' severance pay", equal to a Euro 11 thousand as of 31 December 2022 (Euro 10 thousand as of 31 December 2021), related to only one agent and accounted for in accordance to IAS37.

- "Provision for risks for future losses on contracts", equal to Euro 149 thousand as of 31 December 2021, refers to commercial contracts for which the Company expected the risk of losses. The provision was fully reversed in FY 2022 according to the termination of the mentioned contracts.

Net Working Capital

The following table provides a breakdown of net working capital for the years ended 31 December 2023, 31 December 2022 and 31 December 2021.

Euro thousand	31 December 2023	31 December 2022	31 December 2021	Change 2023 vs 2022		Change 2022 vs 2021	
Trade receivables	16,015	12,415	7,757	3,600	29%	4,658	60%
Contract assets	1,699	336	187	1,363	406%	149	80%
Inventories	194	91	85	103	113%	6	7%

Trade payables	(4,543)	(3,710)	(2,783)	(833)	22%	(927)	33%
Commercial net working capital	**13,365**	**9,132**	**5,246**	**4,233**	**46%**	**3,886**	**74%**
Other current assets	2,341	1,383	2,314	958	69%	(931)	(40%)
Tax liabilities	(2,092)	(1,607)	(1,898)	(485)	30%	291	(15%)
Other current liabilities	(10,478)	(7,096)	(4,245)	(3,382)	48%	(2,851)	67%
Net working capital	**3,136**	**1,812**	**1,417**	**1,324**	**73%**	**395**	**28%**

2023 vs 2022

Trade Receivables

"Trade receivables", equal to Euro 16,015 thousand as of 31 December 2023 and Euro 12,415 thousand at 31 December 2022 (that represents an increase of Euro 3.483 thousand or 26%), net of the related allowance for doubtful accounts, mainly included: i) trade receivables for Euro 16,815 thousand at 31 December 2023 and Euro 13,332 thousand at 31 December 2022; ii) bad debt provision for Euro 800 thousand at 31 December 2023 and Euro 917 thousand at 31 December 2022.

Euro thousand	**31 December 2023**	**31 December 2022**	**Change 2023 vs 2022**	
Trade receivables	16,815	13,332	3,483	26%
Provision for bad debts	(800)	(917)	117	(13%)
Trade receivables	**16,015**	**12,415**	**3,600**	**29%**

The trend in "Trade receivables" recorded in the financial year 2023 compared to the financial year 2022 is mainly attributable to the combined effect of the following:

- change of the consolidation area: in the fiscal year 2023, the Group has performed business combination with four new entities (Equalis S.r.l., V-Cube S.r.l., Trizeta S.r.l. and Si-Solution S.r.l.), which have contributed to Group's trade receivables for Euro 2,671 thousand;

- organic growth: Group's revenues increase by 23% during fiscal year 2023 (equal to a 15% on an organic basis), which was only partially reflected in the increase in receivables, which grew by 7% on a like-for-like basis, taking into consideration the substantially steady trend of Days Sales Outstanding index (DSO).

The following table shows the DSO of trade receivables and the turnover rate of trade receivables as of 31 December 2023 and 2022.

Euro thousand and ratio	**31 December 2023**	**31 December 2022**
Trade receivables (A) net of 22% VAT	13,127	10,176
Total revenues (B)	46,468	37,995
DSO (A)/(B)*365	**103**	**98**
Trade receivables turnover (B)/(A)	**3.54**	**3.73**

As shown in the table above, the DSO increases from 98 days in FY 2022 to 103 days in FY 2023: the trend is due to the growth of the business; in particular, the target companies acquired over the period are generally smaller and with a customer collection profile that is not aligned with the Group's DSO; as a result, the index is worse in FY 2023 compared to FY 2022.

For more details on the composition of the above indices, see Part II, Section One, Chapter VII, Paragraph 7.1.2 of the Prospectus.

The following table shows the concentration of trade receivables as of 31 December 2023 and 2022.

Euro thousand	**31 December 2023**	**% on trade receivables**	**31 December 2022**	**% on trade receivables**
Top customer	523	3%	354	3%
Top 5 customers	1,749	11%	1,268	10%
Top 10 customers	2,813	18%	2,031	16%

The above analysis shows that as of 31 December 2023 and 2022, respectively, only approximately 18% of the Company's trade receivables were concentrated in the top ten customers. This means that the Company has not dependence on particular customers. In terms of top 10 customer trade receivable prominence, excluding the first customer that accounts for Euro 523 thousand in FY 2023 as indicated in the table above, the remaining 9 customers are equally distributed without any one of them showing any prominence with respect to trade receivables.

The table below shows the concentration of trade receivables by geographic area, with reference to the years ended 31 December 2023 and 2022.

Euro thousand	31 December 2023	31 December 2022
Italy	16,394	12,717
European Union and UK	115	319
Other	306	296
Total trade receivables	**16,815**	**13,332**

This trend shows the importance of the Italian market for the Company's business.

The following tables show the breakdown of trade receivables by due date as of 31 December 2023 and 2022, showing the coverage of the provision for bad debts.

Euro thousand	31 December 2023	Due	Overdue up to 30 days	Overdue between 30 to 180 days	Overdue between 180 to 270 days	Overdue between 270 to 360 days	Overdue more than 360 days
Trade receivables	16,592	11,179	1,883	1,810	840	478	402
Trade receivables in dispute	284	3	2	0	30	23	226
Invoices and credit notes to be issued	(61)	(61)	0	0	0	0	0
Trade receivables before bad debt provision	**16,815**	**11,121**	**1,885**	**1,810**	**870**	**501**	**628**
Bad debt provision	(800)						
Total trade receivables	**16,015**						

Euro thousand	31 December 2022	Due	Overdue up to 30 days	Overdue between 30 to 180 days	Overdue between 180 to 270 days	Overdue between 270 to 360 days	Overdue more than 360 days
Trade receivables	12,815	8,062	1,758	1,991	449	198	357
Trade receivables in dispute	355	59	23	198	75	0	0
Invoices and credit notes to be issued	162	162	0	0	0	0	0
Trade receivables before bad debt provision	**13,332**	**8,283**	**1,781**	**2,189**	**524**	**198**	**357**
Bad debt provision	(917)						
Total trade receivables	**12,415**						

The two tables above show a trade receivable overdue beyond 180 days of Euro 1,999 thousand in FY 2023, worsening by Euro 920 thousand compared to FY 2022 (amounting to Euro 1,079 thousand). The bad debt provision booked by the Company covers 40% and 85% of receivables past due over 180 days, in FY2023 and FY2022, respectively.

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

As can be seen from the tables above, the Company has disputed receivables equal to Euro 284 thousand as of 31 December 2023 and equal to Euro 355 thousand as of 31 December 2022 respectively. These credit positions in FY2023 mainly refer to four customers for whom bankruptcy proceedings are pending and three customers whose position is entrusted to a debt collection lawyer, for whom litigation is therefore ongoing. With reference to these positions, the Company has booked a specific bad debt provision to cover 100% of the correspondent trade receivables.

The change in the provision for bad debts, which occurred in 2023, is shown below.

Euro thousand	31 December 2022	Net Allowance	Utilization	31 December 2023
Provision for bad debts	917	263	(380)	800
Provision for bad debts	**917**	**263**	**(380)**	**800**

The Company believes that the allowance for doubtful accounts is adequate to cover the risk of potential bad debts.

Inventories

Inventories increased by Euro 1,466 thousand (+343%) compared to 31 December 2022.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
Contract assets	1,699	336	1,363	406%
Inventories	194	91	103	113%
Total inventories	**1,893**	**427**	**1,466**	**343%**

The trend in “Inventories” recorded in the financial year 2023 compared to the financial year 2022 is mainly due to the increase in revenue recorded by the Company. Further explanations are described below.

Contract Assets

The composition of “Contract assets” related to each business unit for the FY2023 and FY2022 is detailed below.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
ERP	819	187	632	338%
SAP ADD-ON	521	103	418	406%
CRM	10	8	2	25%
Retail	183	2	181	9050%
Other	166	36	130	361%
Contract assets total	**1,699**	**336**	**1,363**	**10180%**

Contract assets are exposed gross of future losses yet to accrue, which are classified among the provisions for risks and charges.

The increase in contract assets reflect the Company’s increasing use of fixed price contracts, where services are sold as a fixed-price project instead of time and material consulting and development services that still constitute the majority of the business.

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

Inventories

The breakdown of “Inventories” for the FY23 and FY22 is shown below.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
Finished goods	194	91	103	113%
Total inventories	**194**	**91**	**103**	**113%**

“Finished goods” equal to Euro 194 thousand as of 31 December 2023, refers to software licenses and minimal hardware equipment to be sold to clients.

Trade Payables

Trade payables increased by Euro 833 thousand (+22%) compared to 31 December 2022.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
Trade payables	3,691	2,984	707	24%
Payables for invoices to be received	873	876	(3)	(0%)
Trade payables overdue more than 360 days (included in NFP)	(21)	(150)	129	(86%)
Trade payables	**4,543**	**3,710**	**833**	**22%**

It should be noted that the trade payables shown in net working capital are booked net of the portion due after one year, amounting to Euro 21 thousand in FY2023 and Euro 150 thousand in FY2022, which is included in the Net Financial Indebtedness.

The trend of “Trade payables” recorded in the FY 2023 compared to the FY 2022 is mainly due to the significant increase in operating activities.

The main suppliers provide the Company with hardware, software and professional and consulting services.

The following table shows the Days Payables Outstanding (DPO) average payment days for trade payables and the trade payables turnover for the years ended 31 December 2023 and 2022.

Euro thousand and ratio	31 December 2023	31 December 2022
Trade payables (A) net of 22% VAT	3,724	3,041
Cost for goods and services (B)	18,288	15,577
DPO (A)/(B)*365	**74**	**71**
Trade payables turnover (B)/(A)	**4.91**	**5.12**

As shown in the table above, the DPO increases from 71 days in FY 2022 to 74 days in FY 2023: the trend is due to the growth of the business; in particular, the target companies acquired over the period are generally smaller and with a with a longer payment time for suppliers, that is not aligned with the Company's DPO; as a result, the index is worse in FY 2023 compared to FY 2022.

The following tables show the composition of trade payables by maturity as of 31 December 2023 and 2022.

Euro thousand	31 December 2023	Due	Overdue up to 30 days	Overdue between 30 to 180 days	Overdue between 180 to 270 days	Overdue between 270 to 360 days	Overdue more than 360 days
Trade payables	3,691	2,664	528	411	16	51	21
Payables for invoices to be received	884	884	0	0	0	0	0
Credit notes to be received	(11)	(11)	0	0	0	0	0
Total trade payables	**4,564**	**3,537**	**528**	**411**	**16**	**51**	**21**

Euro thousand	31 December 2022	Due	Overdue up to 30 days	Overdue between 30 to 180 days	Overdue between 180 to 270 days	Overdue between 270 to 360 days	Overdue more than 360 days
Trade payables	2,984	2,228	337	174	65	30	150
Payables for invoices to be received	878	878	0	0	0	0	0
Credit notes to be received	(2)	(2)	0	0	0	0	0
Total trade payables	**3,860**	**3,104**	**337**	**174**	**65**	**30**	**150**

It should be noted that, for both FY23 and FY22 there are no disputed trade payables due to the main suppliers, which have had (or may have) a significant impact on the Company's economic, equity and financial position.

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

The following table shows the concentration of trade payables as of 31 December 2023 and 2022.

Euro thousand	31 December 2023	% on trade payables	31 December 2022	% on trade payables
Top supplier	693	15%	706	19%
Top 5 suppliers	1,551	34%	1,493	40%
Top 10 suppliers	1,978	43%	1,917	52%
Total trade payables	**4,564**		**3,710**	

The above analysis shows that as of 31 December 2023 and 2022, respectively, approximately 43% and 52% of the Company's trade payables were concentrated in the top ten suppliers, due to the business nature. It is also specified that for the period under analysis, the concentration of trade payables was progressively reduced also thanks to the Issuer's diversification of its procurement policies.

In terms of top 10 suppliers trade payables prominence, excluding the first supplier that accounts for Euro 693 thousand in FY 2023 as indicated in the table above, the remaining 9 suppliers are equally distributed without any one of them showing any prominence with respect to trade payables.

The table below shows the concentration of trade payables by geographic area, with reference to the years ended 31 December 2023 and 2022.

Euro thousand	31 December 2023	31 December 2022
Italy	4,540	3,818
European Union and UK	23	39
Other countries	1	3
Total trade payables	**4,564**	**3,860**

This trend shows the centrality of the Italian market for the Company in the procurement of raw materials and services.

Other current assets

Other current assets increased by Euro 958 thousand compared to 31 December 2022 (+69%).

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
Other current assets	2,294	1,379	915	66%
VAT	47	4	43	1075%
Total other current assets	**2,341**	**1,383**	**958**	**69%**

"VAT", that increased by Euro 43 thousand compared to 31 December 2022, includes the VAT receivable equal to Euro 47 thousand, which will remain booked until the payment of the amounts due for the VAT payables emerging from the quarterly settlements is completed.

The following table shows the breakdown of "Other current assets – other" for FY23 and FY22.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
Tax receivables	298	105	193	184%
Prepaid expenses	1,563	1,174	389	33%
Accrued income	27	0	27	n.a.
Advances and down payments	117	64	53	83%
Other current assets	289	36	253	703%
Total other current assets	**2,294**	**1,379**	**915**	**66%**

"Prepaid expenses" equal to Euro 1,563 thousand as of 31 December 2023 and equal to Euro 1,174 thousand as of 31 December 2022 (increase of Euro 389 thousand or 33%), refers to licenses, maintenance and outsourcing fees paid in advance by the Company, but which relate to future years as they are linked to the trend of the correspondent revenues (see "*Deferred Income*" below).

"Tax receivables", equal to Euro 298 thousand as of 31 December 2023 and equal to Euro 105 thousand as of 31 December 2022 (increase of Euro 193 thousand or 184%), mainly refers to advance payments for current taxes.

"Advances and down payments", equal to Euro 117 thousand as of 31 December 2023 and equal to Euro 64 thousand as of 31 December 2022 (increase of Euro 53 or 83%), mainly includes advances paid to employees.

"Other current assets", equal to Euro 289 thousand as of 31 December 2023 and equal to Euro 36 thousand as of 31 December 2022 (increase of Euro 253 or 703%), mainly refers to the suspension of costs incurred for IPO activities, equal to Euro 253 thousand in FY 2023.

Tax liabilities

Tax liabilities increased by Euro 485 thousand (+30%) compared to 31 December 2022.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
IRES	798	227	571	252%
IRAP	145	52	93	179%
VAT	171	470	(299)	(64%)
Withholding tax	977	761	216	28%
Other tax liabilities	1	97	(96)	(99%)
Total tax liabilities	**2,092**	**1,607**	**485**	**30%**

"Tax liabilities" mainly includes the IRES, IRAP and VAT payable arising from the 2023 tax calculation, the VAT debt for the period, and the withholding tax payable for the month of December 2023. The variations with respect to FY 2022 are due to the development of the business.

Other current liabilities

Other current liabilities increased by Euro 3,382 thousand (+48%) compared to 31 December 2022.

Euro thousand	31 December 2023	31 December 2022	Change 2023 vs 2022	
Payables to employees	3,515	2,387	1,128	47%
Social security payables	1,097	893	204	23%
Deferred income	3,081	2,660	421	16%
Payables to Directors	878	382	496	130%
Deferred charges	17	19	(2)	(11%)
Other	1,890	755	1,135	150%

Other current liabilities	**10,478**	**7,096**	**3,382**	**48%**

"Payables to employees", equal to Euro 3,515 thousand as of 31 December 2023 (Euro 2,387 thousand as of 31 December 2022, +47%) includes payables for wages and salaries pertaining to the month of December 2023, paid in January 2024, as provided for by contract. The increase is mainly due to the variation of the consolidation perimeter.

"Payables to social security institutions", equal to Euro 1,097 thousand as of 31 December 2023 (Euro 893 thousand as of 31 December 2022, +23%), includes social security payables not past due and existing as of 31 December 2023, settled in January 2024. The trend is explained consistently with payable to employees.

"Deferred income", equal to Euro 3,081 thousand as of 31 December 2023 (Euro 2,660 thousand as of 31 December 2022, +16%). The trend is similar to "Prepaid expenses" already explained in previous paragraph;

"Payables to directors", equal to Euro 878 thousand as of 31 December 2023 (Euro 382 thousand as of 31 December 2022, +130%), includes directors' emoluments and variable compensations due to directors accrued during the year and not yet paid.

"Other current liabilities – other", equal to Euro 1,890 thousand as of 31 December 2023 (Euro 1,135 thousand as of 31 December 2022, +150%), mainly refers to advances from customers, equal to Euro 1,783 thousand.

2022 vs 2021

Trade Receivables

"Trade receivables", equal to Euro 12,415 thousand at 31 December 2022 and Euro 7,757 thousand at 31 December 2021, net of the related allowance for doubtful accounts, mainly included: i) trade receivables for Euro 13,332 thousand at 31 December 2022 and Euro 8,052 thousand at 31 December 2021; ii) provision for bad debts equal to Euro 917 thousand at 31 December 2022 and Euro 295 thousand at 31 December 2021.

Euro thousand	**31 December 2022**	**31 December 2021**	**Change 2022 vs 2021**	
Trade receivables	13,332	8,052	5,280	66%
Provision for bad debts	(917)	(295)	(622)	211%
Trade receivables	**12,415**	**7,757**	**4,658**	**60%**

The trend in "Trade receivables" recorded in FY 2022 compared to the FY 2021 is mainly attributable to the combined effect of the following:

- change of the consolidation perimeter: in FY 2022, the Group has performed business combination with two new entities (Emmedata S.r.l. and Humatics S.r.l.) which have contributed to Group's trade receivables for Euro 1,436 thousand;
- organic growth: Group's revenues increase by 31% during FY 2022 (equal to a 16% on an organic basis), which was reflected in an even higher increase in trade receivables, which grew by 41% on a like-for-like basis, mainly connected to an increase in average collection days, as also shown in the table below, recovered in the following year.

The following table shows the DSO and the turnover of trade receivables as of 31 December 2022 and 2021.

Euro thousand and ratio	**31 December 2022**	**31 December 2021**
Trade receivables (A) net of 22% VAT	10,176	6,358
Total revenues (B)	37,995	29,150
DSO (A)/(B)*365	**98**	**80**
Trade receivables turnover ratio (B)/(A)	**3.73**	**4.58**

As shown in the table above, the DSO increases from 80 days in FY 2021 to 98 days in FY 2022: this change is mainly due to an acquisition in FY 2022 of a company whose DSO ratios were not aligned with those of the Company, also considering the smaller size of the target. The Company needs also time to align the commercial, operational and accounting procedures of its acquired subsidiaries to those ones consistently applied within the Group.

The following table shows the concentration of trade receivables as of 31 December 2022 and 2021.

Euro thousand	**31 December 2022**	**% on trade receivables**	**31 December 2021**	**% on trade receivables**
Top customer	354	3%	314	4%

Top 5 customers	1,268	10%	864	11%
Top 10 customers	2,031	16%	1,425	18%

The above analysis shows that as of 31 December 2022 and 2021, respectively, only approximately 16% and 18% of the Company's trade receivables were concentrated in the top ten customers.

The table below shows the concentration of trade receivables by geographic area, with reference to the years ended 31 December 2022 and 2021.

Euro thousand	**31 December 2022**	**31 December 2021**
Italy	12,717	7,715
European Union and UK	319	153
Other	296	184
Total trade receivables	**13,332**	**8,052**

This trend shows the centrality of the Italian market for the Company's business.

The following tables show the breakdown of trade receivables by due date as of 31 December 2022 and 2021, showing the coverage of the provision for bad debts.

Euro thousand	**31 December 2022**	**Due**	**Overdue up to 30 days**	**Overdue between 30 to 180 days**	**Overdue between 180 to 270 days**	**Overdue between 270 to 360 days**	**Overdue more than 360 days**
Trade receivables	12,815	8,062	1,758	1,991	449	198	357
Trade receivables in dispute	355	59	23	198	75	0	0
Invoices and credit notes to be issued	162	162	0	0	0	0	0
Trade receivables before bad debt provision	**13,332**	**8,283**	**1,781**	**2,189**	**524**	**198**	**357**
Bad debt provision	(917)						
Total trade receivables	**12,415**						

Euro thousand	**31 December 2021**	**Due**	**Overdue up to 30 days**	**Overdue between 30 to 180 days**	**Overdue between 180 to 270 days**	**Overdue between 270 to 360 days**	**Overdue more than 360 days**
Trade receivables	7,989	5,884	745	865	145	123	227
Trade receivables in dispute	0	0	0	0	0	0	0
Invoices and credit notes to be issued	63	63	0	0	0	0	0
Trade receivables before bad debt provision	**8,052**	**5,947**	**745**	**865**	**145**	**123**	**227**
Bad debt provision	(295)						
Total trade receivables	**7,757**	**5,947**	**745**	**865**	**145**	**123**	**227**

The two tables above show trade receivables overdue beyond 180 days of Euro 1,079 thousand in FY 2022, worsening by Euro 584 thousand compared to FY 2021 (amounting to Euro 495 thousand). The bad debt provision booked by the Company covers 85% and 60% of trade receivables past due over 180 days, in FY2022 and FY2021 respectively.

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

As illustrated in the tables above, the Company has disputed receivables equal to Euro 355 thousand as of 31 December 2022 and nil as of 31 December 2021 respectively. These credit positions refer to a specific customer, with whom a commercial dispute arose during the year, due to a change in the latter's requirements between the pre-analysis phase and the subsequent implementation of the system transition. The position was managed through a settlement agreement in FY2023; the Company recognized the specific allowance for doubtful accounts in FY2022.

It should be noted that, as of 31 December 2022, there were no past due or disputed trade receivables not covered by the provision for bad debts due from customers, with the exception of the items discussed above, which had or may have a significant impact on the Company's economic and financial situation and assets.

The change in the provision for bad debts, which occurred in 2022, is shown below.

Euro thousand	31 December 2021	Net provision	Fund utilisation	31 December 2022
Provision for bad debts	295	674	(52)	917
Provision for bad debts	**295**	**674**	**(52)**	**917**

The Company believes that the allowance for doubtful accounts is adequate to cover the risk of potential bad debts.

Inventories

Inventories increased by Euro 155 thousand (+57%) compared to 31 December 2021.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
Contract assets	336	187	149	80%
Inventories	91	85	6	7%
Total inventories	**427**	**272**	**155**	**57%**

The trend in "Inventories" recorded in the FY 2022 compared to the FY 2021 is mainly due to the increase in revenue recorded by the Company.

Contract Assets

The composition of "Contract assets" related to each business unit for the FY2022 and FY2021 is detailed below.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
ERP	187	154	33	21%
SAP ADD-ON	103	9	94	1044%
CRM	8	0	8	n.a.
Retail	2	5	(3)	(60%)
Other	36	19	17	89%
Contract assets total	**336**	**187**	**149**	**1,095%**

Contract assets are exposed gross of future losses yet to accrue, which are classified among the provisions for risks and charges.

The increase in contract assets reflect the Company's increasing use of fixed price contracts, where services are sold as a fixed-price project instead of time and material consulting and development services that still constitute the majority of the business.

This trend is particularly relevant for customers with big ERP projects, thus pushing an increase in the activities for ERP and SAP product areas.

Inventories

The breakdown of "Inventories" for the FY22 and FY21 is shown below.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
Finished goods	91	85	6	7%
Total inventories	**91**	**85**	**6**	**7%**

"Finished products", equal to Euro 91 thousand refer to software licenses and minimal hardware to be sold to clients.

Trade Payables

Trade payables increased by Euro 927 thousand (+33%) compared to 31 December 2021.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
Trade payables	2,984	2,374	610	26%
Payables for invoices to be received	876	536	340	63%
Trade payables overdue more than 360 days (included in NFP)	(150)	(127)	(23)	18%
Trade payables	**3,710**	**2,783**	**927**	**33%**

It should be noted that the trade payables shown in net working capital are stripped of the portion due after one year, amounting to Euro 150 thousand in FY2022 and Euro 127 thousand in FY2021, which is included in the Net Financial Indebtedness.

The trend of “Trade payables” recorded in the FY 2022 compared to the FY 2021 is mainly due to the significant increase in operating activities. The main suppliers provide the Company with hardware, software and professional and consulting services.

The following table shows the DPO (Days Payables Outstanding) and the trade payables turnover for the years ended 31 December 2022 and 2021.

Euro thousand and ratio	**31 December 2022**	**31 December 2021**
Trade payables (A) net of 22% VAT	3,041	2,281
Cost for goods and services (B)	15,577	12,756
DPO (A)/(B)*365	**71**	**65**
Trade payables turnover (B)/(A)	**5.12**	**5.59**

The increase in the DPO ratio during the period under review is affected by the growth of the business and the acquisitions performed in FY 2022 that presented DSO not aligned with that one of the Company.

The following tables show the composition of trade payables by maturity as of 31 December 2022 and 2021.

Euro thousand	**31 December 2022**	**Due**	**Overdue up to 30 days**	**Overdue between 30 to 180 days**	**Overdue between 180 to 270 days**	**Overdue between 270 to 360 days**	**Overdue more than 360 days**
Trade payables	2,984	2,228	337	174	65	30	150
Payables for invoices to be received	878	878	0	0	0	0	0
Credit notes to be received	(2)	(2)	0	0	0	0	0
Total trade payables	**3,860**	**3,104**	**337**	**174**	**65**	**30**	**150**

Euro thousand	**31 December 2021**	**Due**	**Overdue up to 30 days**	**Overdue between 30 to 180 days**	**Overdue between 180 to 270 days**	**Overdue between 270 to 360 days**	**Overdue more than 360 days**
Trade payables	2,374	1,851	170	74	140	12	127
Payables for invoices to be received	566	566	0	0	0	0	0
Credit notes to be received	(30)	(30)	0	0	0	0	0
Total trade payables	**2,910**	**2,387**	**170**	**74**	**140**	**12**	**127**

Trade payables overdue more than 360 days are equal to Euro 150 thousand in FY 2022 and Euro 127 thousand in FY 2021; the overdue amount over 180 days is equal respectively to Euro 245 thousand and Euro 279 thousand in FY 2022 and FY 2021. These amounts mainly refer to payables to minority shareholders of Company’s subsidiaries, paid progressively over the Three-Year Period as shown by the trend of the “Overdue more than 360 days” class.

It should be noted that, for both FY22 and FY21 there are no disputed trade payables owed to the main suppliers, which have had (or may have) a significant impact on the Company’s economic, equity and financial position.

The following table shows the concentration of trade payables as of 31 December 2022 and 2021.

Euro thousand	**31 December 2022**	**% on trade payables**	**31 December 2021**	**% on trade payables**
Top supplier	706	18%	461	16%
Top 5 suppliers	1,493	39%	1,191	41%
Top 10 suppliers	1,917	50%	1,530	53%
Total trade payables	**3,860**		**2,910**	

The above analysis shows that as of 31 December 2022 and 2021, approximately 50% of the Company’s trade payables were concentrated in the top ten suppliers. This does not constitute a problem since this trend is typical of the Company’s business. It is also specified that for the period under analysis, the concentration of trade payables was progressively reduced also thanks to the Issuer's diversification of its procurement policies.

The table below shows the concentration of trade payables by geographic area, with reference to the years ended 31 December 2022 and 2021.

Euro thousand	**31 December 2022**	**31 December 2021**
Italy	3,818	2,885

European Union and UK	39	25
Other countries	3	0
Total trade payables	**3,860**	**2,910**

This trend shows the centrality of the Italian market for the Company in the procurement of hardware, software and services.

Other current assets

Other current assets decreased by Euro 931 thousand compared to 31 December 2021 (-40%).

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
Other	1,379	2,112	(733)	(35%)
VAT	4	202	(198)	(98%)
Total other current assets	**1,383**	**2,314**	**(931)**	**(40%)**

"VAT", decreased by Euro 198 thousand compared to 31 December 2021, includes the VAT receivable equal to Euro 4 thousands, which will remain booked until the payment of the amounts due for the VAT payables emerging from the quarterly settlements is completed.

The following table shows the breakdown of "Other current assets – other" for FY22 and FY21.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
Tax receivables	105	1,034	(929)	(90%)
Prepaid expenses	1,174	542	632	100%
Accrued income	0	8	(8)	100%
Advances and down payments	64	45	19	0%
Other current assets	36	483	(447)	(93%)
Total other current assets	**1,379**	**2,112**	**(733)**	**(35%)**

"Prepaid expenses", equal to Euro 1,174 thousand as of 31 December 2022 and equal to Euro 542 thousand as of 31 December 2021, refers to licenses, maintenance and outsourcing fees paid in advance by the company, but which relate to future years. Please note that in the item "Deferred income" are shown the deferred revenues that relate to the same items.

"Tax receivables", equal to Euro 105 thousand as of 31 December 2022 and equal to Euro 1,034 thousand as of 31 December 2021, refers to advances paid to the Government for current taxes.

"Advances and down payments", equal to Euro 64 thousand as of 31 December 2022 and equal to Euro 45 thousand as of 31 December 2021, mainly includes advances paid to employees.

"Other current assets", equal to Euro 36 thousand as of 31 December 2022 and equal to Euro 483 thousand as of 31 December 2021, mainly refers to receivables related to the sale to third parties of shares previously held by the Company in a listed company, collected between July and August 2022.

Tax Liabilities

Tax liabilities decreased by Euro 291 thousand (-15%) compared to 31 December 2021.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
IRES	227	716	(489)	(68%)
IRAP	52	237	(185)	(78%)
VAT	470	128	342	267%
Withholding tax	761	735	26	4%
Other tax liabilities	97	82	15	18%
Total tax payables	**1,607**	**1,898**	**(291)**	**(15%)**

"Tax liabilities" mainly includes the IRES, IRAP and VAT payable arising from the 2023 tax calculation, the VAT debt for the period, and the withholding tax payable for the month of December 2022.

"Other Tax liabilities" equal to Euro 97 thousand as of 31 December 2022 (Euro 82 thousand as of 31 December 2021) mainly refer to payables to the Tax Authority for revaluation tax equal to Euro 52 thousand.

Other current liabilities

Other current liabilities increased by Euro 2,851 thousand (+67%) compared to 31 December 2021.

Euro thousand	31 December 2022	31 December 2021	Change 2022 vs 2021	
Payables to employees	2,387	1,601	786	49%
Social security payables	893	659	234	36%
Deferred income	2,660	1,250	1,410	113%
Payables to Directors	382	108	274	254%
Deferred charges	19	66	(47)	(71%)
Other	755	561	194	35%
Other current liabilities	**7,096**	**4,245**	**2,851**	**67%**

"Payables to employees", equal to Euro 2,387 thousand (Euro 1,601 thousand in FY 2021 or +49%), includes payables for wages and salaries pertaining to the month of December 2022, paid in January 2023, as provided for by contract.

"Payables to social security institutions", equal to Euro 893 thousand (Euro 659 thousand in FY 2021 or +36%), includes social security payables not past due and existing as of 31 December 2022, settled in January 2023.

"Deferred income", equal to Euro 2,660 thousand (Euro 1,250 thousand in FY 2021 or +113%), are explained in the note to "Prepaid expenses".

"Payables to directors", equal to Euro 382 thousand (Euro 108 thousand in FY 2021 or +254%), mainly includes directors' emoluments and variable compensations to directors accrued during the year and not yet paid.

"Other current liabilities - other", equal to Euro 755 thousand (Euro 561 thousand in FY 2021 or +35%), mainly refers to advances from customers, equal to Euro 695 thousand.

NET FINANCIAL INDEBTEDNESS OF THE GROUP FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

The following analysis of the Company's consolidated financial situation relates to the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021, in accordance with IAS/IFRS accounting principles. This information is taken from the Three-Year Consolidated Financial Statements of the Company as of 31 December 2023, 2022 and 2021 (the "**Three-Year Consolidated Financial Statements**"), a set of consolidated financial statement prepared in accordance with IAS/IFRS accounting principles for the sole purpose of its inclusion in the Prospectus. The Independent Auditors' reports to the Company's financial statements is included in the F-Pages of the Prospectus.

The Administration, Finance and Control Department (the "Department"), which reports to the Chief Financial Officer, is responsible for the Company's financial policy. The Management is responsible for assessing and approving forecast financial requirements, monitoring their progress and implementing corrective actions where necessary in order to summarize the management of the Company's financial resources.

The Management also follows the management of financial risks, with particular reference to interest rate, liquidity and exchange rate risks.

The main objective of these guidelines is to ensure a liability structure consistent with the composition of the balance sheet assets.

The financing instruments most frequently used by the Company are represented by:

- long-term loans with multi-year pay-back, to cover investments in fixed assets;
- short-term financing, basically short-term credit lines to finance working capital and operational needs.

The table below presents the reclassified statement of financial position by sources and uses as of 31 December 2023, 31 December 2022 and 31 December 2021 deriving from the Three-Year Consolidated Financial Statements for all the reference periods.

It should be noted that this balance sheet format, used by the Company in its analysis of group performance, presents certain reclassifications made by restating, according to the distinction between uses and sources, the balance sheet items at the reference dates. In the balance sheet formats included in the Three-Year Consolidated Financial Statements, these items are represented on the basis of the operating cycle, with the distinction between current/non-current items.

Euro thousand	31 December 2023	31 December 2022	31 December 2021
Uses			
Net fixed assets (1)	13,038	9,091	5,134

Net working capital (2)	3,136	1,812	1,417
Total uses (3)	**16,174**	**10,903**	**6,551**
Sources			
Net Financial Indebtedness (4)	3,115	5,061	6,154
Equity	(19,289)	(15,964)	(12,705)
Total sources	**(16,174)**	**(10,903)**	**(6,551)**

(1) Net fixed assets are calculated as the sum of intangible fixed assets, property, plant and equipment, investments accounted for using the equity method, deferred tax assets and expressed net of employee benefits, provisions for risks and charges and deferred tax liabilities. Net fixed assets are not identified as an accounting measure under IFRS. The determination criteria applied by the Company may not be homogeneous with those adopted by other companies or groups and, therefore, the balance obtained may not be comparable. These indicators have not been subject to any statutory audit by the Auditing Firm.

(2) Net working capital is calculated as the sum of the net balance of transactions with customers, the net balance of transactions with suppliers, the net balance of transactions with subsidiaries and affiliated companies, of contract work in progress and others. Net working capital is not identified as an accounting measure under IFRS. The determination criteria applied by the Company may not be homogeneous with those adopted by other companies or groups and, therefore, the balance obtained may not be comparable. These indicators have not been subject to any statutory audit by the Auditing Firm.

(3) Net invested capital is calculated as the sum of net fixed assets and net working capital. Net invested capital is not identified as an accounting measure under IFRS. The determination criteria applied by the Company may not be homogeneous with those adopted by other companies or groups and, therefore, the balance obtained may not be comparable. These indicators have not been audited by the Auditing Firm.

(4) The Net Financial Indebtedness was determined by the Company in accordance with CONSOB Communication No. DEM/6064293 of 28 July 2006 and in accordance with ESMA Recommendations/2013/319. These indicators were not subject to any statutory audit by the Independent Auditors.

Details of the items in the reclassified statement by "Sources and Uses" for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021 are shown below.

Euro thousand	**31 December 2023**	**31 December 2022**	**31 December 2021**
Uses			
Tangible assets	788	545	467
Right of use assets	3,995	4,945	3,941
Other intangible assets	7,384	3,907	1,686
Goodwill	8,954	5,779	4,002
Investments	23	55	157
Deferred tax assets	615	647	564
Other non-current assets	65	31	28
Employee benefits	(6,662)	(5,432)	(4,778)
Non-current provisions	(330)	(243)	(556)
Deferred tax liabilities	(1,794)	(1,143)	(377)
Net fixed assets	**13,038**	**9,091**	**5,134**
Trade receivables	16,015	12,415	7,757
Contract assets	1,699	336	187
Inventories	194	91	85
Trade payables	(4,543)	(3,710)	(2,783)
Advances for contract assets	0	0	0
Other current assets	2,341	1,383	2,314
Tax liabilities	(2,092)	(1,607)	(1,898)
Other current liabilities	(10,478)	(7,096)	(4,245)
Net working capital	**3,136**	**1,812**	**1,417**
Total Uses	**16,174**	**10,903**	**6,551**
Sources			
Net Financial Indebtedness	**3,115**	**5,061**	**6,154**
Share capital	1,015	1,015	1,015
Legal reserve	203	203	203
Other reserves	1,665	1,688	1,225
Net result for the year	4,232	3,677	3,595
Retained earnings/(losses)	12,003	9,220	6,487
Group Equity	**19,118**	**15,803**	**12,525**
Minority interests	162	147	154
Net result for the year	9	14	26
Equity	**19,289**	**15,964**	**12,705**
Total sources	**16,174**	**10,903**	**6,551**

For more information on the reclassified statement by "*Sources and Uses*" and the analysis of the items it comprises, see Chapter "*Capital resources for the Group for the three years ended December 31, 2023, 2022 and 2021*" of the Prospectus.

Short and long-term financial resources of the Company

The following table shows the composition of the Net Financial Indebtedness of 31 December 2023, 31 December 2022 and 31 December 2021, in accordance with CONSOB Communication No. DEM/6064293 of 28 July 2006 and in compliance with ESMA Recommendations/2013/319.

Euro thousand	**31 December 2023**	**31 December 2022**	**31 December 2021**
A. Cash	14,437	13,867	15,753
B. Cash equivalents	0	0	0
C. Other current financial assets	4,633	4,291	2,164
D. Liquidity (A)+(B)+(C)	**19.070**	**18,158**	**17.917**
E. Current financial debt	(15)	(14)	(8)
F. Current portion of non-current financial debt	(4,895)	(3,317)	(2,636)
G. Current financial debt (E)+(F)	**(4,910)**	**(3,331)**	**(2,644)**
H Net current financial debt (D)+(G)	**14,160**	**14,827**	**15,273**
I. Non-current financial debt	(1,620)	(2,309)	(3,065)
J. Debt instruments	0	0	0
K. Other non-current financial debt	(9,425)	(7,457)	(6,055)
L. Non current financial debt (I)+(J)+(K)	**(11,045)**	**(9,766)**	**(9,120)**
M. Net Financial Position (H)+(L)	**3,115**	**5,061**	**6,153**

With reference to the evolution of the Company's Net Financial Indebtedness over the period under analysis, in the paragraph below are commented the trend with reference to the comparison between 2023 vs 2022 and 2022 vs 2021 respectively.

2023 vs 2022

With reference to the evolution of the Company's Net Financial Indebtedness in the period 2023-2022, it should be noted that between 31 December 2022 and 31 December 2023, the Company recorded a negative variation of Euro 1,946 thousand, from a positive balance of Euro 5,061 thousand to a positive balance of Euro 3,115 thousand.

This trend is related to the combined effect of the increase in cash and cash equivalents of Euro 570 thousand, which was offset by the increase in financial debt, which totalled Euro 2,858 thousand, of which Euro 1,579 thousand current and Euro 1,279 thousand non-current.

Euro thousand	**31 December 2023**	**31 December 2022**	**Change 2023 vs 2022**	
A. Cash	14,437	13,867	570	4%
B. Cash equivalents	0	0	0	n.a.
C. Other current financial assets	4,633	4,291	342	8%
D. Liquidity (A)+(B)+(C)	**19.070**	**18,158**	**912**	**5%**
E. Current financial debt	(15)	(14)	(1)	7%
F. Current portion of non-current financial debt	(4,895)	(3,317)	(1,578)	48%
G. Current financial debt (E)+(F)	**(4,910)**	**(3,331)**	**(1,579)**	**47%**
H Net current financial debt (D)+(G)	**14,160**	**14,827**	**(667)**	**(4%)**
I. Non-current financial debt	(1,620)	(2,309)	689	(30%)
J. Debt instruments	0	0	0	n.a.
K. Other non-current financial debt	(9,425)	(7,457)	(1,968)	26%
L. Non current financial debt (I)+(J)+(K)	**(11,045)**	**(9,766)**	**(1,279)**	**13%**
M. Net Financial Position (H)+(L)	**3,115**	**5,061**	**(1,946)**	**(38%)**

In the following bullet points are illustrated the main trends of the Net Financial Indebtedness over the period under analysis:

- the increase in cash and cash equivalents, amounting to Euro 570 thousand, is mainly related to the cash flows generated by operating activities; this change is explained by (i) the increase in the EBITDA, amounting to Euro 1,387 thousand, which amounted to Euro 9,300 thousand at 31 December 2023 compared to Euro 7,913 thousand at 31 December 2022; (ii) the positive cash flow generated by changes in net working capital, as commented on Chapter "Cash flow of the Group for the years ended December 31, 2023, 2022 and 2021" of the Prospectus; (iii) the investment activities, which partially offset the two positive trends previously commented;

  The improvement in EBITDA is attributable to the increase in revenue from sales and services in FY2023 compared to FY2022, only partially offset by the increase in costs (+24%). For further details on the Company's cash flows, please refer to Section "*Cash flow of the Group for the years ended December 31, 2023, 2022 and 2021*";

- the increase in current financial debt, equal to Euro 1,579 thousand, is mainly related to the increase of the current portion of non-current financial debt, increased by Euro 1,578 thousand, according to the increase in current portion of earn-outs (equal to Euro 1,558 thousand) related to new business combination performed during the year;

- the increase in non-current financial debt, equal to Euro 1,279 thousand, is mainly related to the increase of the other non-current financial debt, equal to Euro 1,968 thousand, mainly related to earn-out debts, increased by Euro 3,121 thousand (due to new business combination performed during the year), partially offset by the decrease in right of use non-current debt, equal to Euro 900 thousand.

2022 vs 2021

With reference to the evolution of the Company's Net Financial Indebtedness over the period 2022-2021, it should be noted that between 31 December 2021 and 31 December 2022 the Company recorded a negative change of Euro 1,092 thousand, going from a positive balance of Euro 6,153 thousand to a positive balance of Euro 5,061 thousand.

This trend is related to the combined effect of the decrease in cash and cash equivalents of Euro 1,886 thousand, which was more than compensated by the increase in current financial assets, which totaled Euro 2,127 thousand.

The overall positive effect, amounting to Euro 241 thousand, was more than offset by the increase in the financial debt, equal to Euro 1,333 thousand, of which Euro 687 thousand current and Euro 646 thousand non-current.

Euro thousand	**31 December 2022**	**31 December 2021**	**Change 2022 vs 2021**	
A. Cash	13,867	15,753	(1,886)	(12%)
B. Cash equivalents	0	0	0	n.a.
C. Other current financial assets	4,291	2,164	2,127	98%
D. Liquidity (A)+(B)+(C)	**18,158**	**17,917**	**241**	**1%**
E. Current financial debt	(14)	(8)	(6)	75%
F. Current portion of non-current financial debt	(3,317)	(2,636)	(681)	26%
G. Current financial debt (E)+(F)	**(3,331)**	**(2,644)**	**(687)**	**26%**
H Net current financial debt (D)+(G)	**14,827**	**15,273**	**(446)**	**(3%)**
I. Non-current financial debt	(2,309)	(3,065)	756	(25%)
J. Debt instruments	0	0	0	n.a.
K. Other non-current financial debt	(7,457)	(6,055)	(1.402)	23%
L. Non current financial debt (I)+(J)+(K)	**(9,766)**	**(9,120)**	**(646)**	**7%**
M. Net Financial Position (H)+(L)	**5,061**	**6,153**	**(1,092)**	**(18%)**

In particular, the following trend must be commented:

- the decrease in cash and cash equivalents, amounting to Euro 1,886 thousand, is mainly related to cash flows absorbed by investment activities, as commented in Chapter "Cash flow of the Group for the years ended December 31, 2023, 2022 and 2021" of the Prospectus. The Company in fact utilized the cash available to finance the acquisition processes over the years under analysis;

- The increase in other current financial assets, equal to Euro 2,127 thousand, represented the Company's investments in bond portfolios, readily sellable;

- The increase in current financial debt, equal to Euro 687 thousand, is mainly related to the increase of the current portion of non-current financial debt, increased by Euro 719 thousand, according to the current portion of earn-outs (equal to Euro 517 thousand) related to new business combination performed during the year;

- the increase in non-current financial debt, equal to Euro 646 thousand, is mainly related to the increase of the other non-current financial debt, equal to Euro 1,365 thousand, mainly represented by the increase in ROU non-current liabilities, equal to Euro 867 thousand. This increase was composed by new lease contracts acquired by the Company through new business combination performed towards the year, and the increase of earn-out debt, equal to Euro 654 thousand, due to new business combinations. This amount is partially off-set by the decrease of a loan granted by a minority shareholder of a subsidiary, equal to Euro 166 thousand, as a result of repayments made by the Company during the year.

Below is a brief analysis of the main items included in the Company's Net Financial Indebtedness.

Liquidity (A, B and C)

Below is a breakdown of "Cash and cash equivalents" as of 31 December 2023, 31 December 2022, and 31 December 2021.

Euro thousand	31 December 2023	31 December 2022	31 December 2021
Bank accounts	14,415	13,857	15,741
Cash equivalents	10	4	3
Cash on hand	12	6	9
A. Cash	**14,437**	**13,867**	**15,753**
B. Cash equivalents	0	0	0
C. Other current financial assets	4,633	4,291	2,164
D. Liquidity (A)+(B)+(C)	**19,070**	**18,158**	**17,917**

As of 31 December 2023, 31 December 2022 and 31 December 2021, cash and cash equivalents held by the Company amounted to Euro 14,437 thousand, Euro 13,867 thousand and Euro 15,753 thousand respectively, mainly related to bank accounts.

The Company considers as low the credit risk related to cash and cash equivalents as these are composed by several deposits on domestic bank institutions.

Cash and cash equivalents as of 31 December 2023, 31 December 2022 and 31 December 2021 are free of constraints or restrictions on their use.

Cash and cash equivalents in the periods under review are not allocated to any financial investment activities but are used to cover the needs of the operating working capital. The decision to hold liquid assets against bank loans stems from working capital management needs.

Please note that, for all the three periods, the liquidity is held entirely in Italy and there are no restrictions and/or constraints on it.

As of 31 December 2023, the Company's cash and cash equivalents are remunerated by banks at an average annual interest rate of approximately 0.24% (0.04% as of 31 December 2022 and 0.01% as of 31 December 2021).

With regards to financial policy decisions, the Company assesses separately the need for working capital, which responds to a short-term time horizon, from investment needs, which respond to medium-long term requirements.

As part of the medium/long-term financial management policies, investments are expected to be adequately covered by medium/long-term financing.

The item "Other current financial assets" amounted to Euro 4,633 thousand as of 31 December 2023, to Euro 4,291 thousand at 31 December 2022 and Euro 2,164 thousand at 31 December 2021.

This item represents a temporary investment in bonds and investment fund that are selected by Company's management among financial instruments with an appropriate rating and with a low risk and readily sellable.

As of 31 December 2023, a comparison with the market value showed a net loss equal to Euro 105 thousand.

As of 31 December 2022, a comparison with the market value showed a net capital loss equal to Euro 154 thousand.

Current financial debt (E.) and current portion of non-current financial debt (F.)

"Current financial debt" and "current portion of non-current financial debt" amounted respectively to Euro 15 thousand and Euro 3,958 thousand as of 31 December 2023, to Euro 14 thousand and Euro 3,189 thousand as of 31 December 2022 and to Euro 8 thousand and Euro 2,470 thousand as of 31 December 2021.

Euro thousand	31 December 2023	31 December 2022	31 December 2021
Credit card overdraft	15	14	8
E. Current financial debt	**15**	**14**	**8**
Current portion of non-current bank loans	728	743	681
Current portion of ROU liabilities	640	599	460
Current portion of earn-outs	3,399	1,847	1,329
Current portion of shareholder's loan	128	128	166
F. Current portion of non-current financial debt	**4,895**	**3,317**	**2,636**

"Current financial debt" refers to credit cards overdrafts within the credit plafond: the Company gives to certain top managers and to the administration department the possibility to use five credit cards typically to cover travel and lodging expenses for business reasons, with an average plafond equal to Euro 11 thousand.

The "current portion of non-current financial debt" is related to bank loans, right of use liabilities and ear-out debts. The change during the periods under review is shown in section 8.1.4.

The tables below provide details of the current portion of non-current bank loans as of 31 December 2023, 31 December 2022 and 31 December 2021 respectively.

Credit institution / borrower	Signing date	Expiration date	Original amount (Euro thousand)	Interest rate	Total debt as of 31 December 2023 (Euro thousand)	Of which current portion (Euro thousand)	Of which non-current portion (Euro thousand)
Intesa Sanpaolo S.p.A. / SYS-DAT S.p.A.	29 January 2021	29 January 2027	3,500	Fixed – 0.45%	2,164	698	1,466
UniCredit S.p.A. / Modasystem S.r.l.	9 April 2021	30 April 2026	150	Fixed – 1.20%	71	30	41
Banco BPM S.p.A. / SiSolution S.r.l.	11 February 2022	11 February 2026	200	Fixed – 1.45%	110	-	110
Total as of 31 December 2023			**3,850**		**2,345**	**728**	**1,617**

Credit institution / borrower	Signing date	Expiration date	Original amount (Euro thousand)	Interest rate	Total debt as of 31 December 2022 (Euro thousand)	Of which current portion (Euro thousand)	Of which non-current portion (Euro thousand)
Intesa Sanpaolo S.p.A. / SYS-DAT S.p.A.	29 January 2021	29 January 2027	3,500	Fixed – 0.45%	2,858	694	2,164
UniCredit S.p.A. / Modasystem S.r.l.	9 April 2021	30 April 2026	150	Fixed – 1.20%	101	30	71
Banca Nazionale del Lavoro S.p.A. / Sys-Dat Bari S.p.A.	29 October 2020	29 October 2026	100	Fixed – 1.65%	77	19	58
Total as of 31 December 2022			**3,750**		**3,036**	**743**	**2,293**

Credit institution / borrower	Signing date	Expiration date	Original amount (Euro thousand)	Interest rate	Total debt as of 31 December 2021 (Euro thousand)	Of which current portion (Euro thousand)	Of which non-current portion (Euro thousand)
Intesa Sanpaolo S.p.A. / Sys-Dat S.p.A.	29 January 2021	29 January 2027	3,500	Fixed – 0.45%	3,490	632	2,858
UniCredit S.p.A. / Modasystem S.r.l.	9 April 2021	30 April 2026	150	Fixed – 1.20%	131	30	101
Banca Nazionale del Lavoro S.p.A. / Sys-Dat Bari S.p.A.	29 October 2020	29 October 2026	100	Fixed – 1.65%	96	19	78
Total as of 31 December 2021			**3,750**		**3,717**	**681**	**3,037**

The tables below provide details of the current portion of ROU liabilities as of 31 December 2023, 31 December 2022 and 31 December 2021.

Lease liability	Original amount (Euro thousand)	Interest rate	Total debt as of 31 December 2023 (Euro thousand)	Of which current portion (Euro thousand)	Of which non-current portion (Euro thousand)
Company's car	1,191	Fixed – 5.15%	794	282	512
Buildings	4,223	Fixed – 5.15%	3,332	358	2,974
Total as of 31 December 2023	**5.414**		**4,126**	**640**	**3,486**

Lease liability	Original amount (Euro thousand)	Interest rate	Total debt as of 31 December 2022 (Euro thousand)	Of which current portion (Euro thousand)	Of which non-current portion (Euro thousand)
Company's car	848	Fixed – 3.00%	478	219	259
Buildings	5,133	Fixed – 3.00%	4,505	380	4,125

Total as of 31 December 2022	**5,981**		**4,983**	**599**	**4,384**

Lease liability	Original amount (Euro thousand)	Interest rate	Total debt as of 31 December 2021 (Euro thousand)	Of which current portion (Euro thousand)	Of which non-current portion (Euro thousand)
Company's car	579	Fixed – 3.00%	406	192	214
Buildings	3,831	Fixed – 3.00%	3,571	268	3,304
Total as of 31 December 2021	**4,410**		**3,977**	**460**	**3,518**

The tables below provide details of the current portion of earn-out debts as of 31 December 2023, 31 December 2022 and 31 December 2021.

Earn-out debt	Original amount (Euro thousand)	Total debt as of 31 December 2023 (Euro thousand)	Of which current portion (Euro thousand)	Of which non-current portion (Euro thousand)
Sys-Dat Verona	2,424	1,043	1,043	0
Attua	631	172	172	0
Sys-Dat Bari	216	108	108	0
Humatics	168	168	18	150
Emmedata	2,112	1,404	704	700
Equalis	530	530	235	295
V-Cube	2,777	2,777	14	2,763
Si-Solutions	2,640	2,640	950	1,690
Trizeta	461	461	155	306
Total as of 31 December 2023	**13,529**	**9,303**	**3,399**	**5,904**

Earn-out debt	Original amount (Euro thousand)	Total debt as of 31 December 2022 (Euro thousand)	Of which current portion (Euro thousand)	Of which non-current portion (Euro thousand)
Sys-Dat Verona	2,424	1,043	0	1,043
Sys-Dat Retail	126	63	63	0
E-Lab Consulting	330	165	165	0
Modasystem	286	143	143	0
BTW Informatica	79	40	40	0
Nekte	220	110	110	0
Hars	293	147	147	0
Logic One	55	27	27	0
Attua	631	305	200	105
B-One on site	61	30	30	0
OS2 (company branch)	120	61	61	0
Sys-Dat Bari	216	216	108	108
Humatics	168	168	73	95
Emmedata	2,112	2,112	680	1,432
Total as of 31 December 2022	**7,121**	**4,630**	**1,847**	**2,783**

Earn-out debt	Original amount (Euro thousand)	Total debt as of 31 December 2021 (Euro thousand)	Of which current portion (Euro thousand)	Of which non-current portion (Euro thousand)
Sys-Dat Verona	2,424	1,256	212	1,044
Sys-Dat Retail	126	126	63	63
E-Lab Consulting	330	330	165	165
Modasystem	286	286	143	143
BTW Informatica	79	79	40	39
Nekte	220	220	110	110
Hars	293	293	147	146
Logic One	55	55	27	28
Attua	631	631	331	300
B-One on site	61	61	31	30
OS2 (company branch)	120	120	60	60

Total as of 31 December 2021	**4,625**	**3,457**	**1,329**	**2,128**

The tables below provide details of the current portion of shareholders loans as of 31 December 2023, 31 December 2022 and 31 December 2021.

Shareholders loan	Original amount (Euro thousand)	Interest rate	Total debt as of 31 December 2023 (Euro thousand)	Of which current portion (Euro thousand)	Of which non-current portion (Euro thousand)
Minority subsidiary's shareholder	798	2.23%	128	128	0
Total as of 31 December 2023	798		**128**	**128**	**0**

Shareholders loan	Original amount (Euro thousand)	Interest rate	Total debt as of 31 December 2022 (Euro thousand)	Of which current portion (Euro thousand)	Of which non-current portion (Euro thousand)
Minority subsidiary's shareholder	798	2.23%	253	128	125
Total as of 31 December 2022	798		**253**	**128**	**125**

Shareholders loan	Original amount (Euro thousand)	Interest rate	Total debt as of 31 December 2021 (Euro thousand)	Of which current portion (Euro thousand)	Of which non-current portion (Euro thousand)
Minority subsidiary's shareholder	798	2.23%	419	166	253
Total as of 31 December 2021	798		**419**	**166**	**253**

Non-current financial debt (excluding the current portion) (I. and K.)

The following table shows details of Non-current financial debt (excluding the current portion) as of 31 December 2023, 31 December 2022 and 31 December 2021.

Euro thousand	31 December 2023	31 December 2022	31 December 2021
non-current portion of non-current bank loans	1,617	2,293	3,037
other-non current bank financial debts	3	16	28
I. Non-current financial debt	**1,620**	**2,309**	**3,065**
non-current portion of right of use liabilities	3,486	4,384	3,518
non-current portion of earn-outs	5,904	2,783	2,128
shareholders loans	0	125	253
trade payables overdue more than 360 days	21	150	127
other non-current financial debt - other	14	15	29
K. Other non-current financial debt	**9,425**	**7,457**	**6,055**

The table below provides details of non-current bank loans (including the current portion) as of 31 December 2023, 2022 and 2021.

2023 vs 2022

					As of 31 December 2022			Movements 2023			As of 31 December 2023		
Loan *(Euro Thousand)*	Amount	Starting date	Expiry date	Interest rate	Debt outstanding as of 31 December 2022	of which current portion of non-current financial debt	of which non-current portion of non-current financial debt	Increase	Business combination	Refund	Debt outstanding as of 31 December 2023	of which current portion of non-current financial debt	of which non-current portion of non-current financial debt
Intesa Sanpaolo S.p.A. / SYS-DAT S.p.A.	3,500	29-jan-21	29-jan-27	0.45%	2,858	694	2,164	0	0	694	2,164	698	1,466
UniCredit S.p.A. / Modasystem S.r.l.	150	09-apr-21	30-apr-26	1.20%	101	30	71	0	0	30	71	30	41
Banca Nazionale del Lavoro S.p.A. / Sys-Dat Bari S.p.A.	100	29-oct-20	29-oct-26	1.65%	78	20	58	0	0	78	0	0	0
Banco BPM S.p.A. / SiSolution S.r.l.	200	11-feb-22	11-feb-26	1.45%	0	0	0	0	110	0	110	0	110
Total	**3,950**				**3,037**	**744**	**2,293**	**0**	**110**	**802**	**2,345**	**728**	**1,617**

2022 vs 2021

					As of 31 December 2021			Movements 2022			As of 31 December 2022		

Loan *(Euro Thousand)*	Amount	Start date	Expiry date	Interest rate	Debt outstanding as of 31 December 2021	of which current portion of non-current financial debt	of which non-current portion of non-current financial debt	Increase	Business combination	Refund	Debt outstanding as of 31 December 2022	of which current portion of non-current financial debt	of which non-current portion of non-current financial debt
Intesa Sanpaolo S.p.A. / SYS-DAT S.p.A.	3,500	29-jan-21	29-jan-27	0.45%	3,490	632	2,858	0	0	632	2,858	694	2,164
UniCredit S.p.A. / Modasystem S.r.l.	150	09-apr-21	30-apr-26	1.20%	131	30	101	0	0	30	101	30	71
Banca Nazionale del Lavoro S.p.A. / Sys-Dat Bari S.p.A.	100	29-oct-20	29-oct-26	1.7%	97	19	78	0	0	19	78	20	58
Total	**3,950**				**3,718**	**681**	**3,037**	**0**	**0**	**681**	**3,037**	**744**	**2,293**

Please note that all bank loans are contractually agreed at fixed rates.

The table below shows the composition of financial indebtedness with regards to positions related to credit institutions:

Euro thousand	**31 December 2023**	**31 December 2022**	**31 December 2021**
Credit card overdraft	15	14	8
current portion of non-current bank loans	728	743	681
non-current portion of non-current bank loans	1,615	2,293	3,036
other-non current bank financial debts	5	6	29
A - Total cash and cash equivalent	**2,363**	**3,066**	**754**
B - Net Financial Indebtedness	3,115	5,061	153
C - Percentage on Net Financial Indebtedness (A/B)	**76%**	**61%**	**61%**

The Company's outstanding loans hasn't clauses to respect covenants.

The table below provides details of ROU liabilities (including the current portion) as of 31 December 2023, 2022 and 2021.

2023 vs 2022

	As of 31 December 2022			Movements 2023			As of 31 December 2023		
Right of Use Liabilities	**Debt outstanding as of 31 December 2022**	**of which current portion of non-current financial debt**	**of which non-current portion of non-current financial debt**	**Increase**	**Business combination**	**Refund**	**Debt outstanding as of 31 December 2023**	**of which current portion of non-current financial debt**	**of which non-current portion of non-current financial debt**
Company cars	478	219	259	468	119	271	794	282	512
Buildings	4,505	380	4,125	395	89	1,657	3,332	358	2,974
Total	**4,983**	**599**	**4,384**	**863**	**298**	**1,928**	**4,126**	**640**	**3,486**

2022 vs 2021

	As of 31 December 2021			Movements 2022			As of 31 December 2022		
Right of Use Liabilities	**Debt outstanding as of 31 December 2021**	**of which current portion of non-current financial debt**	**of which non-current portion of non-current financial debt**	**Increase**	**Business combination**	**Refund**	**Debt outstanding as of 31 December 2022**	**of which current portion of non-current financial debt**	**of which non-current portion of non-current financial debt**
Company cars	406	192	214	302	22	252	478	219	259
Buildings	3,571	268	3,304	977	299	342	4,505	380	4,125
Total	**3,977**	**460**	**3,518**	**1,279**	**321**	**594**	**4,983**	**599**	**4,384**

The table below provides details of earn-outs liabilities (including the current portion) as of 31 December 2023, 2022 and 2021.

2023 vs 2022

	As of 31 December 2022	Movements 2023	As of 31 December 2023

Loan	Amount	Starting date	Expiry date	Debt outstanding as of 31 December 2022	of which current portion of non-current financial debt	of which non-current portion of non-current financial debt	Increase	Refund	Debt outstanding as of 31 December 2023	of which current portion of non-current financial debt	of which non-current portion of non-current financial debt
Sys-Dat Verona	2424	30-oct-20	30-apr-24	1,043	0	1,043		0	1,043	1,043	0
Sys-Dat Retail	126	29-jun-21	30-jun-23	63	63	0		63	0	0	0
E-Lab Consulting	330	29-jun-21	30-jun-23	165	165	0		165	0	0	0
Modasystem	286	29-jun-21	30-jun-23	143	143	0		143	0	0	0
BTW Informatica	79	29-jun-21	30-jun-23	40	40	0		40	0	0	0
Nekte	220	30-oct-20	30-apr-24	110	110	0		110	0	0	0
Hars	293	29-jun-21	30-jun-23	147	147	0		147	0	0	0
Logic One	55	29-jun-21	30-jun-23	27	27	0		27	0	0	0
Attua	631	15-feb-21	30-apr-24	305	200	105		133	172	172	0
B-One on site	61	27-jan-21	27-jan-23	30	30	0		30	0	0	0
OS2 (company branch)	120	27-oct-21	27-oct-23	61	61	0		61	0	0	0
Sys-Dat Bari	216	07-jul-22	07-jul-24	216	108	108		108	108	108	0
Humatics	168	12-jul-22	30-jun-25	168	73	95			168	18	150
Emmedata	2112	15-feb-22	30-jun-25	2,112	680	1,432		708	1,404	704	700
Equalis	530	15-mar-23	30-jun-26	0	0	0	530		530	235	295
V-Cube	2777	11-may-23	30-jun-26	0	0	0	2777		2,777	14	2,763
Si-Solutions	2640	16-nov-23	30-may-27	0	0	0	2640		2,640	950	1,690
Trizeta	461	21-sep-23	30-may-26	0	0	0	461		461	155	306
Total	**13,529**			**4,630**	**1,847**	**2,783**	**6,408**	**1,735**	**9,303**	**3,399**	**5,904**

2022 vs 2021

				As of 31 December 2021			Movements 2022		As of 31 December 2022		
Euro Thousand	Amount	Start date	Expiry date	Debt outstanding as of 31 December 2021	of which current portion of non-current financial debt	of which non-current portion of non-current financial debt	Increase	Refund	Debt outstanding as of 31 December 2022	of which current portion of non-current financial debt	of which non-current portion of non-current financial debt
Sys-Dat Verona	2,424	30-oct-20	30-apr-24	1,256	212	1,044		213	1,043	0	1,043
Sys-Dat Retail	126	29-jun-21	30-jun-23	126	63	63		63	63	63	0
E-Lab Consulting	330	29-jun-21	30-jun-23	330	165	165		165	165	165	0
Modasystem	286	29-jun-21	30-jun-23	286	143	143		143	143	143	0
BTW Informatica	79	29-gjun-21	30-jun-23	79	40	39		39	40	40	0
Nekte	220	30-oct-20	30-apr-24	220	110	110		110	110	110	0
Hars	293	29-jun-21	30-jun-23	293	147	146		146	147	147	0
Logic One	55	29-jun-21	30-jun-23	55	27	28		28	27	27	0
Attua	631	15-feb-21	30-apr-24	631	331	300	5	331	305	200	105
B-One on site	61	27-jan-21	27-jan-23	61	31	30		31	30	30	0
OS2 (company branch)	120	27-oct-21	27-oct-23	120	60	60		59	61	61	0
Sys-Dat Bari	216	07-jul-22	07-jul-24	0	0	0	216		216	108	108
Humatics	168	12-jul-22	30-jun-25	0	0	0	168		168	73	95
Emmedata	2,112	15-feb-22	30-jun-25	0	0	0	2,112		2,112	680	1,432
Total	**13,529**			**3,457**	**1,329**	**2,128**	**2,501**	**1,328**	**4,630**	**1,847**	**2,783**

The table below provides details of shareholder loans (including the current portion) as of 31 December 2023, 2022 and 2021.

2023 vs 2022

					As of 31 December 2022			Movements 2023		As of 31 December 2023		
Loan	Amount	Starting date	Expiry date	Interest rate	Debt outstanding as of 31 December 2022	of which current portion of non-current	of which non-current portion of non-current	Increase	Refund	Debt outstanding as of 31 December 2023	of which current portion of non-current	of which non-current portion of non-current

						financial debt	financial debt				financial debt	financial debt
Minority subsidiary's shareholder	798	02-nov-16	15-jan-24	2.23%	254	128	126	2	128	128	128	0
Total	**798**				**254**	**128**	**126**	**2**	**128**	**128**	**128**	**0**

Please note that the increase for the year is due to the capitalized interests due to the application of the amortized costs calculated using an interest rate equal to 2.23% as shown in the table above.

2022 vs 2021

					As of 31 December 2021			Movements 2022		As of 31 December 2022		
Euro Thousand	Amount	Start date	Expiry date	Interest rate	Debt outstanding as of 31 December 2021	of which current portion of non-current financial debt	of which non-current portion of non-current financial debt	Increase	Refund	Debt outstanding as of 31 December 2022	of which current portion of non-current financial debt	of which non-current portion of non-current financial debt
Minority subsidiary's shareholder	798	02-nov-16	15-jan-24	2.23%	419	166	253	5	170	254	128	126
Total	**798**				**419**	**166**	**253**	**5**	**170**	**254**	**128**	**126**

Please note that the increase for the year is due to the capitalized interests due to the application of the amortized costs calculated using an interest rate equal to 2.23% as shown in the table above.

CASH FLOW OF THE GROUP FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

Summarised information on cash flows generated and absorbed by operating, investing and financing activities during financial years ended 31 December 2023, 31 December 2022 and 31 December 2021 is provided below.

The cash flows for the three periods under review are summarised in the following table.

Euro thousand	31 December 2023	31 December 2022	31 December 2021
A - Cash flows generated/absorbed by operating activities	7,296	5,660	5,551
B - Cash flows generated/absorbed by investment activities	(4,241)	(5,258)	(3,676)
C - Cash flows generated/absorbed by financing activities	(2,485)	(2,288)	2,504
D - Total cash flows (A+B+C)	**570**	**(1,886)**	**4,379**
E - Cash and cash equivalents at the beginning of the year	13,867	15,753	11,374
F - Increase/(decrease) in cash and cash equivalents	570	(1,886)	4,379
H - Cash and cash equivalents at the end of the year (E+F+G)	14,437	13,867	15,753

Operating, investing and financing activities generated cash for Euro 3,050 thousand for the year ended 31 December 2023, absorbed cash for Euro 545 thousand for the year ended 31 December 2022 and generated cash for Euro 6,090 thousand for the year ended 31 December 2021.

Cash flows for the financial years ended 31 December 2023, 2022 and 2021

This section provides an analysis of the Company's cash flows for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, respectively.

Euro Thousand	31 December 2023	31 December 2022	31 December 2021	2023 vs 2022	2022 vs 2021
Cash flows generated by operating activities					
Net result for the year	4,242	3,691	3,622	551	69
Taxes	2,301	1,599	1,250	702	349
Net interests	85	158	159	(73)	(1)
Gains/(losses) on asset disposal	0	0	(38)	0	38
Dividends	(18)	(5)	0	(13)	(5)
Depreciation	2,569	1,646	1,013	923	633
Impairment losses	123	824	(37)	(701)	861
Changes in provisions for risks and charges	55	(242)	38	297	(280)
Changes in employees benefits	515	265	237	250	28
Other	56	47	(56)	9	103
Changes in inventories	(1,313)	(129)	(217)	(1,184)	88
Changes in trade receivables	(1,168)	(4,440)	(30)	3,272	(4,410)
Changes in trade payables	260	765	(613)	(505)	1,378
Changes in other current assets/liabilities	1,465	3,547	998	(2,082)	2,549

Tax paid	(1,876)	(2,066)	(775)	190	(1,291)
Net cash flows from/(for) operating activities (A)	**7,296**	**5,660**	**5,551**	**1,636**	**109**
Cash flows generated by investment activities					
Investments in intangible assets	(2,173)	(1,720)	(1,014)	(453)	(706)
Investments in tangible assets	(136)	(120)	(342)	(16)	222
Investments in financial assets	0	0	(117)	0	117
Disposal of assets	30	0	84	30	(84)
Dividends received	18	5	0	13	5
Interests received	108	25	3	83	22
Cash acquired (transferred) from change in consolidation area	(2,480)	(1,341)	(1,711)	(1,139)	370
Changes in other financial activities	392	(2,107)	(579)	2,499	(1,528)
Net cash flows from/(for) investment activities (B)	**(4,241)**	**(5,258)**	**(3,676)**	**1,017**	**(1,582)**
Cash flows generated by financing activities					
Net change in other short-term financing sources	(3)	6	(192)	(9)	198
Loans and financing granted by banks and other financial institutions in the year	0	0	3,600	0	(3,600)
Repayment of long-term loans and other financing	(1,544)	(1,461)	(253)	(83)	(1,208)
Interests paid	(278)	(173)	(163)	(105)	(10)
Capital increase	0	0	178	0	(178)
Dividends paid	(660)	(660)	(666)	0	6
Net cash flows from/(for) financing activities (C)	**(2,485)**	**(2,288)**	**2,504**	**(197)**	**(4,792)**
Total cash flows (A)+(B)+(C)	**570**	**(1,886)**	**4,379**	**2,456**	**(6,265)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**13,867**	**15,753**	**11,374**	**(1,886)**	**4,379**
Increase/(decrease) in cash and cash equivalents	570	(1,886)	4,379	2,456	(6,265)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**14,437**	**13,867**	**15,753**	**570**	**(1,886)**

Please note that the table above represent a restatement of the consolidated statement of cash flow for the years ended December 31, 2023, 2022 and 2021 included in the Three-Year Consolidated Financial Statements, in order to show the cash acquired (or transferred) from change in consolidation area as part of the cash flow generated (or absorbed) from investment activities.

The consolidated statement of cash flow included in the Three-Year Consolidated Financial Statements and attached in the F-pages, is shown in the following table.

Euro Thousand	31 December 2023	31 December 2022	31 December 2021	2023 vs 2022	2022 vs 2021
Cash flows generated by operating activities					
Net result for the year	4,242	3,691	3,622	551	69
Taxes	2,301	1,599	1,250	702	349
Net interests	85	158	159	(73)	(1)
Gains/(losses) on asset disposal	0	0	(38)	0	38
Dividends	(18)	(5)	0	(13)	(5)
Depreciation	2,569	1,646	1,013	923	633
Impairment losses	123	824	(37)	(701)	861
Changes in provisions for risks and charges	55	(242)	38	297	(280)
Changes in employees benefits	515	265	237	250	28
Other	56	47	(56)	9	103
Changes in inventories	(1,313)	(129)	(217)	(1,184)	88
Changes in trade receivables	(1,168)	(4,440)	(30)	3,272	(4,410)
Changes in trade payables	260	765	(613)	(505)	1,378
Changes in other current assets/liabilities	1,465	3,547	998	(2,082)	2,549
Tax paid	(1,876)	(2,066)	(775)	190	(1,291)
Net cash flows from/(for) operating activities (A)	**7,296**	**5,660**	**5,551**	**1,636**	**109**
Cash flows generated by investment activities					
Investments in intangible assets	(2,173)	(1,720)	(1,014)	(453)	(706)
Investments in tangible assets	(136)	(120)	(342)	(16)	222
Investments in financial assets	0	0	(117)	0	117
Disposal of assets	30	0	84	30	(84)
Dividends received	18	5	0	13	5
Interests received	108	25	3	83	22
Changes in other financial activities	392	(2,107)	(579)	2,499	(1,528)
Net cash flows from/(for) investment activities (B)	**(1,761)**	**(3,917)**	**(1,965)**	**2,156**	**(1,952)**
Cash flows generated by financing activities					
Net change in other short-term financing sources	(3)	6	(192)	(9)	198

Loans and financing granted by banks and other financial institutions in the year	0	0	3,600	0	(3,600)
Repayment of long-term loans and other financing	(1,544)	(1,461)	(253)	(83)	(1,208)
Interests paid	(278)	(173)	(163)	(105)	(10)
Capital increase	0	0	178	0	(178)
Dividends paid	(660)	(660)	(666)	0	6
Net cash flows from/(for) financing activities (C)	**(2,485)**	**(2,288)**	**2,504**	**(197)**	**(4,792)**
Total cash flows (A)+(B)+(C)	**3,050**	**(545)**	**6,090**	**3,595**	**(6,635)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**13,867**	**15,753**	**11,374**	**(1,886)**	**4,379**
Increase/(decrease) in cash and cash equivalents	3,050	(545)	6,090	3,595	(6,635)
Cash acquired (transferred) from change in consolidation area	(2,480)	(1,341)	(1,711)	(1,139)	370
CASH AND CASH EQUIVALENTS AT END OF YEAR	**14,437**	**13,867**	**15,753**	**570**	**(1,886)**

The presentation of cash flows statements for the years ended 31 December 2023, 2022 and 2021 has been performed by applying the indirect method, in accordance with the requirements for the presentation and disclosure of the cash flow statement set out in IAS 7, identifying the elements by which profit for the year has been adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past, future operating cash receipts or payments, and revenues or expenses related to cash flows from investing or financing activities.

The individual components of the cash flow statement for the for the years ended 31 December 2023, 2022 and 2021 are analysed below.

During FY2023 the Company generated cash flows equal to Euro 3,050 thousand. This trend is mainly due to cash flows generated by operating activities (equal to Euro 7,296 thousand in FY23), partially offset by investments made in intangible assets (equal to Euro 2,173 thousand in FY23), with particular reference to investments development activities (amounting to Euro 2,047 thousand in FY23) and repayments of existing loans, equal to Euro 1,544 thousand during FY23.

During FY2022 the Company absorbed cash flows equal to Euro 545 thousand. This trend is mainly due to cash flows generated by operating activities (equal to Euro 5,660 thousand in FY2022), offset by investments made in development activities (equal to Euro 1,720 thousand in FY2022), change in other financial assets (equal to Euro 2,107 in FY2022) due to new investments in other financial assets and repayments of existing loans, equal to Euro 1,461 thousand during FY2022.

Cash flow generated (absorbed) by operating activities

2023 vs 2022

During FY 2023, the Company generated cash flow from operating activities for Euro 7,296 thousand, that represents an increase equal to Euro 1,636 thousand compared to FY 2022 mainly determined by:

- a better profit before current taxes for the FY 2023 (equal to Euro 6,542 thousand) compared to FY 2022 (equal to Euro 5,290 thousand), with an increase of Euro 1,253 thousand. This trend is mainly related to the growth in EBITDA (equal to Euro 1,387 thousand), for the comment of which please refer to the description in paragraph Paragraph "*Non-IFRS mesures and other metrics*" in Chapter "*Selected Financial and other information*" of the Prospectus.

- the lower cash flow absorbed by trade receivables, amounting to Euro 1,168 thousand in FY2023 compared to Euro 4,440 thousand in FY2022. This trend is mainly attributable to the change in gross trade receivables, equal to 23% between FY 2023 and FY 2022 and equal to 66% between FY 2023 and FY 2021. The peak in gross trade receivables recorded during FY 2022 is mainly connected to an increase in average collection days, as described in "Non-IFRS mesures and other metrics" in Chapter "Selected Financial and other information" of the Prospectus.

- the lower cash flow generated by other assets/liabilities, amounting to Euro 1,465 thousand in FY2023 compared to Euro 3,547 thousand in FY2022. This trend is mainly attributable to the peak in deferred income occurred in FY 2022 as a result of the change in the invoicing policy of monthly fees that were invoiced in advance in December starting with FY 2022.

2022 vs 2021

During FY 2022, the Company generated cash flow from operating activities of Euro 5,660 thousand, showing an increase equal to Euro 109 thousand compared to FY 2021 mainly determined by:

- a better profit before current taxes for the FY 2022 (equal to Euro 5,290 thousand) compared to the FY 2021 (equal to Euro 4,872 thousand), with an increase of Euro 418 thousand. This trend is mainly related to the growth in

EBITDA (equal to Euro 1,960 thousand), for the comment of which please refer to the description in paragraph Non-IFRS mesures and other metrics" in Chapter "Selected Financial and other information" of the Prospectus, partially offset by the increase in depreciation and amortization (equal to Euro 633 thousand), due to the investment process started by the Company during the period and bad debt provision (equal to Euro 689 thousand) mainly connected to a specific provision booked by the Company in FY 22 as described in paragraph "*Net working capital*" included in Chapter "*Capital resources of the Group for the years ended December 31, 2023, 2022 and 2021*" of the Prospectus.

- the higher cash flow absorbed by trade receivables, amounting to Euro 4,440 thousand in FY22 compared to Euro 30 thousand in FY 21. This trend is attributable to a higher DSO in FY2022 (equal to 98 days) than in FY2021 (equal to 80 days) as described in paragraph "*Non-IFRS mesures and other metrics*" in Chapter "*Selected Financial and other information*" of the Prospectus.

- the higher cash flow generated by other assets/liabilities, amounting to Euro 3,594 thousand in FY22 compared to Euro 942 thousand in FY21. This trend is mainly attributable to the peak in deferred income occurred in the FY 2022 as a result of the change in the invoicing of monthly fees, which, starting in the financial year 2022, were invoiced in advance in December.

Cash flow generated (absorbed) by investment activities

2023 vs 2022

During FY 2023, the Company absorbed cash flow from investment activities for Euro 4,241 thousand, showing a decrease equal to Euro 1,017 thousand compared to FY 2022 (equal to Euro 5,258 thousand) mainly determined by:

- the cash flow generated by other financial activities, equal to Euro 392 thousand in FY 2023, compared to the cash flow absorbed by the same activities during FY 2022, equal to Euro 2,107 thousand. This trend is mainly attributable to the investment in bonds and investment fund units made by the Company in FY 2022, as described in section 8.1.2.

- the higher cash flow absorbed due to investments in intangible assets. This trend is mainly attributable to the year-on-year increase in development investments, equal to Euro 2,047 thousand in FY 2023 compared to Euro 1,709 thousand in FY 2022.

- the higher cash transferred from change in consolidation area, equal to Euro 2,480 thousand in FY 2023 compared to Euro 1,341 thousand in FY 2022 as a result of the external growth process put in place by the Issuer during the three-year period under review.

2022 vs 2021

During FY 2022, the Company absorbed cash flow from investment activities of Euro 5,258 thousand, an increase equal to Euro 1,582 thousand compared to FY 2021 (equal to Euro 3,676 thousand) mainly determined by:

- the higher cash flow absorbed by other financial activities, equal to Euro 2,107 thousand in FY 2022, compared to FY 2021, equal to Euro 579 thousand. This trend is mainly attributable to the investment in bonds and investment fund made by the Company in FY 2022, as described in section 8.1.2.

- the higher cash flow absorbed due to investments in intangible assets. This trend is mainly attributable to the year-on-year increase in development investments, equal to Euro 1,709 thousand in FY 2022 compared to Euro 832 thousand in FY 2022.

Cash flow generated (absorbed) by financing activities

2023 vs 2022

During FY 2023, the Company absorbed cash flow from financing activities for Euro 2,485 thousand, an increase equal to Euro 197 thousand compared to FY 2022 mainly determined by a higher repayment of long-term loans and other financing, equal to Euro 83 thousand and higher interests paid on loans, equal to Euro 105 thousand.

2022 vs 2021

During FY 2022, the Company absorbed cash flow from financial activities for Euro 2,288 thousand, unlike the previous period when it generated a cash flow for Euro 2,504 thousand. This trend is mainly due to:

- loans and financing granted by banks and other financial institutions in FY2021 equal to Euro 3,660 thousand (nil in FY2022).

- higher repayment of long-term loans and other financing, equal to Euro 1,461 thousand in FY 2022 compared to Euro 253 thousand in FY2021, with a change equal to Euro 1,208 thousand.

MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

General

This section gives an overview of the material information concerning the Board, the Group's employees and its corporate governance. It is based on and discusses relevant provisions of Italian law as in effect on the Prospectus Date and the New By-Laws as these will be in effect as of the First Trading Date. The full text of the New By-Laws is available free of charge on the Company's website (https://www.sys-datgroup.com).

The Company is a joint-stock company (*società per azioni*) organised under the laws of Italy and managed by a board of directors (*Consiglio di Amministrazione*) (the "**Board of Directors**"). The Board of Directors, within the limits prescribed by Italian law, has the power to delegate its general authority to an executive committee or one or more managing directors. The Board of Directors determines the powers of the chief executive officer. In addition, the Italian Civil Code requires the Company to have a board of statutory auditors (*Collegio Sindacale*) (the "**Board of Statutory Auditors**"), which supervisory functions.

Board of Directors

The Company's Board of Directors is the executive body of the Company and is responsible for managing the Company in accordance with applicable laws, constitutional documents and shareholder resolutions. The Board supervises the general course of business and is responsible for the continuity of the Company and the business connected with it. The principal functions of the Board of Directors are to carry out the Company's business and to legally represent the Company in its dealing with third parties. Pursuant to the New By-Laws the legal representation of the Company and corporate signature are vested in the Chairman of the Board of Directors. It also belongs to the managing directors, or agents if appointed, within the limits of their powers.

Pursuant to Article 19 of the New By-Laws, the management of the Company is entrusted to a Board of Directors composed of a number of members not less than three and not more than eleven, appointed by the Company's ordinary shareholder's meeting. The ordinary shareholders' meeting shall determine the number of members of the Board of Directors within the aforementioned limits prior to their appointment. The number of Directors may be increased by resolution of the shareholders' meeting, within the aforementioned maximum limit, even during the term of office of the Board of Directors; the term of office of the Directors then appointed shall expire at the same time as that of the Directors in office at the time of their appointment.

Directors

The Company's Board of Directors in charge as of the Prospectus Date was appointed by the Company's ordinary shareholders' meeting of 21 March 2024 for a period of three financial years through the approval of the financial statements as of 31 December 2026.

As of the Prospectus Date, the Board comprises the following Directors with evidence of the respective office held and the main personal data:

Name and Surname	Position	Place and Date of Birth	Date of first appointment
Vittorio Neuroni	Chairman of the Board of Directors	Milan (MI), 22 January 1948	22 December 2008
Matteo Luigi Neuroni	Chief Executive Officer	Milan (MI), 26 July 1974	9 December 2008
Emanuele Edoardo Angelidis	Vice-Chairman of the Board of Directors	Milan (MI), 21 July 1964	5 November 2020
Marta Neuroni	Executive Director	Milan (MI), 20 June 1971	20 July 2011

On 21 March 2024 the Company's ordinary shareholders' meeting resolved to appoint, effective as of the First Trading Date, three other independent members of the Board to take office as of the First Trading Date and to remain in office until the approval of the financial statements as of 31 December 2026.

As of the First Trading Date, the Board of Directors comprises the following Directors, which will remain in office until the approval of the financial statements as of 31 December 2026, with evidence of the respective office held and the main personal data:

Name and Surname	Position	Place and Date of Birth	Date of first appointment
Vittorio Neuroni	Chairman of the Board of Directors	Milan (MI), 22 January 1948	22 December 2008
Matteo Luigi Neuroni	Chief Executive Officer	Milan (MI), 26 July 1974	9 December 2008
Emanuele Edoardo Angelidis	Vice-Chairman of the Board of Directors	Milan (MI), 21 July 1964	5 November 2020
Marta Neuroni	Executive Director	Milan (MI), 20 June 1971	20 July 2011

Name and Surname	Position	Place and Date of Birth	Date of first appointment
Stefania Tomasini	Independent Director (*)	Gallarate (VA), 13 March 1967	21 March 2024
Maurizio Santacroce	Independent Director (*)	Bari (BA), 27 September 1971	21 March 2024
Marco Bernardino Maria Zampetti	Independent Director (*)	Milan (MI), 20 January 1970	21 March 2024

(*) Independent non-executive director pursuant to Article 147-*ter*(4) and Article 148(3) of the Consolidated Financial Act, Article 2 of the Corporate Governance Code.

As of the Prospectus Date all members of the Board of Directors are domiciled for the office at the registered office of the Company.

The independence requirements of the Directors who will take office on the First Trading Date, set out in art. 147-*ter*, paragraph 4, art. 148, paragraph 3 of the Consolidated Financial Act and art. 2 of the Corporate Governance Code, have been preliminarily verified, with a positive outcome, by the Board of Directors on 25 March 2024 and will be subsequently verified by the Board of Directors that will take office as of the First Trading Date.

To the best of the Company's knowledge, its independent Directors: *(i)* have not had employment, financial or other professional relationships, with the Company, its subsidiaries or companies subject to common control or parties related to us, directly or indirectly, through third party companies or firms, at any time during the last three years, and *(ii)* are not and have not been significant representatives, either of the Company and/or its subsidiaries.

The composition of the Board of Directors as of the First Trading Date already complies with the rules set out in Article 147-*ter*, paragraph 1-*ter* of the Consolidated Financial Act concerning the balance between genders. Pursuant to such provisions, which will apply from the first reappointment of the Board of Directors, the less represented gender will account for at least one-fifth of Directors for the first reappointment of the Board of Directors, and at least two-fifths of Directors for the following five consecutives mandates.

To the best of the Company's knowledge, the members of the Board of Directors in office as of the First Trading Date – as detailed in their CVs and in the additional information contained in this paragraph – comply with the requirements of integrity as set out in Article 147-*quinquies* of the Consolidated Financial Act, failing which they would fall from office.

Set out below are brief biographies of the directors, including those effective as of the First Trading Date:

Vittorio Neuroni — Vittorio Neuroni has over 45 years of experience in the Italian IT market. Before joining SYS-DAT he was at IBM in charge of sales activities. He was co-founder and developed several Italian software houses and consortium such as Consorzio Software (Business Partner IBM) and Var One (SAP), where he was chairman. Later in the 1998 he was co-founder and Board Member of VAR GROUP, to build an innovative organization to manage the sale of IBM solutions to the market. In the period up to 2010 he was board member and co-founder of more than 20 companies building a strong cross-selling business model. The partnership with VAR Group led him to build, as a co-founder, and manage, as a board member, several different companies mainly focused in the Center and North of Italy. Vittorio Neuroni took part of Sesa S.p.A. listing, the holding of 100% of VAR Group. In 2019, SYS-DAT sold its share of Sesa S.p.A., owned through ITH S.p.A., and bought back SYS-DAT shares owned by VAR Group.

Matteo Luigi Neuroni — Matteo Neuroni holds a M.S. in Economics from Cattolica University of Milan and has more than 20 years of experience in the Italian IT market. He joined SYS-DAT back in 1999 where he was in charge of three innovative projects in the Sales and Marketing area: (i) the definition and development of e-business solutions, mainly related to CRM and Supply Chain Management, International ERP applications development, such as SAP Business One, to provide a solution for customers with international footprint and system networking development strongly required by the market in those years. In 2001 he was a co-founder alongside VAR Group of Elab Consulting S.r.l., a company focused on e-business applications, with sales and marketing responsibilities. In 2005 he was appointed as Chief Executive Officer of Elab Consulting S.r.l. developing several successful web-based solutions in the fashion & luxury market. During the same period he was board member of several start-ups and companies alongside VAR Group and SYS-DAT. In 2009 he was appointed as Chief Executive Officer at SYS-DAT and in the following years the company consolidated its positioning in the fashion industry and started approaching new markets through a set of new services and solutions and a strengthen management team.

Emanuele Edoardo Angelidis — Emanuele Edoardo Angelidis holds a M.S. in Electronic Engineering from Politecnico di Milano (Italy), a Diploma in Economics and Business Management from Milan SDA Bocconi School of Management and an Advanced Executives Program from Kellogg School of Management at Northwestern University at Chicago (USA) and has more than 30 years of international managerial and entrepreneurial experience in the technology area, founding startups and managing the scale-up of the business. Emanuele Edoardo Angelidis was a co-founder and Chief Executive Officer at Fastweb S.p.A. and has been Chief Executive Officer, Chairman and Board of Directors member of several companies and co-founder and Chief Executive Officer of a UK based corporate venture fund that invested in more than 20 IoT start-ups all over Europe. In 2020 Emanuele Edoardo Angelidis acquired 20% of SYS-DAT share capital.

Marta Neuroni — Marta Neuroni has more than 25 years of experience in the Italian IT market. She joined SYS-DAT back in 1997 where she was part of the sales team and mainly focused on the business development of the Company Subsequently, she was in charge of the commercial relationship with VAR Group for infrastructure complex systems delivery. Since 2003 she was in charge of marketing and developed several co-marketing activities with key partners, such as SAP and IBM. Since 2011 she took HR responsibilities in addition to the marketing one. Since 2014 she took part to the M&A activities in particular with marketing and HR due diligence activities. She was a board member of several operating companies and since 2012 she is a board member of SYS-DAT.

Marco Bernardino Maria Zampetti — Marco Bernardino Maria Zampetti holds a degree in Business Administration, Economics of Industrial Companies from Università Commerciale Luigi Bocconi, in Milan. Marco Bernardino Maria Zampetti is a member of the Register of Chartered Accountants and Accounting Experts of Milan since 1995 and a member of the Register of Auditors since 1999. Marco Bernardino Maria Zampetti has been assisting businesses and entrepreneurs for more than 30 years in tax and fiscal matters and in management consulting, with a particular focus on medium-sized companies operating in industrial, commercial, service and financial intermediary sectors, often fast-growing or leaders in their respective fields. Marco Bernardino Maria Zampetti has also developed deep expertise in the compliance of regulated entities. Marco Bernardino Maria Zampetti is a founding and managing partner of Provenzano & Zampetti - Professional Association of Chartered Accountants.

Maurizio Santacroce — Maurizio Santacroce holds a degree in Economics from Università di Bari and a master's in business administration from Luiss Guido Carli in Rome. He has held multiple positions at public and private equity companies, in particular in the following sectors: education, fintech, gaming and lottery management, and Technology, Media and Telecommunications. Maurizio Santacroce currently holds the position of Professor of Digital Marketing in a post graduate Master at Università Cattolica del Sacro Cuore, in Milan.

Stefania Tomasini — Stefania Tomasini holds a degree in Economics from Università Cattolica del Sacro Cuore, in Milan. Stefania Tomasini is a member of the Register of Chartered Accountants of Milan since 1996, a member of the Register of Auditors of Milan since 1999, and a member of the Register of Fiduciary Consultants of the Canton of Ticino (Switzerland) since 2001. Stefania Tomasini has extensive experience in management and accounting for trusts, estates and companies, company formations, international experience in family office administration, experience in international tax planning, accounting and administration, will writing and investments. Stefania Tomasini deals with trust activity since 1994 serving as Protector, Trustee and Family Office Administrator. From 1995 to 2010 she was an associate and partner in the firm Studio Dott. Guido Severgnini & Associali - Commercialisti Associati e Revisori Contabili. From 2010 to present Stefania Tomasini is the sole shareholder and Chairwoman at Studio ST Consulting S.r.l., and since 2017 is sole director of ST Consulting II S.r.l. of which Studio ST S.r.l. is the sole shareholder.

Certain corporate governance practices that are required for Italian listed companies and that the Company adopted on 21 March 2024 will come into effect on the First Trading Date. The newly-adopted measures provide, among other things, a slate voting mechanism, to appoint members of the Board of Directors, pursuant to article 147-*ter* of the Consolidated Financial Act, and the Board of Statutory Auditors, pursuant to article 148 of the Consolidated Financial Act. The slate voting mechanism permit minority shareholders to submit their own slate for the election of the board of directors and of the Board of Statutory Auditors and permit the minority shareholder with the highest number of votes to appoint one director, one statutory auditor (the chairman of the Board of Statutory Auditors) and one alternate statutory auditor. These provisions will be applied at the first renewal of the Board of Directors and the Board of Statutory Auditors, respectively, following the First Trading Date. The members of the Board of Directors and Board of Statutory Auditors taking office as of the First Trading Date will remain in office until the shareholders' meeting called to approve the Company's financial statements for the year ending 31 December 2026.

In addition, the New by-Laws which will become effective as of the First Trading Date provide that the directors to be elected shall reflect gender balance, in accordance with provisions under article 147-*ter*, paragraph 1-*ter* of the Consolidated Financial Act. Pursuant to such provisions, which will apply from the first reappointment of the Board of Directors, the less represented gender will account for at least one-fifth of Directors for the first reappointment of the Board of Directors, and at least two-fifths of Directors for the following five consecutives mandates.

On 25 March 2024 the Board of Directors resolved to grant the following powers.

To the Chairman Vittorio Neuroni the legal representation of the Company in relations with the public administration, other public and private entities, and with third parties within the scope of the duties and powers delegated herein:

- to be exercised by single signature:

(i) to represent the Company, both actively and passively, before any ordinary and administrative judicial authority in all levels of jurisdiction and also in cassation, to appoint and dismiss lawyers and attorneys at law, to answer interrogatories and oaths, to refer oaths, to settle and reconcile any dispute, to compromise in ritual and irritual arbitrations, in law or in equity, appointing arbitrators if necessary;

(ii) to enter into, execute and terminate all contracts related to the provision of communication and marketing services with a value individually not exceeding Euro 300,000.00 per individual contract;

(iii) open and close current accounts, assets and liabilities with all banks and credit institutions, corporations or companies by establishing and accepting their terms and conditions;

(iv) make withdrawals, transfers and other passive transactions of an ordinary nature on the Company's existing bank accounts up to a maximum amount of Euro 1,000,000.00 per individual transaction;

(v) to issue and endorse cheques, promissory notes, drafts and other bills of exchange, to order or bearer, and to request cashier's cheques up to an amount of Euro 1,000,000.00;

(vi) make deposits and any other ordinary asset transactions on existing bank accounts without any limit;

(vii) to receive cheques, promissory notes, drafts and other bills of exchange, made payable to order or in bearer form, cashier's cheques without limit;

(viii) to request the issuance of bank guarantees for a maximum amount of Euro 1,000,000.00 each within the limits of the existing signature credit facility;

(ix) to execute any types of transactions with factoring, forfaiting and leasing companies; to enter into factoring, forfaiting and leasing contracts, assignments of receivables, creation of securities, collection warrants and everything related to these types of contracts;

(x) carry out any other transaction, none of which is excluded, in relation to the Company's bank and post office accounts, wherever opened, within the limit of Euro 1,000,000.00 per single transaction;

(xi) to represent the Company before any public or private credit institution, by concluding contracts for short-term financing and/or requesting the issuance of surety bonds for participation in tenders and for specific contracts, or for the reimbursement by public administrations of sums for direct or indirect taxes unduly paid or received;

(xii) to represent the Company at the branches of the Bank of Italy and the Italian Exchange Office and at all credit institutions, carrying out all banking operations, by way of example only: to dispose of and withdraw from the said accounts, also by issuing cheques, including overdrafts, RIDs, direct debits and any other payment arrangements that may be necessary, in the name of the Company and in favour of the Company itself, suppliers and third parties in general, on the Company's current accounts with any bank or credit institution, up to the amount of the overdrafts granted to the Company, withdrawing sums, securities and valuables; rent safe-deposit boxes and disposing of their contents; request cashier's cheques and current account cheque forms; request loans, including in foreign currency, cashier's cheques and current account cheque forms; order transfers and credit facilities in favour of third parties up to a maximum of 1,000,000.00 per single transaction;

(xiii) to grant special powers for specific acts or categories of acts and to delegate all or part of the above powers to third parties, in the manner and within the limits of the powers granted to them (with particular reference to the need to sign jointly with another Director - other than the delegate - having the same powers, where this is provided for in the resolution).

- to be exercised by joint signature with another Director having the same powers:

(i) hire, promote, transfer and dismiss, management personnel, with permanent and fixed-term contracts, within the terms permitted by applicable laws.

To the Vice-Chairman Emanuele Edoardo Angelidis the following powers:

- to be exercised by single signature:

(i) to represent the Company, both actively and passively, before any ordinary and administrative judicial authority in all levels of jurisdiction and also in cassation, to appoint and dismiss lawyers and attorneys at law, to answer interrogatories and oaths, to refer oaths, to settle and reconcile any dispute, to compromise in ritual and irritual arbitrations, in law or in equity, appointing arbitrators if necessary;

(ii) to enter into, execute and terminate all contracts related to the provision of communication and marketing services with a value individually not exceeding Euro 300,000.00 per individual contract;

(iii) open and close current accounts, assets and liabilities with all banks and credit institutions, corporations or companies by establishing and accepting their terms and conditions;

(iv) make withdrawals, transfers and other passive transactions of an ordinary nature on the Company's existing bank accounts up to a maximum amount of Euro 1,000,000.00 per individual transaction;

(v) to issue and endorse cheques, promissory notes, drafts and other bills of exchange, to order or bearer, and to request cashier's cheques up to an amount of Euro 1,000,000.00;

(vi) make deposits and any other ordinary asset transactions on existing bank accounts without any limit;

(vii) to receive cheques, promissory notes, drafts and other bills of exchange, made payable to order or in bearer form, cashier's cheques without limit;

(viii) to request the issuance of bank guarantees for a maximum amount of Euro 1,000,000.00 each within the limits of the existing signature credit facility;

(ix) to execute any types of transactions with factoring, forfaiting and leasing companies; to enter into factoring, forfaiting and leasing contracts, assignments of receivables, creation of securities, collection warrants and everything related to these types of contracts;

(x) carry out any other transaction, none of which is excluded, in relation to the Company's bank and post office accounts, wherever opened, within the limit of Euro 1,000,000.00 per single transaction;

(xi) to represent the Company before any public or private credit institution, by concluding contracts for short-term financing and/or requesting the issuance of surety bonds for participation in tenders and for specific contracts, or for the reimbursement by public administrations of sums for direct or indirect taxes unduly paid or received;

(xii) to represent the Company at the branches of the Bank of Italy and the Italian Exchange Office and at all credit institutions, carrying out all banking operations, by way of example only: to dispose of and withdraw from the said accounts, also by issuing cheques, including overdrafts, RIDs, direct debits and any other payment arrangements that may be necessary, in the name of the Company and in favour of the Company itself, suppliers and third parties in general, on the Company's current accounts with any bank or credit institution, up to the amount of the overdrafts granted to the Company, withdrawing sums, securities and valuables; rent safe-deposit boxes and disposing of their contents; request cashier's cheques and current account cheque forms; request loans, including in foreign currency, cashier's cheques and current account cheque forms; order transfers and credit facilities in favour of third parties up to a maximum of 1,000,000.00 per single transaction;

(xiii) to grant special powers for specific acts or categories of acts and to delegate all or part of the above powers to third parties, in the manner and within the limits of the powers granted to them (with particular reference to the need to sign jointly with another Director - other than the delegate - having the same powers, where this is provided for in the resolution).

- to be exercised by joint signature with another Director having the same powers:

(i) hire, promote, transfer and dismiss, management personnel, with permanent and fixed-term contracts, within the terms permitted by applicable laws.

To the Chief Executive Officer Matteo Luigi Neuroni the following powers:

- to be exercised by single signature:

(i) to represent the Company, both actively and passively, before any ordinary and administrative judicial authority in all levels of jurisdiction and also in cassation, to appoint and dismiss lawyers and attorneys at law, to answer interrogatories and oaths, to refer oaths, to settle and reconcile any dispute, to compromise in ritual and irritual arbitrations, in law or in equity, appointing arbitrators if necessary;

(ii) formulate bids, enter into, execute and terminate all commercial sales contracts for values individually not exceeding Euro 2,000,000.00;

(iii) authorise the issue of credit notes to customers up to a maximum of Euro 200,000.00 per individual transaction;

(iv) to enter into, execute and terminate all contracts for the procurement of goods and services related to strategic business suppliers and in particular, but not limited to, the following contracts: of purchase, sale, exchange and lease of machinery, goods and materials; all types of leasing contracts; contracts of procurement and subcontracting, supply and management, for values not exceeding Euro 500,000.00 individually;

(v) to enter into, execute and terminate all contracts relating to the procurement of goods and ancillary services necessary for the achievement of the corporate purpose such as but not limited to the following contracts: for the purchase of machinery, goods and materials; sublease and rental contracts for movable and immovable property; all types of leasing contracts; the contracts for contracting and subcontracting, supplying and administering; insurance contracts for any risk for values individually not exceeding Euro 1,000,000.00;

(vi) to enter into, execute and terminate all partnership contracts with a value individually not exceeding Euro 1,000,000.00;

(vii) to employ the personnel necessary for the operation of the Company, with the exception of senior management; determination of their salaries, wages and other conditions of employment; entering into cooperation agreements with third parties not bound by employment relationships for professional services;

(viii) to represent the Company in all labour disputes before all judicial and administrative authorities, both ordinary and special, of any level of jurisdiction and also in cassation and revocation, to file appeals and complaints, to appoint lawyers and attorneys, to answer interrogatories and oaths, to settle and conciliate, to settle in arbitration;

(ix) to represent the company before public and private entities that are otherwise relevant to personnel matters;

(x) to represent the company for the fulfilment of obligations established by the laws on tax, social security and welfare;

(xi) to settle any disputes or agreements with trade unions, both Company and non-Company, within the framework of general provisions issued by the Board of Directors;

(xii) authorize investment in R&D projects worth a total of no more than Euro 1,000,000.00 annually per individual project;

(xiii) to participate in tenders issued by the central and local governments for values not exceeding Euro 2,000,000.00 in each case, and the signing of all acts relating to the award and execution of such tenders;

(xiv) to enter into, execute and terminate all contracts related to the provision of communication and marketing services with a value individually not exceeding Euro 300,000.00 per individual contract;

(xv) open and close current accounts, assets and liabilities with all banks and credit institutions, corporations or companies by establishing and accepting their terms and conditions;

(xvi) make withdrawals, transfers and other passive transactions of an ordinary nature on the Company's existing bank accounts up to a maximum amount of Euro 1,000,000.00 per individual transaction

(xvii) to issue and endorse cheques, promissory notes, drafts and other bills of exchange, to order or bearer, and to request cashier's cheques up to an amount of Euro 1,000,000.00;

(xviii) make deposits and any other ordinary asset transactions on existing bank accounts without any limit;

(xix) to receive cheques, promissory notes, drafts and other bills of exchange, made payable to order or in bearer form, cashier's cheques without limit;

(xx) to request the issuance of bank guarantees for a maximum amount of Euro 1,000,000.00 each within the limits of the existing signature credit facility;

(xxi) to execute any types of transactions with factoring, forfaiting and leasing companies; to enter into factoring, forfaiting and leasing contracts, assignments of receivables, creation of securities, collection warrants and everything related to these types of contracts;

(xxii) carry out any other transaction, none of which is excluded, in relation to the Company's bank and post office accounts, wherever opened, within the limit of Euro 1,000,000.00 per single transaction;

(xxiii) to represent the Company before any public or private credit institution, by concluding contracts for short-term financing and/or requesting the issuance of surety bonds for participation in tenders and for specific contracts, or for the reimbursement by public administrations of sums for direct or indirect taxes unduly paid or received;

(xxiv) to represent the Company at the branches of the Bank of Italy and the Italian Exchange Office and at all credit institutions, carrying out all banking operations, by way of example only: to dispose of and withdraw from the said accounts, also by issuing cheques, including overdrafts, RIDs, direct debits and any other payment arrangements that may be necessary, in the name of the Company and in favour of the Company itself, suppliers and third parties in general, on the Company's current accounts with any bank or credit institution, up to the amount of the overdrafts granted to the Company, withdrawing sums, securities and valuables; rent safe-deposit boxes and disposing of their contents; request cashier's cheques and current account cheque forms; request loans, including in foreign currency, cashier's cheques and current account cheque forms; order transfers and credit facilities in favour of third parties up to a maximum of 1,000,000.00 per single transaction;

(xxv) to grant special powers for specific acts or categories of acts and to delegate all or part of the above powers to third parties, in the manner and within the limits of the powers granted to them (with particular reference to the need to sign jointly with another Director - other than the delegate - having the same powers, where this is provided for in the resolution).

- to be exercised by joint signature with another Director having the same powers:

(i) hire, promote, transfer and dismiss, management personnel, with permanent and fixed-term contracts, within the terms permitted by applicable laws.

To the Director Marta Neuroni the following powers regarding:

- to be exercised by single signature:

(i) to enter into, execute and terminate all contracts relating to the procurement of goods and ancillary services necessary for the achievement of the corporate purpose such as but not limited to the following contracts: for the purchase of machinery, goods and materials; sublease and rental contracts for movable and immovable property; all types of leasing contracts; the contracts for contracting and subcontracting, supplying and administering; insurance contracts for any risk for values individually not exceeding Euro 1,000,000.00;

(ii) to employ the personnel necessary for the operation of the Company, with the exception of senior management; determination of their salaries, wages and other conditions of employment; dismissal or suspension of personnel; entering into cooperation agreements with third parties not bound by employment relationships for professional services;

(iii) to enter into, execute and terminate all contracts relating to the provision of communication and marketing services with a value not exceeding Euro 300,000.00 per individual contract;

(iv) to grant special powers for specific acts or categories of acts and to delegate all or part of the above powers to third parties, in the manner and within the limits of the powers granted to them (with particular reference to the need to sign jointly with another Director - other than the delegate - having the same powers, where this is provided for in the resolution).

- to be exercised by joint signature with another Director having the same powers:

(i) hire, promote, transfer and dismiss, management personnel, with permanent and fixed-term contracts, within the terms permitted by applicable laws.

On 25 March 2024 the Board of Directors resolved to appoint the Chief Executive Officer Matteo Luigi Neuroni as "Employer" pursuant to the provisions of Article 2, paragraph 1, letter b) of the Legislative Decree n. 81/08 as subsequently amended (the "**Consolidated Safety Act**"), who will therefore have the duty to qualify as "Employer" in relations to employees and third parties with regard to the specific regulations on the protection of health and safety at work, including occupational diseases and fire prevention. In view of the foregoing, Matteo Luigi Neuroni, acting in full autonomy and separately from the other bodies of the Company, may and shall take the necessary or appropriate decisions on all matters relating to health and safety at work and fire prevention, and in particular:

- comply with all the obligations and fulfilments placed on the Employer by the Consolidated Safety Act which are to be understood as expressly and analytically reported, and, in particular, by Articles 17 and 18 of the Consolidated Safety Act, as well as any further obligations and fulfilments placed upon the same Employer and/or the Company with regard to fire prevention, ensuring, at all times and under all circumstances the punctual observance of the regulations in force as well as the fulfilment of the prescriptions, obligations and conditions provided for by authorizing or granting measures as well as by acts of inspection or assessment;

- to arrange for the planning and execution of activities for the adjustment, maintenance, control and inspection of buildings, installations, equipment and devices, in order to ensure their perfect efficiency, and to take timely care of the execution of improvements, maintenance, repairs or replacements that may be necessary or appropriate to ensure their proper functioning and compliance with the aforementioned regulations, requirements, obligations and conditions;

- intervene immediately and in the most appropriate manner – even ordering the suspension of the activity if necessary – when events occur that make it impossible to operate in full compliance with the aforementioned rules and requirements, obligations and conditions;

- to ensure the timely submission of reports, declarations, petitions, requests and documents and any other fulfilment or formality required by the regulations in force, representing the Company before the competent bodies, organs or authorities responsible for the exercise of powers of prescription, authorisation, control and supervision, including INAIL ("*Istituto nazionale per l'assicurazione contro gli infortuni sul lavoro*"), the Ministry of the Interior and social security and insurance institutions in general.

The above mentioned resolution also identified the limits, in terms of matters excluded from delegation of powers and amount-based restrictions, for the exercise of the delegated powers. The delegated powers, deemed in line with the market practice for listed companies, comply with the provisions of the Code of Corporate Governance and will be described in detail in the Report on Corporate Governance and Ownership Structure to be published by the Company after the Admission.

The Chairman of the Company, Vittorio Neuroni, is the father of the Directors Matteo Luigi Neuroni and Marta Neuroni. Emanuele Edoardo Angelidis is married with the sister of Matteo Luigi Neuroni's wife. Except for the above, to the best of the Company's knowledge, none of the members of the Board of Directors effective as of the First Trading Date has any family relationship, within the meaning of applicable Italian law, with any other member of the same board, nor with any member of the Board of Statutory Auditors or any of the Key Executives.

To the best of the Company's knowledge, none of the members of the Board of Directors effective as of the First Trading Date has been convicted of the crimes of fraud or criminal bankruptcy, nor have they been associated with receivership or winding-up procedures during the performance of their offices, nor have they been subject to official charges and/or penalties by public or supervisory authorities (including the designated professional associations) in the performance of their offices, nor have they been barred from holding administrative, managerial or supervisory offices at the Company or from holding executive or managerial offices at other companies, in the last five years.

The following table sets forth ownership in other companies and the offices currently held on the boards of directors or on the boards of statutory auditors, as well as on audit and control bodies, of other companies by each of the members of the Board of Directors effective as of the First Trading Date, within the last five years, with an indication of the status of the office and/or the equity interest held as of the Prospectus Date.

Name and Surname	Company	Office / Stake Held	Status
Vittorio Neuroni	Brick S.r.l.	Stake	Currently held
	Elab Consulting S.r.l.	Stake and Director	Sold and Ceased
	Sys-Dat Retail S.r.l.	Director	Ceased
	Hars S.r.l.	Director	Ceased
	BTW Informatica S.r.l.	Director	Ceased
	VAR ONE S.r.l.	Director	Ceased
	Immobiliare Baldinucci S.a.s.	Director	Ceased
Matteo Luigi Neuroni	Brick S.r.l.	Stake	Currently held
	Elab Consulting S.r.l.	Stake and Director	Sold and Ceased
	Sys-Dat Retail S.r.l.	Director	Ceased
	Rentys S.r.l.	Director	Ceased / Liquidated
Emanuele Edoardo Angelidis	Brick S.r.l.	Stake	Currently held
	Royal Park Real Estate	Stake	Currently held
	Breed Reply Investments Limited	Stake and Director	Sold and Ceased
	Breed Reply Limited	Director	Ceased
	Reply Services S.r.l.	Director	Ceased
	Aleatoi Limited	Stake and Director	Ceased
Marta Neuroni	Brick S.r.l.	Director and Stake	Currently held
	Elab Consulting S.r.l.	Stake and Director	Sold and Ceased
	B-One site S.r.l.	Director	Ceased
	Modasystem S.r.l.	Director	Ceased
	Exis S.r.l.	Director	Ceased

Marco Bernardino Maria Zampetti	Unifarco S.p.A.	Effective Statutory Auditor	Currently held
	DVS S.p.A.	Alternate Statutory Auditor	Currently held
	Panalpina Trasporti Mondiali S.p.A.	Alternate Statutory Auditor	Currently held
	Irnerio S.r.l.	Statutory Auditor	Currently held
	Helios Italquartz S.r.l.	Director	Currently held
	Forbo Siegling Italia S.p.A.	Alternate Statutory Auditor	Currently held
	Skira Editore S.p.A.	Effective Statutory Auditor	Currently held
	Mutuionline S.p.A.	Director	Currently held
	Chorus S.p.A.	Effective Statutory Auditor	Currently held
	Centro Financiamenti S.p.A.	Director	Currently held
	CFN Generale Fiduciaria S.p.A.	Director	Currently held
	United Ventures One Sicaf Euveca S.p.A.	Effective Statutory Auditor	Currently held
	Money360.it S.p.A.	Director	Currently held
	United Ventures SGR S.p.A.	Effective Statutory Auditor	Currently held
	Innovazione Finanziaria SIM S.p.A.	Director	Currently held
	Fido S.p.A.	Effective Statutory Auditor and Chairman of the Board Statutory Auditor	Currently held
	Fiscozen S.p.A.	Effective Statutory Auditor	Currently held
	FM Europe S.p.A.	Alternate Statutory Auditor	Currently held
	DVS Real Estate S.p.A.	Alternate Statutory Auditor	Currently held
	DVS Road S.r.l.	Alternate Statutory Auditor	Currently held
	DVS Solutions S.r.l.	Alternate Statutory Auditor	Currently held
	Geam S.r.l.	Stake	Currently held
	Acque Potabili S.p.A. – in liquidazione	Stake	Currently held
Maurizio Santacroce	Lex Capital S.r.l. Società benefit	Stake and Director	Currently held
	Si Investimenti S.r.l.	Sole Director	Currently held
	All the Best S.r.l.	Stake and Sole Director	Currently held
	Yellow S.r.l.	Stake and Sole Director	Currently held
	Mybest Group S.p.A. – in liquidazione	Stake	Currently held
	Mysecretcase S.r.l.	Stake	Currently held
	Smart 69 S.r.l.	Stake	Currently held
	IPS 24 S.r.l.	Stake	Currently held
	Blue S.r.l.	Stake and Sole Director	Currently held
	Ripamonti126 S.r.l.	Stake	Currently held
Stefania Tomasini	Bacamul S.p.A.	Alternate Statutory Auditor	Currently held
	Immobiliare Castello Maraldi S.r.l.	Director	Currently held
	Hermes Italie S.p.A.	Alternate Statutory Auditor	Currently held
	Melograno S.r.l.	Effective Statutory Auditor	Currently held
	Dolfin S.r.l.	Effective Statutory Auditor	Currently held
	Immobiliare Internazionale Mogra S.p.A.	Alternate Statutory Auditor	Currently held
	Magnolia S.p.A.	Effective Statutory Auditor	Currently held
	Spin S.p.A.	Alternate Statutory Auditor	Currently held
	CFN Generale Fiduciaria S.p.A.	Effective Statutory Auditor	Currently held
	Studio ST Consulting S.r.l.	Stake and Chairwoman of the Board of Director	Currently held
	ST Consulting II S.r.l.	Sole Director	Currently held
	Immobiliare Vera di Ascatigno Vera & C. Società Semplice	Stake	Currently held
	Società per l'Industria Alberghiera – S.P.L.I.A. S.p.A.	Alternate Statutory Auditor	Currently held

Board of Directors Committees

On 15 April 2024 the Board of Directors of the Company in force as of the Prospectus Date, in compliance with the recommendations on corporate governance contained in the Corporate Governance Code, resolved to establish, effective as of the First Trading Date:

- a Control, Risks and Related Party Transactions Committee, pursuant to Articles 1 and 6 of the Corporate Governance Code and pursuant to the Related Party Regulation (*Regolamento Parti Correlate*) adopted by CONSOB with resolution no. 17221 of March 12, 2010, as subsequently amended with resolution no. 22144 on

December 22, 2021, by approving the committee’s operating rules (the “**Control, Risks and Related Party Transactions Committee**”); and

- an Appointments and Remuneration Committee, pursuant to Articles 4 and 5 of the Corporate Governance Code, by approving the committee’s operating rules (the “**Appointments and Remuneration Committee**”).

On 15 April 2024 the Board of Directors resolved to appoint effective as of the First Trading Date:

- Marco Bernardino Maria Zampetti, Maurizio Santacroce and Stefania Tomasini, directors who possess the independence requirements set forth by the Consolidated Financial Act and the Corporate Governance Code as members of the Control, Risks and Related Party Transactions Committee, appointing Marco Bernardino Maria Zampetti as Chairman of the Control, Risks and Related Party Transactions Committee; the Board has verified that Marco Bernardino Maria Zampetti has adequate experience in accounting and finance or risk management;

- Marco Bernardino Maria Zampetti, Maurizio Santacroce and Stefania Tomasini, directors who possess the independence requirements set forth by the Consolidated Financial Act and the Corporate Governance Code as members of the Appointments and Remuneration Committee, appointing Maurizio Santacroce as Chairman of the Appointments and Remuneration Committee; the Board has verified that Stefania Tomasini has adequate experience in financial or remuneration policy;

Marco Bernardino Maria Zampetti as Lead Independent Director pursuant to Recommendation No. 13 of the Corporate Governance Code. In fact, even though as of the Prospectus Date and even after the Offer, none of the Company’s Shareholders exercises a *de jure* control over the Company, at the same dates Vittorio Neuroni, which is the Chairman of the Board of Directors exercises – and will continue to exercise after the Admission – a *de facto* control over the Company pursuant to Article. 2359, second paragraph, no. 2, of the Italian Civil Code. At the same time, the Board of Directors delegated to Vittorio Neuroni relevant management powers.

The Control, Risks and Related Party Transactions Committee, in assisting the Board, in accordance with the provisions of Article 6 of the Corporate Governance Code, has the function, *inter alia*, of: *(i)* assessing the correct use of accounting principles; *(ii)* assessing the suitability of periodic financial and non-financial information to correctly represent the company’s business model, strategies, the impact of its activities and the performance achieved; *(iii)* expressing opinions on specific aspects inherent to the identification of the main corporate risks and supporting the decisions of the Board of Directors related to management of risks; *(iv)* reviewing periodic and particularly significant reports prepared by the internal audit function; *(v)* reporting to the board of directors, at least at the time of the approval of the annual and half-yearly financial report, on the activities carried out as well as on the adequacy of the internal control and risk management system. Moreover, the Control, Risks and Related Party Transactions Committee supports the Board of Directors in sustainability assessments and decisions.

In support of the Company’s internal control and risk management system, in addition to the Control, Risks and Related Party Transactions Committee, Recommendation 32 of the Corporate Governance Code stipulates that the chief executive officer, is responsible for establishing and maintaining the internal control and risk management system. On 15 April 2024, the Company’s Board of Directors, appointed the Chief Executive Officer, Matteo Luigi Neuroni, effective as of the First Trading Date, to the position of director in charge of the internal control and risk management system to carry out the functions listed in recommendation 34 of the Corporate Governance Code.

On 15 April 2024, also in support of the Company’s internal control and risk management system, the Company established, effective as of the First Trading Date, the function of internal audit manager, as listed in Recommendation 36 of the Corporate Governance Code, by appointing, with the favourable opinion of the Board of Statutory Auditors, Andrea Tramacere as internal audit manager.

Furthermore, in consideration of the organizational needs of the Company, the operating methods and the size of its Board, the Company has established a single Appointments and Remuneration Committee pursuant to Articles 4 and 5 of the Corporate Governance Code, with investigative, advisory and proposal-making functions to the Board itself. The Appointments and Remuneration Committee performs all the tasks, both with regard to appointment and remuneration of directors, assigned to it by the Corporate Governance Code under Recommendation 19 and Recommendation 25 respectively. The establishment of this Committee ensures the broadest information and transparency on the compensation due to the Chief Executive Officer and senior management, as well as the respective determination methods.

Board of Statutory Auditors

Pursuant to Article 30 of the New By-Laws, the Board of Statutory Auditors comprises three effective statutory auditors and two alternate statutory auditors. The Board of Statutory Auditors has been appointed by the ordinary Shareholders’ Meeting held on 21 March 2024 and its members were scheduled to remain in office until the approval of the financial statements for the financial year ended December 31, 2026.

The following table sets forth the members of the Board of Statutory Auditors as of Prospectus Date.

Name and Surname	Position	Place and Date of Birth	Date of First Appointment
Carlo Zambelli	Chairman of the Board of Statutory Auditors	Milan (MI), 29 May 1961	21 March 2024
Gabrio Diego Pellegrini	Effective Statutory Auditor	Milan (MI), 4 January 1966	21 March 2024
Lorena Pellisier	Effective Statutory Auditor	Aosta (AO), 4 June 1971	21 March 2024
Maria Paola Murdolo	Alternate Statutory Auditor	Milan (MI), 29 June 1991	21 March 2024
Federica Andrea Riccardo Lazzati	Alternate Statutory Auditor	Milan (MI), 4 March 1970	21 March 2024

As of the Prospectus Date all members of the Board of Statutory Auditors are domiciled for the office at the registered office of the Company.

Biographies regarding the members of the Board of Statutory Auditors as of the Prospectus Date is briefly summarized below:

Carlo Zambelli — Carlo Zambelli holds a degree in Economics from Università Commerciale Luigi Bocconi, in Milan, and he is a member of the Register of Chartered Accountants of Milan since 1989, and a member of the Register of Auditors of Milan since 1995. Carlo Zambelli has thirty years of experience in tax matters for individuals, corporations and non-commercial entities, he is an expert in business valuations, and has prepared numerous appraisals of the value of business capital, both industrial and commercial companies and real estate, including in extraordinary finance transactions.

Gabrio Diego Pellegrini — Gabrio Diego Pellegrini holds a degree in Economics from Università Cattolica del Sacro Cuore, in Milan, and he is a member of the Register of Chartered Accountants of Milan since 1996, and a member of the Register of Auditors of Milan since 1999. Partner of studio associato IBS Associated, Gabrio Diego Pellegrini counts among his clients leading corporations and has gained significant experience in the supervisory sector by holding statutory auditing positions in real estate, service and industrial companies. Since 2003, he has been a member of the International Tax Commission established at the Order of Chartered Accountants of Milan.

Lorena Pellisier — Lorena Pellisier holds a degree in Economics from Università Commerciale Luigi Bocconi, in Milan and she is a member of the Register of Chartered Accountants of Milan since 1995, and a member of the Register of Auditors of Milan since 1997. Partner of Studio Belluzzo Mercanti since 2016, she has consolidated experience in accounting and corporate tax matters. In particular, she specializes in providing tax assistance to Italian and foreign clients operating mainly in the banking, industrial and commercial sectors, Patent Box compliance, extraordinary transactions and in the crisis and liquidation of companies.

Maria Paola Murdolo — Maria Paola Murdolo holds a degree in Law from Università Cattolica del Sacro Cuore, in Milan, and is a member of the Milan Bar Association. Maria Paola Murdolo has worked with the department of comparative commercial law at the Università Cattolica del Sacro Cuore, in Milan, currently works with the department of commercial law at the University of Brescia, and since 2018 has been a lecturer in corporate law at the Master Diritto e Impresa, 24Ore Business School. Maria Paola Murdolo provides ordinary and extraordinary legal advice to corporations, including listed ones, on corporate and commercial law, with a focus on corporate governance issues, corporate reorganizations, refinancing and extraordinary transactions. As of the Prospectus Date Maria Paola Murdolo is a Senior Lawyer at Morri Rossetti e Associati law firm since 2019.

Federico Andrea Riccardo Lazzati — holds a degree in Economics from Università Luigi Bocconi, in Milan and he is a member of the Register of Chartered Accountants of Milan since 2004. Federico Andrea Riccardo Lazzati provides civil and tax advice with particular regard to assisting clients in their relations with the tax authorities in pre-litigation procedures and in tax litigation. In the area of wealth planning, he deals with the analysis and implications arising from the application of the main instruments of asset protection. Since 2008 he has been a member of the Commission "Non-Profit Entities and Social Cooperatives" of the Order of Chartered Accountants and Accounting Experts of Milan, actively participating in the preparation of advisory opinions and in the organization of conferences dedicated to the specificities of the non-profit sector, also as a speaker.

Certain corporate governance practices that are required for Italian listed companies and that the Company adopted on 21 March 2024 will come into effect on the First Trading Date. The newly-adopted measures provide, among other things, a slate voting mechanism to appoint the members of the Board of Statutory Auditors pursuant to article 148 of the Consolidated Financial Act. The slate voting mechanism permit minority shareholders to submit their own slate for the election of the Board of Statutory Auditors and permit the minority shareholder with the highest number of votes to appoint one statutory auditor (the chairman of the Board of Statutory Auditors) and one alternate statutory auditor. All members of the Board of

Statutory Auditors comply with the independence requirements set out in Article 148, paragraph 3 of the Consolidated Financial Act and Article 2 of the Corporate Governance Code. On 25 March 2024 the Board of Directors positively verified - also based on the documentation and declarations provided by the Statutory Auditors - that all Statutory Auditors comply with the requirements of integrity and professionalism, as well as the independence requirements set out in Article 148, paragraph 3 of the Consolidated Financial Act, the Ministerial Decree n. 162/2000 and Article 2 of the Corporate Governance Code.

The members of the Board of Statutory Auditors possess the requisites of professionalism provided for by Article 1 of the Ministerial Decree n. 162/2000 that follow: *(i)* at least two auditors and one alternate auditor are registered in the register of auditors and have exercised the legal control of accounts for a period of not less than three years; or *(ii)* are chosen from among those who have gained an overall experience of at least three years in the exercise of (a) administration or control activities or managerial duties in joint-stock companies that have a share capital of not less than two million euros, or (b) professional or tenured university teaching activities in legal, economic, financial and technical-scientific subjects, strictly related to the business of the company, or (c) managerial functions in public bodies or public administrations operating in the credit and financial sectors and insurance or in any case in sectors strictly related to that of the business; *(iii)* have not performed, for at least 18 months, in the period between the two years preceding the adoption of the relative measures and the one in progress, administration, management or control functions in companies: (a) subject to bankruptcy, compulsory administrative liquidation or to equivalent procedures; (b) operating in the sector credit, financial, securities and insurance subject to extraordinary administration procedures; *(iv)* no provision has been adopted against them to cancel them from the single national register of stockbrokers provided for in Article 201, paragraph 15, of Legislative Decree 24 February 1998, no. 58, and stockbrokers who are excluded from trading on a regulated market.

The provisions of law and regulations that provide that the members of the Board of Statutory Auditors be elected according to a criteria that ensures gender balance have been incorporated into the New By-Laws.

The composition of the Board of Statutory Auditors already complies with the rules set out in Article 148, paragraph 1-*bis* of the Consolidated Financial Act concerning the balance between genders. Since this adjustment was made on a voluntary basis, this shall not in any case be taken into account for the purposes of calculating the six consecutive mandates provided for as the period of application of the law on gender balance, and the requirement to comply with these regulatory obligations will apply only upon the first renewal of the corporate bodies after the First Trading Date. Pursuant to Article 148, paragraph 1-*bis* of the Consolidated Financial Act, which will apply from the first reappointment of the Board of Statutory Auditors after the First Trading Date, the less represented gender will account for at least one-fifths of statutory auditors for the first reappointment of the Board of Statutory Auditors and two-fifths for the following five consecutive mandates.

To the best of the Company's knowledge, none of the members of the Board of Statutory Auditors have a familial relationship with other members of the Board of Statutory Auditors, the Board of Directors or the Company's Senior Management within the meaning of applicable Italian law.

To the best of the Company's knowledge, none of the members of the Board of Statutory Auditors had financial or professional relationships - either directly or indirectly, through third party companies or professional offices - with the Company, its Group or entity controlling the Company or subject to joint control, during the last three financial years.

As of the Prospectus Date, none of the members of the Board of Statutory Auditors have been convicted of the crimes of fraud or criminal bankruptcy, nor have they been associated with receivership or winding-up procedures during the performance of their offices, nor have they been subject to official charges and/or penalties by public or supervisory authorities (including the designated professional associations) in the performance of their offices, nor have they been barred from holding administrative, managerial or supervisory offices at the company or from holding executive or managerial offices at other companies, in the last five years.

To the best of the Company's knowledge, as of the Prospectus Date none of the Statutory Auditors exceeds the limits under Italian law on the number of offices held.

The following table indicates the companies where the members of the Board of Statutory Auditors currently *(i)* serve or have previously served as a member of an administrative, management or supervisory body and/or *(ii)* are or have been holders of an equity stake at any time during the past five years, as well as the status of their position or equity stake.

Name and Surname	Company	Office / Stake Held	Status
Carlo Zambelli	Elfit S.p.A.	Effective Statutory Auditor	Currently held
	Inter – Studioviaggio S.p.A.	Chairman of the Board of Statutory Auditor	Currently held
	Einhell Italia S.r.l.	Effective Statutory Auditor	Currently held
	Wings Partners SIM S.p.A.	Chairman of the Board of Statutory Auditor	Currently held
	Moviemax Media Group S.p.A.	Alternate Statutory Auditor	Ceased

	Newton Immobiliare S.r.l.	Sole Director	Currently held
	Tofin S.r.l.	Effective Statutory Auditor	Currently held
	Beni Immobili Contemporanei S.p.A.	Chairman of the Board of Director	Currently held
	M&A Chiaravalle S.r.l.	Sole Director	Currently held
	Soltri S.r.l.	Sole Director	Currently held
	Glickon S.p.A.	Chairman of the Board of Statutory Auditor	Currently held
	Teamsystem capital at work società di gestione del risparmio S.p.A.	Effective Statutory Auditor	Currently held
	Innovation Pharma S.p.A.	Chairman of the Board of Statutory Auditor	Currently held
	Codemotion S.p.A.	Chairman of the Board of Statutory Auditor	Currently held
	Giardini Ripamonti S.r.l. – in liquidazione	Stake	Sold
	Cortem S.p.A.	Effective Statutory Auditor	Currently held
	SEA S.p.A.	Effective Statutory Auditor	Currently held
Gabrio Diego Pellegrini	Onni Masseria Amarogghia S.r.l. società agricola	Director	Currently held
	Fondazione Cristiano Berlanda Sport per la Disabilità ETS	Effective Statutory Auditor	Currently held
	Vatrep S.r.l.	Stake and Sole Director	Currently held
	Cavotec Specimas S.p.A.	Alternate Statutory Auditor	Currently held
	QVC Italia S.r.l.	Effective Statutory Auditor	Currently held
	Datex S.a.s. di Alessandro Ghezzi e C.	Stake	Currently held
	Europa Risorse S.r.l.	Chairman of the Board of Statutory Auditor	Currently held
	IBS Audit S.r.l.	Stake and Sole Director	Currently held
	Land Italia S.r.l.	Effective Statutory Auditor	Currently held
	TTC S.r.l.	Effective Statutory Auditor	Currently held
	Youco S.r.l.	Director	Currently held
	Beni Immobili Contemporanei S.p.A.	Effective Statutory Auditor	Currently held
	Alurame S.p.A.	Chairman of the Board of Statutory Auditor	Currently held
	IBS Accounting S.r.l.	Stake and Chairman of the Board of Director	Currently held
	Golf in Milano Società Sportiva Dilettantistica a R.L.	Director	Currently held
	Innovation Pharma S.p.A.	Alternate Statutory Auditor	Currently held
	G&PH Holding S.r.l.	Director	Currently held
Lorena Pellisier	Diversey S.p.A.	Effective Statutory Auditor	Currently held
	S.C. Johnson Italy S.r.l.	Alternate Statutory Auditor	Currently held
	Moody's Italia S.r.l.	Alternate Statutory Auditor	Currently held
	UBS Asset Management (Italia) – SGR S.p.A.	Effective Statutory Auditor	Currently held
	New Refund Service S.p.A.	Alternate Statutory Auditor	Currently held
	Alfio Bardolla Training Group S.p.A.	Alternate Statutory Auditor	Currently held
	Sensient Flavors Italy S.r.l.	Effective Statutory Auditor	Currently held
	115 NPL Servicing S.p.A.	Alternate Statutory Auditor	Currently held
	Revosteel Building S.p.A.	Effective Statutory Auditor	Currently held
	Minimold S.p.A.	Alternate Statutory Auditor	Currently held
	Loren SPV S.r.l.	Sole Director	Currently held
	PS Leaseco S.r.l.	Sole Director	Currently held
	Ricci S.p.A.	Chairwoman of the Board of Statutory Auditor	Currently held
	D.P.C. S.p.A.	Chairwoman of the Board of Statutory Auditor	Currently held
	CAD IT S.p.A.	Stake	Currently held
Maria Paola Murdolo	n/a	n/a	n/a
Federico Andrea Riccardo Lazzati	Immobiliare Cerigiampa S.s.	Stake	Currently held
	Vin.Pe. S.p.A.	Alternate Statutory Auditor	Currently held
	Inter – Studioviaggi S.p.A.	Effective Statutory Auditor	Currently held

Finspes S.r.l.	Effective Statutory Auditor	Currently held
Consulta S.r.l.	Chairman of the Board of Statutory Auditor	Currently held
Vinpe Rete S.p.A.	Alternate Statutory Auditor	Currently held
Vinpe Servizi S.p.A.	Alternate Statutory Auditor	Currently held
Glickon S.p.A.	Alternate Statutory Auditor	Currently held
Codemotion S.p.A.	Alternate Statutory Auditor	Currently held

Key Executives

The following table sets out information relating to the Key Executives:

Name and Surname	Position	Place and Date of Birth	Date of Appointment
Matteo Luigi Neuroni	Chief Executive Officer	Milan (MI), July 26, 1974	June 29, 2022
Andrea Matteo Baldini	Group Chief Financial Officer	Torino (TO), May 28, 1976	April 19, 2022
Matteo Garegnani	Chief Commercial Officer	Legnano (MI), Sept 18 1969	March 1, 2018

As of the Prospectus Date the Key Executives are domiciled for the office at the registered office of the Company.

Set out below is a brief biography of each Key Executive (not also a Director).

Andrea Matteo Baldini, Group Chief Financial Officer – Andrea Matteo Baldini holds a M.S. and Ph.D. degrees from Turin Polytechnic in Italy, a M.S. from University of Illinois at Chicago, and an MBA from INSEAD in Paris and Singapore and has twenty-three years of global experience in finance and M&A, venture capital, business and technology strategy, project and people management, research and development. Andrea Matteo Baldini is versed and has thirteen years of experience in finance, including venture capital investment processes, M&A processes (such as, the due diligence process, deal negotiation and closing), as well as in the strategic and board management decisions. Andrea Matteo Baldini has been Director of the Board in eight European start-up companies, having completed significant M&A activities with Cisco, and joined SYS-DAT as Group CFO in 2021.

Matteo Garegnani, Chief Commercial Officer – Matteo Garegnani holds a master degree in Economics and Business Management from Cattolica University and has extensive commercial experience with more than 25 years of experience in IT software and product sales and vendor management. Prior to joining SYS-DAT, Matteo Garegnani worked for twelve years in Bantam as Account Manager with channel responsibility for Quality, Environmental and Health and Safety software products. Matteo Garegnani has a multi-year experience as sales strategy leader and has been board member of Modasystem, Nekte, Hars, controlled entities of SYS-DAT, during his tenure as Chief Commercial Officer of the Group.

Except as set forth in "*Directors*" above with reference to the Chief Executive Officer, Matteo Luigi Neuroni, to the best of the Company's knowledge none of the Key Executives has a family relationship with other members of the Board of Statutory Auditors, the Board of Directors or the Key Executives within the meaning of applicable Italian law.

To the best of the Company's knowledge, none of the Key Executives in office have been convicted of the crimes of fraud or criminal bankruptcy, nor have they been associated with receivership or winding-up procedures during the performance of their offices, nor have they been subject to official charges and/or penalties by public or supervisory authorities (including the designated professional associations) in the performance of their offices, nor have they been barred from holding administrative, managerial or supervisory offices at the Company or from holding executive or managerial offices at other companies, in the last five years.

The following table indicates the companies where the Key Executives (not also a Director): *(i)* serve or have previously served as a member of an administrative, management or supervisory body and/or *(ii)* are or have been holders of an equity stake at any time during the past five years, as well as the status of their position or equity stake:

Name and Surname	Company	Office / Stake Held	Status
Andrea Matteo Baldini	Breed Reply Investments Limited	Equity stake	Sold
	Sentryo SAS (acquired by Cisco)	Board Member	Ceased
	CageEye AS (now BlueGrove AS)	Board Member	Ceased
	Ubirch GmbH	Board Member	Ceased
	Canard Drones Ltd	Board Member	Ceased
	RazorSecure Limited	Board Member	Ceased
	Connecterra Holdings Limited	Board Member	Ceased
	Zeetta Networks Limited	Board Member	Ceased
	Amiko S.r.l.	Board Member	Ceased
Matteo Garegnani	Modasystem S.r.l.	Board Member	Ceased
	Nekte S.r.l.	Board Member	Ceased
	Hars S.r.l.	Board Member	Ceased

As of the Prospectus Date, there are no contracts with the Company or its subsidiaries that provide for the payment of sums as severance indemnity to the members of the Board of Directors and the Board of Statutory Auditors.

Shareholders' Meeting Regulations

On 15 April 2024 the Ordinary Shareholders' meeting resolved to adopt with effect from the date of the admission to listing the SYS-DAT shareholders' meeting regulations (the "**Shareholder's Meeting Regulations**"), the purpose of which is to bring together in an organic document the specific meeting procedures to be adopted and the conduct to be observed in order to ensure the orderly, disciplined and functional conduct of the Company's shareholders' meetings, as well as to facilitate the exercise of the rights of those with voting rights.

Market Abuse Procedures

On 15 April 2024 the Board of Directors resolved to adopt with effect from the date of the admission to listing request:

- the procedure for the handling of inside information and for the creation and keeping of the register of the people who have access to inside information (the "**MAR Procedure**"), aimed at regulating the management and handling of inside information by the Company and its subsidiaries, as well as the creation and keeping by the Company of the register of the people who, based on their work or professional activities or functions carried out, have access to inside information;

- the procedure for the management of disclosure obligations deriving from the internal dealing regulations pursuant to Article 19 of the MAR Regulation and Article 152-*quinquies.*1 *et seq*. of the Issuer's Regulations (the "**Internal Dealing Procedure**"), with the aim of defining (i) the rules for fulfilling the obligations to inform us, CONSOB and the market about significant transactions involving financial instruments issued by the Company or other financial instruments linked to them, carried out, also through third parties, by the members of the Company's management and control bodies and the senior managers with regular access to inside information, significant shareholders and persons closely associated with them, as well as (ii) the related restrictions.

In compliance with the provisions of Article 70, paragraph 8, and Article 71, paragraph 1-bis, of the Issuers Regulations, the Company waived the obligation set out in paragraph 6 of Article 70 and paragraph 1 of Article 71 concerning the publication of an information document drafted in compliance with Annex 3B of the Issuers Regulations, respectively in case of merger, spin-off or capital increase by contribution in kind and in case of acquisition or disposal transactions, by notifying CONSOB, Borsa Italiana and the public at the time of the application for Admission.

Related Party Transactions Procedure and Control, Risks and Related Party Transactions Committee

On 15 April 2024 the Company's Board of Directors adopted, effective as of the First Trading Date, a draft Related Party Transactions Procedure (the "**RPT Procedure**") in accordance with the Related Party Regulation (*Regolamento Parti Correlate*) adopted by CONSOB with resolution no. 17221 of March 12, 2010, as subsequently amended with resolution no. 22144 on December 22, 2021. See "*Related Party Transactions*".

As soon as possible following the First Trading Date, the draft will be submitted to the Control, Risks and Related Party Transactions Committee for its opinion and to the Board of Directors for its approval. The RPT Procedure sets out the rules applicable to the approval process for major and minor material related party transactions. Transactions exempted from the RPT Procedure include *(i)* transactions with a limited value, *(ii)* certain resolutions relating to the remuneration of corporate bodies, directors with special responsibilities and remuneration plans linked to financial instruments, *(iii)* transactions in the ordinary course of business of the Company and entered into at prevailing market conditions.

The purpose of the RPT Procedure, which takes effect as of the First Trading Date, is: (i) to ensure that all transactions between any of the Group companies and any related party are carried out on a transparent and reasonable basis; and (ii) to facilitate the identification and management of conflicts of interest affecting its Key Executives, Directors or Statutory Auditors. In accordance with the Related Party Regulation, the RPT Procedure defines the analysis and approval of the transactions with related parties. In accordance with the Related Party Regulation, the RPT Procedure prescribes that before the approval of transactions with related parties, they will be submitted for a preliminary opinion from the RPT Committee.

Considering the disclosure requirements set out in Article 5 of the Related Party Regulation and the competence reserved to the Board of Directors for the approval of major transactions pursuant to Article 8, paragraph 1, lett. a) of the Related Party Regulation, the Company avails itself of the exemption provided for in Article 10 of the Related Party Regulation. In particular, given that the Company qualifies both (i) as a smaller company and (ii) as a recently listed company (*i.e.* until the approval of the financial statements for the year ending December 31, 2025), the simpler approval procedure for minor material related party transactions will apply to all related party transactions. Such procedure requires, before a related party transaction is approved, the Control, Risks and Related Party Transactions Committee to provide a reasoned, non-binding opinion on the Company's interest in the transaction being concluded and whether the contemplated terms and conditions are advisable.

The above-mentioned simpler approval procedure shall be applied by the Company as of the First Trading Date and shall cease to be applicable when: the Company *(i)* will no longer qualify as a "smaller company" (*i.e.* a company that shows for two consecutive financial years, both the company's assets and revenues exceeding the consolidated amount of Euro 500 millions), and *(ii)* no longer qualifies as a "newly listed company" (term that for the Company will occur at the approval of the financial statements for the year ending December 31, 2025).

In accordance with the RPT Procedure, the Control, Risks and Related Party Transactions Committee carries out the functions and duties provided by the Related Party Regulation and the regulations in force from time to time.

Manager charged with preparing a company's financial reports

On 15 April 2024, Andrea Matteo Baldini, Group Chief Financial Officer of the Company, was appointed as manager in charge with preparing a company's financial reports, and whose appointment will be effective as of the First Trading Date (the "**Manager Charged**"), recognizing in the latter a person suitable to hold this position, also in view of the professionalism requirements set forth in Article 27 of the New By-Laws, pursuant to which the Manager Charged shall be an expert in administration, finance and control and possess the integrity requirements established for directors.

Pursuant to Article 154-*bis* of the Consolidated Financial Act, the Manager Charged is responsible for:

- making the written declaration for the documents and communications of the Company, which have been disseminated in the market and regard information on accounts including mid-year reports attesting their conformity against document results, books and accounts records; and

- putting in place appropriate administrative and accounting procedures for preparing the annual accounts report and, where provided for, the consolidated accounts and every other disclosure of a financial nature;

- confirming, with a special report on the annual, half-yearly and, where applicable, the consolidated financial statements: (i) the adequacy and effective application, during the period of reference of the documents, of administrative and accounting procedures for preparing the annual accounts report and, where provided for, the consolidated accounts and every other disclosure of a financial nature; (ii) that the documents were prepared in compliance with applicable international accounting standards recognized by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002 of July 19, 2002; (iii) the correspondence between the documents and related bookkeeping and accounting records; (iv) the suitability of the documents to truthfully and correctly represent the financial position of the issuer and the group of companies included in the scope of consolidation; (v) for the annual and consolidated financial statements, that the directors' report contains a reliable analysis of the business outlook and management result, the financial position of the issuer and group companies included in the scope of consolidation, and a description of the main risks and uncertain situations to which they are exposed; and (vi) for the simplified half-yearly report, that the interim directors' report contains a reliable analysis of the information pursuant to paragraph 4 of article 154-*ter* of the Consolidate Financial Act.

Model 231

On September 14, 2023, the Company has formally adopted the organizational and management model indicated in Legislative Decree 231/2001 ("**Model 231**") for the purpose of creating a rules system aimed at preventing illicit acts that may be considered potentially significant in application of this Decree and have consequently constituted a supervisory body as indicated in Article 6, paragraph 1, letter b), of Legislative Decree 231/2001 (the "**Supervisory Body**"). As of the

Prospectus Date, the Supervisory Board is composed of three members: Giovanni Briola (Chairman and external member), Matteo Signoriello (external member) and Davide Galloni (internal member).

The Company's Model 231 aims to:

- assure conditions of fairness and transparency in the conduct of the Company's business and activities, to protect its position and image as well as the expectations of its employees; and

- raise the awareness of the Company's staff, in carrying out their activities, and ensure that they behave in a correct and straightforward manner, such as to prevent the risk of committing the crimes set out in Legislative Decree 231/2001.

Model 231 is composed of: (a) a general section including topics concerning, among other things, the validity period and application of Legislative Decree 231/2001, the composition and functioning of the Supervisory Body, and the penalty code that will be applied in the case of a breach of the standards of conduct indicated in Model 231; and (b) the special sections, containing the general principles of conduct and the control protocols for each instance of breach considered to be significant.

As of the Prospectus Date, the Supervisory Body is composed of 3 members, Giovanni Briola, Matteo Signoriello and Davide Galloni, appointed by the Company's Board of Directors on 14 September 2023. The Supervisory Body meets the applicable requirements of autonomy, independence, professionalism and continuity of action. The Supervisory Body is responsible for, among others: (i) supervising the adequacy of Model 231, *i.e.* to ensure that the Company's conduct complies with Model 231, including by carrying out periodic checks, and to check that the Model 231 is consistent with the Company's procedures implementing the Model itself; (ii) assessing the effectiveness of the Model 231, *i.e.* verifying, also in view of the evolution and changes that have taken place at corporate level, that the Model 231 prepared is concretely suitable to prevent the occurrence of the offences set out in the Decree 231, as subsequently amended and integrated; and (iii) assessing the opportunity to propose updates or amendments to Model 231, in order to adapt it to changes in the corporate structure and to regulatory changes, also by means of a periodic check of the areas at risk of crime.

The Supervisory Body holds meetings periodically, examines cases and issues that have arisen also with regard to updating and/or amending the Model 231, drafts minutes of its meetings and keeps the minutes in a special book at Company's registered office. The Supervisory Body reports to the Company's Board of Directors and its Board of Statutory Auditors on an annual basis. If the seriousness of the alleged event justifies it, the Supervisory Body will immediately inform the Company's Board of Directors and, if necessary, the Company's Board of Statutory Auditors.

The Board of Directors assigns to the Supervisory Body the resources deemed appropriate for the performance of the assigned tasks.

As of the Prospectus Date all of the relevant subsidiaries of the Group (*i.e.* Modasystem S.r.l., Sys-Dat Verona S.r.l., Nekte S.r.l., Hars S.r.l., VCube S.r.l., Emmedata S.r.l.) adopted the 231 Model. On 14 September 2023, the Company has formally adopted an Ethic Code ("*Codice Etico*").

Declaration of compliance with corporate governance provisions

In light of the corporate governance measures described hereinabove, as of the First Trading Date, the Company's corporate governance system will comply with the relevant provisions contained in the Consolidated Financial Act, applicable regulatory provisions, and the Corporate Governance Code and, more generally, with the statutory and regulatory provisions applicable to listed companies in Italy.

Remuneration information

After the Settlement Date, at the first due date, the Company shall approve the Report on the remuneration policy and compensation paid, pursuant to Article 123-*ter* of the Consolidated Financial Act and, until such policy is approved, any changes to the remuneration already resolved upon by the Company's shareholders' meeting and/or Board of Directors must be approved in compliance with the RPT Regulation.

Remuneration of the Board of Directors

The directors and senior management members who receive remuneration from the Company are paid in forms of salaries, allowances, discretionary bonuses and other benefits in kind. The remuneration of the directors and senior management members is determined with reference to the relevant academic and professional background, comparison to the peers and benchmark with competitors of the same industry. The remuneration of the directors is agreed by individual agreement and compliant with Italian labor laws.

The table below sets out the compensation accrued by the members of the Board of Directors for the financial year ended 31 December 2023.

Name and Surname	Position	Fix compensation accrued with respect to the Company (Euro)	Variable compensation accrued with respect to the Company (Euro)	Compensation accrued with respect to the Subsidiaries (Euro)	Total (Euro)
Vittorio Neuroni	Chairman of the Board of Directors	389,400	313,322	0	702.722
Matteo Luigi Neuroni	Chief Executive Officer	303,219	313,322	0	616,541
Emanuele Edoardo Angelidis	Vice-Chairman of the Board of Directors	350,004	313,322	0	663.326
Marta Neuroni	Executive Director	190,118	191,830	0	381.948

The non-monetary benefits provided to some of the directors are included in amounts represented in the table above and comprise, depending on the case, company car, mobile phone and laptop.

Fixed remuneration

On 21 March 2024 the Shareholder's Meeting resolved to grant the Board of Directors a total fixed gross annual remuneration equal to a maximum of Euro 1,600,000, including the remuneration to be granted to the directors invested with special offices and to the three directors in charge as of the First Trading Date, in addition to the reimbursement of the expenses incurred in connection with the office.

On 25 March 2024 the Board of Director resolved to grant a fixed gross annual remuneration of Euro 1,305,000 as follows: (i) to the Chairman of the Board of Directors Vittorio Neuroni for Euro 390,000; (ii) to the Chief Executive Officer Matteo Luigi Neuroni for Euro 350,000; (iii) to the Vice-Chairman of the Board of Directors Emanuele Edoardo Angelidis for Euro 350,000; and (iv) to the Executive Director Marta Neuroni for Euro 215,000. On the same date, the Board of Director resolved to rise the above fixed gross annual remuneration to Euro 1,350,000, subject to the condition precedent of the Admission, in order to consider the appointment of the new three directors, as follows: (i) to the director Stefania Tomaselli for Euro 15,000; (ii) to the director Maurizio Santacroce for Euro 15,000; and (iii) to the director Marco Bernardino Maria Zampetti for Euro 15,000.

Variable remuneration

On 21 March 2024 the Shareholders' Meeting also resolved to grant the Board of Directors a variable gross annual remuneration equal to a maximum of Euro 1,500,000 based on the results achieved on some metrics of the Company, as illustrated below.

On 25 March 2024 the Board of Directors resolved to establish the targets for the variable compensation for the year 2024 as follows:

(i) the targets relate to the consolidated IAS/IFRS results achieved by the SYS-DAT Group arising also from any acquisitions;

(ii) there are three independent targets: consolidated Value of Production, consolidated EBITDA and consolidated operating cash flow;

(iii) in order to determine the total variable compensation, Value of Production will have a weight of 30%, EBITDA a weight of 40%, and operating cash flow a weight of 30%;

(iv) in order to access the variable compensation for each target, it is necessary to achieve 85% of the target benchmark as a minimum requirement.

On the same date, the Board of Directors, within the overall amount established by the Shareholder' Meeting, resolved to assign the variable remuneration as follows: (i) Euro 850,000 upon achievement of 85% of the targets; (ii) Euro 1,000,000 upon achievement of 100% of the targets; or (iii) Euro 1,300,000 upon achievement of 115% of the targets. With an achievement between 85% and 100% of the targets, the relative variable compensation changes proportionally; with an achievement between 100% and 115% of the targets and above, the relative variable compensation changes more than proportionally, with a maximum of 130% per individual target.

In addition, the Board of Directors resolved to grant the gross variable compensation of Euro 1,000,000 corresponding to 100% of the targets as follows: (i) to the Chairman of the Board of Directors Vittorio Neuroni, an amount of Euro 277,000; (ii) to the Chief Executive Officer Matteo Luigi Neuroni, an amount of Euro 277,000; (iii) to the Vice-Chairman of the

Board of Directors Emanuele Edoardo Angelidis an amount of Euro 277,000; and (iv) to the Executive Director Marta Neuroni an amount of Euro 169,000. From the aforementioned target amounts, the amounts that will actually be paid as additional variable gross remuneration to each of the members of the Board of Directors, for amounts between 85% and 100% of the target values or between 100% and 115% and above of the target values, will be calculated on the basis of the above criteria, because of the level achieved with respect to the relevant target value as well as because of the weight of each target.

The above-illustrated short-term variable remuneration does not include the Stock Option Plan. For further information please refer to paragraph "*Long-term Incentive Plans*".

The table below shows the gross annual remuneration attributed to the members of the Board of Directors in office as of the First Trading Date as resolved by the Board of Directors on 25 March 2024.

Name and Surname	Position	Fix compensation for position held (Euro)
Vittorio Neuroni	Chairman of the Board of Directors	390,000
Matteo Luigi Neuroni	Chief Executive Officer	350,000
Emanuele Edoardo Angelidis	Vice-Chairman of the Board of Directors	350,000
Marta Neuroni	Executive Director	215,000
Stefania Tomasini	Independent Director	15,000
Maurizio Santacroce	Independent Director	15,000
Marco Bernardino Maria Zampetti	Independent Director	15,000

Moreover, on 15 April 2024, the Board of Directors resolved, with the favourable opinion of the Board of Statutory Auditors and effective as of the First Trading Date: (i) to grant an additional total annual compensation of Euro 7,500 to the members of the Control, Risks and Related Party Transactions Committee, of which a total of Euro 4,500 gross per year to the chairman of the Control, Risks and Related Party Transactions Committee, and Euro 1,500 to each member of the related committee; (ii) to award a further total remuneration of Euro 7,500 thousand to the members of the Appointments and Remuneration Committee, of which Euro 4,500 to the chairman of the Appointments and Remuneration Committee, and Euro 1,500 to each member of the related committee.

No bonuses are expected to be paid to the Directors in connection with the completion of the Offer.

Remuneration of the Board of Statutory Auditors

The table below sets out the compensation accrued by the members of the Board of Statutory Auditors for the financial year ended 31 December 2023. As above-mentioned, after the resignation of the Board of Statutory Auditors, the ordinary Shareholders' Meeting held on 21 March 2024 appointed a new Board of Statutory Auditors and its members were scheduled to remain in office until the approval of the financial statements for the financial year ended December 31, 2026.

Name and Surname	Position	Compensation accrued with respect to the Company (Euro)	Compensation accrued with respect to the Subsidiaries (Euro)	Total (Euro)
Alfredo Fossati	Chairman of the Board of Statutory Auditors	6,240	0	6,240
Diletta Fuxa	Effective Statutory Auditor	4,160	0	4,160
Erminia Procopio	Effective Statutory Auditor	4,160	0	4,160
Carlo Polito	Alternate Statutory Auditor	0	0	0
Jean-Paul Baroni	Alternate Statutory Auditor	0	0	0

No member of the Board of Statutory Auditors has received from the Company or any Subsidiary any remuneration and/or benefits in kind for services in any capacity.

With respect to the remuneration of the Board of Statutory Auditors appointed on 21 March 2024, the Company's Shareholders' Meeting approved an overall gross annual remuneration of Euro 12,000 for the Chairman and Euro 8,000 for each Statutory Auditor.

Key Executives

The total amount of compensation accrued for any reason and in any form in the financial year ended 31 December 2023 by the Key Executives amounted to Euro 277 thousand (of which Euro 55 thousand accrued but not paid in 2023). This amount includes all components pertaining to the year ended 31 December 2023.

The main non-monetary benefits provided to the Key Executives consist of the use of the telephone and the company car, accident policy, life insurance, supplementary health insurance and policy D&O, as well as reimbursement of all expenses incurred during missions or business trips.

Save for any additional compensation connected with the achievement of the objectives provided under the incentive plans, no additional compensation shall be payable to the Key Executives for the listing of the Company on Euronext Milan.

Long term incentive plans

On 20 March 2024 the Board of Directors of the Company resolved to approve the long-term incentive plan "*Piano di Stock Option 2024-2026*" (the "**Stock Option Plan**"), subsequently amended on 15 April 2024, and reserved, *inter alia*, to Vittorio Neuroni, Matteo Luigi Neuroni, Marta Neuroni, Emanuele Edoardo Angelidis and other members of the Company's management.

The Stock Option Plan 2024-2026 consists of the free grant to the beneficiaries of a specific number of options which, once they become exercisable in accordance with the terms and conditions set forth in the Stock Option Plan regulation, give the beneficiaries the right to subscribe or acquire, against payment to the Company of the exercise price corresponding to the Offer Price, no. 20 shares of the Company, with regular dividend, for each option exercised. The maximum number of options that may be granted under the Stock Option Plan is 100,000.

The Stock Option Plan aims to:

(i) align the interests of the beneficiaries with the pursuit of the overall objective of creating value for the Company's shareholders over the medium term; and

(ii) strengthen the Company's management and key personnel retention policy by encouraging the retention of the Company's directors and employees in more senior positions;

(iii) attract key personnel.

The options assigned vest subject to the Company's shares are admitted to trading on the Euronext Milan by 31 December 2024; Group consolidated EBITDA by 31 December 2026 is at least Euro 12 million; and the Company adopts a Diversity and Inclusion policy by 31 December 2026 (so-called "**Gate Conditions**").

The number of options granted that will vest upon the occurrence of the Gate Conditions will be determined by the extent to which the following performance targets are achieved:

(i) in the event that the Group's consolidated EBITDA as of 31 December 2026 is equal to Euro 12 million, the 50% of the options granted will vest and become "exercisable options" (Minimum Target);

(ii) in the event that the Group's consolidated EBITDA as of 31 December 2026 is equal to Euro 15 million, the 75% of the option granted will vest and become "exercisable options" (Target Goal);

(iii) in the event that the Group's consolidated EBITDA as of 31 December 2026 is equal to Euro 18 million, the 100% of the option granted will vest and become "exercisable options" (Maximum Target).

For Group consolidated EBITDA values as of 31 December 2026 of less than Euro 12 million, no options will vest; whereas, for Group consolidated EBITDA values as of 31 December 2026 intermediate to those indicated above, the number of exercisable options will be calculated using the linear interpolation method.

The vested options due to each beneficiary, may be exercised in three tranches under the following terms and further conditions:

(i) 40% of the vested options may be exercised as of the date of the Board of Directors' notice to the relevant beneficiary of the number exercisable options, and until 30 September 2027 (the "**First Exercise Period**"), provided that the relationship between the same beneficiary and the Company or subsidiary, as the case may be, was in place at the end of the vesting period, *i.e.* 31 December 2026, subject to the provisions of Article 12 of the Stock Option Plan Regulations;

(ii) 30% of the vested options may be exercised as of the day following the meeting of the Board of Directors approving the consolidated financial statements as of 31 December 2027 and until 30 September 2028 (the "**Second Exercise Period**") provided that the relationship between the same beneficiary and the Company or the subsidiary, as the case may be, was in existence until the date of exercise of said vested options;

(iii) 30% of the vested options may be exercised from the day after the Board of Directors' meeting approving the consolidated financial statements as of 31 December 2028 until 30 September 2029 (the "**Third Exercise Period**" and, collectively, with the First and Second Periods, the "**Exercise Periods**" and each an "**Exercise Period**") provided that the relationship between the same beneficiary and the Company or subsidiary, as the case may be, was in existence until the date of exercise of said vested options.

The shares to be granted upon exercise of Exercisable Options and payment of the Exercise Price may be newly issued shares or the Company treasury shares.

It should be noted that on 21 March 2024, the extraordinary Shareholder's Meeting of the Company resolved to grant the Board of Directors the power to increase the Company share capital pursuant to Article 2443 of the Italian Civil Code, on one or more instalments, against cash contributions, in a divisible and progressive manner, until 31 December 2027 – such term being extended to 20 March 2029 by the extraordinary Shareholder's Meeting of the Company held on 15 April 2024 – for a maximum amount of Euro 100,000.00 plus share premium, through the issue of a maximum of 2,000,000 ordinary shares, with no indication of nominal value, having the same characteristics as the shares already in circulation, with ordinary dividend rights, with the exclusion of option rights pursuant to Article 2441, paragraph 5 and 8, of the Italian Civil Code, to be reserved for subscription to the beneficiaries of the "Stock Option Plan" at a subscription price equal to the Offer Price.

Amounts set aside or accumulated for the payment of pensions, severance indemnities or similar benefits

As of December 31, 2023, for the payment of pensions, severance indemnities or similar benefits, taken together, in favour of the members of the Board of Directors, the Board of Statutory Auditors and the Senior Management Team, the Group set aside a total amount equal to Euro 185 thousand.

Other information

Employment or management agreement

As of the Prospectus Date, other than those customarily provided by applicable collective bargaining agreements there are no agreements entered into by members of the Board of Directors, by members of the Board of Statutory Auditors or by members of the Senior Management Team providing for benefits upon termination of employment.

Agreements for the appointment of Directors, Statutory Auditors or members of the Senior Management Team

As of the Prospectus Date, there are no agreements for the appointment of Directors, Statutory Auditors or members of the Senior Management Team.

Potential conflicts of interest and other information

Other than the circumstances as described below, there are no potential conflicts of interests between the personal interests or other duties of Directors, members of the Board of Statutory Auditors or members of Key Executives, on the one hand, and their duties to the Company, on the other hand.

In particular, it should be noted that, as of the Prospectus Date:

- the Company's Chairman of the Board of Directors Vittorio Neuroni: (i) holds 8,830,500 Shares, equal to 43.5% of the share capital of the Company; and (ii) is the father of the Company's Chief Executive Officer, Matteo Luigi Neuroni, and of the Company's Executive Director Marta Neuroni;
- the Company's Chief Executive Officer Matteo Luigi Neuroni: (i) holds 5,379,500 Shares, equal to 26.5% of the share capital of the Company; (ii) is the son of the Company's Chairman of the Board of Directors, Vittorio Neuroni; (iii) is the brother of the Company's Executive Director, Marta Neuroni; and (iv) is the brother-in-law of the Company's Vice-Chairman of the Board of Directors, Emanuele Edoardo Angelidis;
- the Company's Vice-Chairman of the Board of Directors Emanuele Edoardo Angelidis: (i) holds 4,060,000 Shares, equal to 20.0% of the share capital of the Company; and (ii) is the brother-in-law of the Company's Chief Executive Officer, Matteo Luigi Neuroni;
- the Company's Executive Director Marta Neuroni: (i) holds 2,030,000 Shares, equal to 10.0% of the share capital of the Company; (ii) is the daughter of the Company's Chairman of the Board of Directors, Vittorio Neuroni; and (iii) is the sister of the Company's Chief Executive Officer, Matteo Luigi Neuroni.

On 29 June 2021 the Company, on one side, and the members of the Board of Directors as of the Prospectus Date and some managers of the Company (Andrea Matteo Baldini, Matteo Garegnani, Silvia Anghileri, Carlo Baraldi, Umberto Bramani, Claudio Cuccia, Andrea Pizzolato, Armando Munaretto and Massimo Zattera), on the other side, entered into separate agreements whereby the Company sold a total of no. 77,394 Warrants, at a price of Euro 2.30 per Warrant, which allow such Warrant Holders to purchase shares of the Company under certain terms and conditions. Each Warrant entitles the holder to purchase 20 shares of the Company (following the stock-split resolved by the Extraordinary General Meeting of the Company on 21 March 2024) at a Strike Price of Euro 24.63 (equal to Euro 1.23 for each new Share).

On 21 March 2024 the Extraordinary General Meeting of the Company resolved a capital increase in the nominal amount of Euro 77,394, to be implemented through the issuance of 1,547,880 new Shares to serve the exercise of the Warrants. On 30 March 2024, the Warrant Holders (including the members of the Board of Directors as of the Prospectus Date) notified the Company of the early exercise of all Warrants held by them, subject to - and with effect from - the Admission Notice. Therefore, on the date of the Admission Notice: (i) the exercise of all the Warrants will be effective, with the payment by the Warrant Holders to the Company of the Strike Price; (ii) the Warrant Capital Increase will be fully executed; and (iii) there will be no Warrants outstanding (for more information, *see* "*Principal Shareholders and the Selling Shareholders – SYS-DAT Warrants*").

As of the Prospectus Date, Vittorio Neuroni owns 12,158 Warrants (which attributes the right to subscribe n. 243,160 new Company's shares), Matteo Luigi Neuroni own 12,158 Warrants (which attributes the right to subscribe n. 243,160 new Company's shares), Emanuele Edoardo Angelidis owns 10,150 Warrants (which attributes the right to subscribe n. 203,000 new Company's shares) and Marta Neuroni owns 12,158 Warrants (which attributes the right to subscribe n. 243,160 new Company's shares). On 30 March 2024, some of the Warrant Holders – different from the Selling Shareholders and owning a total of 24,422 Warrants – entered into separate agreements with Vittorio Neuroni (the "**Share Purchase Agreements**"), pursuant to which the latter purchased from such Warrant Holders, who sold, at the Offer Price and subject to the condition precedent of the Admission Notice, a number of Shares equal to 488,440, resulting from the exercise of the Warrants.

Vittorio Neuroni, Matteo Luigi Neuroni, Emanuele Edoardo Angelidis and Marta Neuroni, as Selling Shareholders, are offering in the Offer a total of 1,420,920 Existing Offer Shares, as follows: Vittorio Neuroni is offering in the Offer 731,600 Existing Offer Shares, Matteo Luigi Neuroni is offering in the Offer 243,160 Existing Offer Shares, Emanuele Edoardo Angelidis is offering in the Offer 203,000 Existing Offer Shares and Marta Neuroni is offering in the Offer 243,160 Existing Offer Shares.

The Company does not expect that the circumstances described above will have any material impact on the performance of the duties the Directors have towards the Company. Other than these circumstances, the Company is not aware of any other circumstance that may lead to a (potential) conflict of interest between the private interests or other duties of Directors and their duties towards the Company.

Non-competition agreements

No non-competition agreements, in addition to those provided for in the applied collective agreements and national law, have been entered into with the members of the Board of Directors or Key Executives.

Employees

The tables below set forth the total numbers of Group employees as of the Prospectus Date, for the financial years ended as of December 31, 2023, 2022 and 2021, subdivided by type. All the employees of the Group are based in Italy.

	For the year ended as of			
	As of the Prospectus Date	**December 31, 2023**	**December 31, 2022**	**December 31, 2021**
Executives	7	8	7	5
Office workers	434	420	262	183
Total	441	**428**	**269**	**188**

The Group's employees work in five main functions, namely, (i) technology; (ii) sales and; (iii) support functions (including finance, legal, human resources, marketing and communication and IT support functions).

The table below sets forth a breakdown of the Group's employees by function as of the Prospectus Date and for the Three-Year Period.

	As of the Prospectus Date		For the years ended December 31, 2023		2022		2021	
Technology	360	82%	353	82%	225	84%	152	81%
Sales	25	6%	29	7%	18	7%	13	7%
Support functions	56	12%	46	11%	26	10%	23	12%
Total	441	**100.00%**	**428**	**100.00%**	**269**	**100.00%**	**188**	**100.00%**

It should be noted that as of the Prospectus Date, the Group is not fully compliant with the regulations of Law n. 68/1999 regarding the mandatory hiring of disabled workers. If the Group fails to comply with the reserve quota of disabled workers, it may be subject to sanctions; in particular, according to Article 15 of Law n. 68/1999, the obligation to hire disabled workers mentioned in Article 1 of Law n. 68/1999 must be fulfilled within sixty days. Prolonged non-compliance may result in application of economic sanctions and, in addition, could also jeopardize the Group's participation in public tenders.

Shareholders structure

Shareholders as of the Prospectus Date

The following table sets out the Shares held by each shareholder or beneficial owner of at least 3% of the voting rights of the Company as of the Prospectus Date.

Shareholder	No. of Shares held prior to the Offer	% of Share Capital
Vittorio Neuroni	8,830,500	43.5%
Matteo Luigi Neuroni	5,379,500	26.5%
Emanuele Edoardo Angelidis	4,060,000	20.0%
Marta Neuroni	2,030,000	10.0%
Total	20,300,000	**100%**

None of the above indicated principal shareholders have different voting rights with regards to the Company's Shares held. Each Share confers on its holder the right to vote at the ordinary and extraordinary shareholders' meetings by casting one vote for each Share held.

Shareholders at the First Trading Date

The following table sets forth the number of Shares and percentage of share capital the Shareholders own before the Offer and the number of Shares and percentage of share capital the Shareholders will own following the Offer, assuming the subscription and sale of all the Offer Shares in the Offer, the execution of the Warrant Capital Increase (for n. 1,547,880 Shares), the execution of the Share Purchase Agreements and the exercise in full of the Over-allotment Option (for n. 987,000 Shares).

Shareholder	No. of Shares held before the Offer	% of Share Capital	No. of Shares held following the Warrant Capital Increase and the Share Purchase Agreements	% of Share Capital	Maximum no. of Existing Offer Shares sold in the Offer (Sale Shares)	Maximum no. of Shares subscribed in the Offer (new shares)	No. of Shares held following the Offer (prior to the exercise of the Over-allotment Option)	% of Share Capital	No. of Shares held if the Over-allotment Option is exercised in full	% of Share Capital
Neuroni Vittorio	8,830,500	43.5%	9,562,100	43.8%	731,600	–	8,830,500	29.1%	8,830,500	28.2%
Neuroni Matteo Luigi	5,379,500	26.5%	5,622,660	25.7%	243,160	–	5,379,500	17.8%	5,379,500	17.2%
Angelidis Emanuele Edoardo	4,060,000	20.0%	4,263,000	19.5%	203,000	–	4,060,000	13.4%	4,060,000	13.0%
Neuroni Marta	2,030,000	10.0%	2,273,160	10.4%	243,160	–	2,030,000	6.7%	2,030,000	6.5%
Market	–	–	126,960 (*)	0.6%	–	8.450.000	9,997,880	33.0%	10,984,880	35.1%
Total	**20,300,000**	**100%**	**21,847,880**	**100%**	**1,420,920**	**8.450.000**	**30,297,880**	**100%**	**31,284,880**	**100%**

(*) New Shares arising from the execution of the Warrant Capital Increase and not sold to Vittorio Neuroni by virtue of the Share Purchase Agreements.

Controlling shareholders

As of the Prospectus Date, none of the Company's current shareholders exercise the legal control over the Company, owing the majority of the Shares and voting rights. However, given Vittorio Neuroni's current and expected shareholding following the Offer and assuming the absence of other shareholders who, alone or jointly, could influence the decisions through the Company's ordinary or extraordinary Shareholders' Meeting after the First Trading Date, Vittorio Neuroni exercises at the Prospectus Date and is expected to continue to exercise, after the Admission, a *de facto* control over the Company according to Article 2359, second paragraph, no. 2, of the Italian Civil Code.

Shareholders' agreement and other arrangements the operation of which may result in a change in control of the Company

Except as described in the preceding paragraphs with reference to the Offer, as of the Prospectus Date, to the best of the Company's knowledge, no shareholders' agreements or agreement the operation of which may result in a change of control of the Company have been entered into concerning the Company's Shares.

SYS-DAT Warrants

On 29 June 2021, the Company, on one side, and the member of the Board of Directors and some managers of the Company (Andrea Matteo Baldini, Matteo Garegnani, Silvia Anghileri, Carlo Baraldi, Umberto Bramani, Claudio Cuccia, Andrea Pizzolato, Armando Munaretto and Massimo Zattera) at the Prospectus Date, on the other side (the "**Warrant Holders**"), entered into separate agreements whereby the Company sold a total of no. 77,394 warrants (the "**Warrants**"), at a price of Euro 2.30 per Warrant, which allow the Warrant Holders to purchase shares of the Company under certain terms and conditions. The purchase price represented the fair market value of the Warrants, using the Black and Scholes model, paid by each Warrant Holder to the Company until 30 June 2021.

The purchase price of the Warrants has been determined by the Board of Directors to be equal to the aforementioned fair market value of the Warrants pursuant to Article 9 of Presidential Decree No. 917 of 22 December 1986, as amended, as evidenced by the sworn opinion of an independent expert. Each Warrant entitles the holder to purchase 20 shares of the Company (following the stock-split resolved by the Extraordinary General Meeting of the Company on 21 March 2024) at a price of Euro 24.63 (the "**Strike Price**") (equal to Euro 1.23 for each new Share).

The agreements provide that the Warrants will be exercisable upon the occurrence of one of the following events ("**Liquidity Event**") (i) the listing of the Company's shares on a regulated market, occurring with the Admission Notice; (ii) the transfer by the Company, even indirectly, of a portion of its assets with a fair market value of more than 50%.

Upon the occurrence of a Liquidity Event, the Company will resolve a capital increase for the purpose of converting the issued Warrants at the nominal value of the underlying securities: the difference between the exercise price and the nominal value of the underlying securities will be allocated to the issue premium. The exercise of the right of each Warrant and the payment of the corresponding shares will take place at the same time as the Liquidity Event.

Once the expiry date of 30 June 2025 has passed, the Warrants will irrevocably lose all effectiveness, all rights attaching to them will irrevocably lapse and the Company will return the purchase price of the Warrants to the Warrant Holder.

The Warrants are transferable, in whole or in part, by deed between living persons to third parties for a cash consideration freely determined by the holder, subject to a right of first refusal in favor of the Company under the same conditions and at the same price and to the prohibition of admission to trading on regulated markets.

On 21 March 2024 the Extraordinary General Meeting of the Company resolved a capital increase in the nominal amount of Euro 77,394 (the "**Warrant Capital Increase**"), to be implemented through the issuance of 1,547,880 new Shares to serve the exercise of the Warrants. On 30 March 2024, the Warrant Holders (including the members of the Board of Directors as of the Prospectus Date) notified the Company of the early exercise of all Warrants held by them, subject to - and with effect from - the Admission Notice. Therefore, on the date of the Admission Notice: (i) the exercise of all the Warrants will be effective, with the payment by the Warrant Holders to the Company of the Strike Price; (ii) the Warrant Capital Increase will be fully executed; and (iii) there will be no Warrants outstanding.

On 30 March 2024, some of the Warrant Holders – different from the Selling Shareholders and owning a total of 24,422 Warrants – entered into separate agreements with Vittorio Neuroni (the "**Share Purchase Agreements**"), pursuant to which the latter purchased from such Warrant Holders, who sold, at the Offer Price and subject to the condition precedent of the Admission Notice, a number of Shares equal to 488,440, resulting from the exercise of the Warrants.

The Selling Shareholders

The Selling Shareholders are Vittorio Neuroni, Matteo Luigi Neuroni, Marta Neuroni and Emanuele Edoardo Angelidis, which are the sole shareholders of the Company at the Prospectus Date.

The Selling Shareholders are offering in the Offer a total of 1,420,920 Existing Offer Shares, as follows: Vittorio Neuroni is offering in the Offer 731,600 Existing Offer Shares (equal to 51.5% of Offer Shares), Matteo Luigi Neuroni is offering in the Offer 243,160 Existing Offer Shares (equal to 17.1% of Offer Shares), Emanuele Edoardo Angelidis is offering in the Offer 203,000 Existing Offer Shares (equal to 14.3% of Offer Shares) and Marta Neuroni is offering in the Offer 243,160 Existing Offer Shares (equal to 17.1% of Offer Shares).

If the New Offer Shares, the Existing Offer Shares and the Over-Allotment Shares are fully subscribed, the Existing Offer Shares will represent approximately 13% of the total number of Shares subject to the Offer and approximately 5% of the Company's share capital after the Offer.

RELATED PARTY TRANSACTIONS

Overview

The transactions that the Company engages with related parties (hereinafter, "**Related Party Transactions**"), identified on the basis of the criteria set forth in IAS 24 – Related Party Disclosures, for the Track-Record Period, are primarily of a commercial and financial nature. The Company believes that none of those transactions can be qualified as atypical or unusual, as they fall within the ordinary course of management of the Group's activities. These transactions form part of normal business operations and, in the Company's judgement, are in general settled under market conditions.

The Related Party Transactions described in the Prospectus were not subject to any procedure for management of related party transactions. Although the Company considers that transactions with related parties have been carried out in general under market conditions, there is no guarantee that, if they had been concluded between or with third parties, the latter would have negotiated and entered into the related contracts, or carried out the transactions, under the same conditions and with the same procedures adopted by the Group. On 15 April 2024, the Board of Directors adopted the Procedure for Related Party Transactions. Such procedure will be submitted again to the Board of Directors for final review and approval, in light of the opinion of the Control, Risks and Related Party Transactions Committee composed by only Independent Directors according to the Related Party Regulation, at the earliest opportunity after the First Trading Date. For further information on the Procedure for Related Parties Transactions, see "*Management, Employees and Corporate Governance—Procedure for Related Party Transactions*".

Related party	Correlation relationship
Vittorio Neuroni	Company's Director and shareholder
Matteo Neuroni	Company's Director and shareholder
Marta Neuroni	Company's Director and shareholder
Emanuele Angelidis	Company's Director and shareholder
Matteo Garegnani	Company's Group Chief Commercial Officer and Director of Modasystem, Nekte and Hars
Andrea Matteo Baldini	Company's Group Chief Financial Officer
Giuseppe Andresini	Sole Direct and minority shareholder of Sys-Dat Bari
Tommaso Spalluto	Minority shareholder of Sys-Dat Bari
Claudio Cuccia	Director of Sys-Dat Retail
Fabio Cuccia	Son of Claudio Cuccia
Andrea Pizzolato	Sole Direct and minority shareholder of Logic-One
Vito Garaffa	Minority shareholder of Logic-One
Armando Munaretto	Director of Modasystem
Alessandro Crestani	Director of Modasystem
Walter Fornarolo	Director of Modasystem
Carlo Munaretto	Son of Armando Munaretto
Alessandro Tomaselli	Director of BTW Informatica
Domenico Buccelli	Director of BTW Informatica
Mario Apa	Director of Sys-Dat Napoli
Francesco Apa	Son of Mario Arpa
Paolo Fratton	Director of Sys-Dat Verona
Giordano Pagani Griso	Minority shareholder of Sys-Dat Verona
Giovanni Bellorio	Minority shareholder of Sys-Dat Verona
Mario Fratton	Minority shareholder of Sys-Dat Verona
Paolo Vinco	Minority shareholder of Sys-Dat Verona
Daniele Martini	Minority shareholder of Sys-Dat Verona
Massimo Zattera	Director of HARS
Carlo Baraldi	Director of HARS
Dario Vimercati	Director of HARS
Giulio Zattera	Son of Massimo Zattera
Maria Cristina Cicogni	Wife of Carlo Baraldi
Riccardo Baraldi	Son of Carlo Baraldi
Silvia Anghileri	Directors of Nekte
Umberto Bramani	Directors of Nekte
Stefano Padovan	Directors of Nekte
Davide Conigliaro	Directors of Humatics
Pietro Lovato	Directors of Humatics
Marco Cristani	Directors of Humatics

Bucciarelli Andrea	Directors of Emmedata
Fabrizio Mori	Directors of Emmedata
Piero Vignoli	Directors of Emmedata
Roberto Pizzetti	Director of Vcube
Natale Zaramella	Director of Trizeta
Fabio Re Cecconi	Director of Sisolution
Massimo Re Cecconi	Director of Sisolution
Matteo Re Cecconi	Son of Massimo Re Cecconi
HPA S.r.l.	Shareholder of Sys-Dat Bari
CFM S.r.l.	Company controlled by Armando Munaretto
Nav-Lab S.r.l.	Company directed by Umberto Bramani
Bridge S.r.l.	Company controlled by Umberto Bramani and Silvia Anghilieri
Atelcom S.r.l.	Company controlled by Paolo Fratton
Altama sas di Martini Daniele e c.	Company controlled by Daniele Martini
Bellorio G. & associati sas	Company controlled by Giovanni Bellorio
P.M. sas di Mario Fratton	Company controlled by Mario Fratton
Emmedata real estate	Company controlled by Fabrizio Mori and Piero Vignoli
Zaramella Group S.r.l.	Company controlled by Natale Zaramella
Lynce S.r.l.	Company directed by Natale Zaramella
Business DOCG S.r.l.	Company directed by Natale Zaramella

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

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

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

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

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

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

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

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

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

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

Description of the related party transactions

The table below sets forth the Company material related party transactions for the periods indicated.

Balance Sheet

(Euro thousand)	31-Dec-23	Total	%	31 Dec-22	Total	%	31-Dec-21	Total	%
Right of use assets	867	3,995	22%	851	4,945	17%	706	3,941	18%
Trade receivables	36	16,015	0%	9	12,415	0%	9	7,757	0%
Other current assets	-	1,590	0%	5	1,174	0%	10	550	2%
Other non-current financial liabilities	6,163	11,025	56%	3,587	9,615	37%	2,930	8,992	32%
Employee benefits	275	6,662	4%	195	5,432	4%	210	4,778	4%
Non-current provisions	315	330	95%	232	243	96%	397	556	71%
Current financial liabilities	3,279	4,910	67%	1,798	3,331	54%	1,469	2,644	56%
Trade payables	347	4,564	8%	388	3,860	10%	405	2,910	14%
Other current liabilities	878	10,478	8%	328	7,096	5%	119	4,245	3%
Profit and loss									
(Euro thousand)	31-Dec-23	Total	%	31 Dec-22	Total	%	31-Dec-21	Total	%
Revenues from contracts with customers	38	46,266	0%	32	37,761	0%	44	28,801	0%
Raw materials, consumables and goods	250	2,754	9%	115	2,515	5%	94	2,778	3%
Costs for services	5,054	15,534	33%	4,479	13,062	34%	3,424	9,978	34%
Personnel expenses	1,132	18,980	6%	852	14,295	6%	572	10,347	6%
Depreciation and amortisation	117	2,569	5%	96	1,646	6%	79	1,013	8%
Net interest income/(expense)	(28)	(85)	33%	(27)	(158)	17%	(22)	(159)	14%

Transactions with related parties are conducted in accordance with the terms and conditions mutually agreed by the parties involved and the Group has not given or received any guarantees in respect of these transactions.

The most relevant Company’s transactions with related party for the years ending on December 31, 2023, 2022 and 2021 and up to the Prospectus Date, are described below.

Right of use assets

Right of use assets with related parties represent a material portion of the rental agreements of the Group, accounted for following IFRS 16; the rental agreements are at market prices. The following table provide the break-down of right of use assets by each related party.

Euro thousand			
Right of use assets	**31 December 2023**	**31 December 2022**	**31 December 2021**
Related person to directors	0		60
Bridge 2012 S.r.l.	361	418	476
Emmedata real estate	250	276	0
Zaramella Group S.r.l.	23	0	0
CFM S.r.l.	233	157	170
Total	**867**	**851**	**706**

Trade receivables

Trade receivables refer to limited services rendered by the Group to related parties. The following table provide the break-down of trade receivables by each related party.

Euro thousand			
Trade receivables	**31 December 2023**	**31 December 2022**	**31 December 2021**
Nav Lab S.r.l.	14	9	9
Zaramella Group S.r.l.	1	0	0
Lynce S.r.l.	21	0	0
Total	**36**	**9**	**9**

Other current assets

The following table provide the break-down of other current assets by each related party.

Euro thousand			
Other current assets	**31 December 2023**	**31 December 2022**	**31 December 2021**
Strategic managers, operating companies Directors, minority shareholders	-	5	10
Total	**0**	**5**	**10**

Other financial liabilities

Current and non-current financial liabilities relate to leases accounted for following IFRS 16, future payments for the acquisition of stakes in subsidiaries (either fixed price or ear-outs) and historical shareholder loans. The following table provide the break-down of other non-current financial liabilities by each related party.

Euro thousand			
Other non-current financial liabilities	**31 December 2023**	**31 December 2022**	**31 December 2021**
Vittorio Neuroni	-	0	55
Matteo Neuoni	-	0	55
Marta Neuroni	-	0	55
Strategic managers, operating companies Directors, minority shareholders	5,302	2,803	1,950
Related persons to Directors	-	0	53
CFM S.r.l.	222	150	304
Bridge 2012 S.r.l.	321	376	458
Emmedata real estate	-	258	0
Zaramella group S.r.l.	318	0	0
Total	**6,163**	**3,587**	**2,930**

Euro thousand			
Current financial liabilities	**31 December 2023**	**31 December 2022**	**31 December 2021**
Vittorio Neuroni	-	55	55
Matteo Neuroni	-	55	55
Marta Neuroni	-	55	55
Strategic managers, operating companies Directors, minority shareholders	3,030	1,375	1,062
Related persons to Directors	-	-	8
CFM S.r.l.	19	154	154
Bridge 2012 S.r.l.	56	82	80
Emmedata real estate	-	22	-
Zaramella Group S.r.l.	174	-	-
Total	**3,279**	**1,798**	**1,469**

Employee benefits:

Employee benefits refer to staff leaving indemnity provision recognized towards related parties' employees. The following table provide the break-down of employee benefits by each related party.

Euro thousand			
Employee benefits	**31 December 2023**	**31 December 2022**	**31 December 2021**
Strategic managers, operating companies Directors, minority shareholders	142	115	114
Related persons to Directors	133	80	96
Total	**275**	**195**	**210**

Non-current provision

Non-current provisions relate to director retirement benefits (TFM). The following table provide the break-down of non-current provisions by each related party.

Euro thousand			
Non-current provisions	**31 December 2023**	**31 December 2022**	**31 December 2021**
Vittorio Neuroni	48	48	61
Matteo Neuoni	62	42	114
Marta Neuroni	46	35	29
Strategic managers, operating companies Directors, minority shareholders	159	107	193
Total	**315**	**232**	**397**

Trade payables

Trade payables refer to limited purchases of goods and services by the Group from related parties. The following table provide the break-down of trade payables by each related party.

Euro thousand			
Trade payables	**31 December 2023**	**31 December 2022**	**31 December 2021**

Strategic managers, operating companies Directors, minority shareholders	25	0	0
Related persons to Directors	3	0	0
CFM S.r.l.	-	6	0
Nav Lab S.r.l.	183	148	168
Bridge 2012 S.r.l.	7	44	16
Atlecom S.r.l.	9	0	0
Zaramella Group S.r.l.	10	0	0
Lynce S.r.l.	24	0	0
Business DOCG S.r.l.	15	0	0
Altama sas di Martini Daniele e c.	7	0	7
Bellorio G. e associati sas	64	190	214
Total	**347**	**388**	**405**

Other current liabilities

Other current liabilities relate to variable components of the Director compensation and payroll costs to be paid the following period. The following table provide the break-down of other current liabilities by each related party.

Euro thousand			
Other current liabilities	**31 December 2023**	**31 December 2022**	**31 December 2021**
Vittorio Neuroni	170	58	0
Matteo Neuroni	170	58	1
Marta Neuroni	104	35	0
Emanuele Angelidis	169	57	0
Strategic managers, operating companies Directors, minority shareholders	265	120	105
Related persons to Directors	-	0	13
Total	**878**	**328**	**119**

Revenues from contracts with customers

The following table provide the break-down of revenues from contracts with customers by each related party:

Euro thousand			
Revenues from contracts with customers	**31 December 2023**	**31 December 2022**	**31 December 2021**
Nav-Lab S.r.l.	31	32	44
Bridge 2012 S.r.l.	2	0	0
Atlecom S.r.l.	1	0	0
Lynce S.r.l.	4	0	0
Total	**38**	**32**	**44**

Raw materials, consumables and goods

Purchasing costs refer to the relationship with Nav-Lab S.r.l., a partner selling Microsoft licenses and services to Nekte and SYS-DAT Verona, subsidiaries of the Group. The following table provide the break-down of raw material, consumable and goods costs by each related party.

Euro thousand			
Raw materials, consumables and goods	**31 December 2023**	**31 December 2022**	**31 December 2021**
Nav-Lab S.r.l.	250	115	94
Total	**250**	**115**	**94**

Cost for services

Cost for services refer mainly to Director compensation. The following table provide the break-down of costs for services by each related party.

Euro thousand			
Costs for services	**31 December 2023**	**31 December 2022**	**31 December 2021**
Vittorio Neuroni	685	651	442
Matteo Neuroni	684	624	407
Marta Neuroni	430	424	298
Emanuele Angelidis	685	651	443
Strategic managers, operating companies Directors, minority shareholders	1,760	1,602	1,273
Related persons to Directors	30	0	0

Nav-Lab S.r.l.	447	297	181
Bridge 2012 S.r.l.	38	0	0
Atlecom S.r.l.	93	93	96
Altama sas di Martini Daniele e c.	71	70	70
Bellorio G. & associati sas	97	67	138
P.M. sas di Mario Fratton	-	0	76
Business DOCG S.r.l.	9	0	0
Lynce S.r.l.	22	0	0
Zaramella Group S.r.l.	3	0	0
Total	**5,054**	**4,479**	**3,424**

Personnel expenses

The following table provide the break-down of personnel expenses by each related party.

Euro thousand			
Personnel expenses	**31 December 2023**	**31 December 2022**	**31 December 2021**
Strategic managers, operating companies Directors, minority shareholders	846	666	325
Related persons to Directors	286	186	247
Total	**1,132**	**852**	**572**

Depreciation and amortization

Depreciations refer to right of use assets accounted in accordance to IFRS 16. The following table provide the break-down of depreciation and amortization by each related party.

Euro thousand			
Depreciation and amortisation	**31 December 2023**	**31 December 2022**	**31 December 2021**
Related person to directors	-	0	8
Bridge 2012 S.r.l.	58	58	58
Emmedata real estate	25	25	0
Zaramella Group S.r.l.	13	0	0
CFM S.r.l.	21	13	13
Total	**117**	**96**	**79**

Net interest income/(expenses)

Interest expenses mainly refer to interests cost arising from IFRS 16 accounting treatment. The following table provide the break-down of net interest income/(expenses) by each related party.

Euro thousand			
Net interest income/(expense)	**31 December 2023**	**31 December 2022**	**31 December 2021**
Related person to directors	0	0	(2)
CFM S.r.l.	(7)	(5)	(5)
Bridge 2012 S.r.l.	(13)	(13)	(15)
Emmedata real estate	(8)	(9)	0
Total	**(28)**	**(27)**	**(22)**

Relevant intercompany agreements

a) Intercompany Services Agreement

At the Prospectus Date the Company has entered into several intercompany service agreements in order to provide centralized activities on behalf of its subsidiaries, namely with: (i) Sys-Dat Verona on 11 April 2022; (ii) BTW Informatica on 11 April 2022; (iii) Humatics on 11 April 2022; (iv) Emmedata on 11 April 2022; (v) Hars on 11 April 2022; (vi) Nekte on 11 April 2022; (vii) Nekte on 11 April 2022; (viii) Nekte on 11 April 2022; (vi) Nekte on 11 April 2022; (vii) Modasystem on 11 April 2022; (viii) Logic One on 11 April 2022; and (ix) VCube on 13 November 2023 (collectively, the "**Beneficiaries**").

The agreements entered into by Sys-Dat Verona, BTW Informatica, Humatics, Emmedata, Hars, Modasystem and Logic One are effective from 1 January 2022 until 31 December 2022 and are automatically renewed from twelve months to twelve months. The agreement entered into by VCube is effective from 1 January 2023 until 31 December 2023 and will be automatically renewed from twelve months to twelve months.

The intercompany service agreements are aimed to provide services relating to: (a) administrative, accounting and tax assistance; (b) assistance with human resources activities; (c) commercial assistance; (d) assistance with marketing and communication activities; (e) assistance with intra-group processes, systems and tools; (f) assistance with budgeting and management control activities; (g) assistance with merger and acquisition activities; (h) use of the SYS-DAT GROUP trademark.

The price to be paid individually by the Beneficiaries for the services rendered to the Company is equal to 3% of the "Value of Production" of each Beneficiary as shown in its annual accounts, plus VAT. The price due is invoiced in four quarterly instalments, payable in the month following each quarter (30 April, 31 July, 31 October and 31 January) on the basis of the Value of Production for that quarter, as estimated by the management of each Beneficiary and notified to the Company.

With respect to Emmedata, only and exclusively for 2022, the first six months did not provide any consideration and consequently the 3% for the year was calculated based on the results of the "Value of Production" in the second half of 2022. With respect to VCube, only and exclusively for 2023, the first six months did not provide any consideration and consequently the 3% for the year was calculated based on the results of the "Value of Production" of the second half of 2023.

The agreement does not involve the transfer or assignment to the Beneficiaries of any know-how, trademarks, copyrights, patents, software designs or any other intellectual property of the Company.

b) <u>Intercompany business agreement</u>

On 17 July 2023, the Company, on one side, and BTW Informatica, Emmedata, Hars, Humatics, Logic One, Modaystem, Nekte, Sys-Dat Verona and VCube, on the other side, entered into an intercompany commercial agreement which provides that in order to provide products, projects and services to the Group's end customers, the signatory company of the commercial agreement with the end customer may use the other Group companies for the provision of part of these products, projects and/or services.

The agreement is effective for as long as the terms and conditions of sale remain unchanged and, for each of the subsidiaries, this agreement will be effective for as long as such company is part of the Group and a subsidiary or affiliate of SYS-DAT.

The agreement specifies that (i) the negotiation with the end customer, (ii) the negotiation of the economic and contractual conditions and (iii) the conclusion of the contract with the end customer is carried out exclusively by the company or the subsidiary that signs the contract with the end customer, with which therefore all legal relations are exclusively carried out.

The terms and conditions for the sale of products and services between Group companies are as follows and will apply to all new contracts from 1 August 2023.

1. <u>Owned software</u>:

   - for software licences, the intercompany fee charged by the company owning the software is 50% of the price to the end customer;

   - for the maintenance fee, the intercompany fee applied by the company owning the software is 50% of the fee to the end customer for the first year. For subsequent years, the intercompany fee applied by the company owning the software is 100% of the fee to the end customer or 50% if the company that sold the solution technically manages the relevant solution.

2. <u>Third party software</u>:

   - for software licences, the intercompany fee charged by the company that manages the relationship with the partner (SAP, Microsoft, etc.) is 15% of the margin on the end customer plus the cost of the relevant licence;

   - for the maintenance fee, the intercompany fee applied by the company that manages the relationship with the partner (SAP, Microsoft, etc.) is 15% of the margin on the end customer plus the cost of the relative fee for the first year. For subsequent years, the intercompany fee applied by the company that manages the relationship with the partner is 100% of the margin on the end customer plus the cost of the relative fee, or 50% if the company that sold the relative solution technically manages the relative solution.

3. <u>Services</u>:

   - the intercompany fee charged by the company providing the service is 80% of the price charged to the end customer with a minimum intercompany fee of Euro 400.00/day.

4. Outsourcing:

- for hosting, the intercompany fee charged by the company providing the hosting is 90% of the net retail charge (defined as the charge excluding third party SPLA components) plus the relative cost of the charge for the SPLA components, for the duration of the contract. The minimum duration of the agreement must be 36 months.

5. Software in SAAS/CLOUD mode:

- for Proprietary Software, the intercompany fee charged by the company providing the SaaS software is 50% of the fee charged to the end customer during the term of the agreement. The intercompany fee applied by the company providing the cloud software is equal to 60% of the fee applied to the end customer for the duration of the agreement. In both cases, the minimum duration of the agreement must be 36 months;

- For third party software, the intercompany fee charged by the company managing the relationship with the cloud software partner is 15% of the end customer margin plus the relative cost of the third party fee for the duration of the agreement. The minimum duration of the agreement must be 36 months.

6. Hardware:

- the intercompany fee charged by the company managing the relationship with the hardware supplier is 50% of the margin on the end customer plus the cost of the hardware.

7. Cyber Security service:

- for assessment and penetration testing, the intercompany fee applied by the company providing the service is 75% of the price applied to the end customer with a minimum intercompany fee of Euro 3,000 per individual assessment and penetration test activity;

- for external services, the intercompany fee charged by the company managing the relationship with the Partner (Yoroi, Irideos, etc.) is open to 50% of the margin on the end customer plus the Partner's costs for the duration of the contract. The minimum duration of the agreement must be 36 months.

8. GDPR and PrivacyLab:

- for the annual GDPR compliance fee, for the annual GDPR 679/2016 - Declaration of Compliance check-up and for the mandatory GDPR compliance check-up, the intercompany fee charged by the company providing the GDPR and PrivacyLab service is 50% of the margin on the end customer plus the cost of the relevant fee for the duration of the contract.

c) Cash pooling Agreement

The Company and the Sys-Dat Verona have entered into a cash pooling agreement whereby Sys-Dat Verona may transfer one or more deposits to the cash pool or receive one or more advances from the cash pool. Deposits and advances are (i) managed through the automatic balancing of the transfer agreement goals agreed between the Company and Sys-Dat Verona with their respective external banking service providers and (ii) used for general business purposes.

The cash pooling facility is operated by SYS-DAT. SYS-DAT uses bank accounts in its own name as cash pool header concentration accounts.

SYS-DAT is not liable for any debts incurred by Sys-Dat Verona as a result of using the cash pooling facility, except in the event of its own gross negligence.

The cash pooling agreement provides that interest will be: (i) paid on any deposit available from the cash pool for each day outstanding at an annual rate equal to the greater of: (a) three-month EURIBOR minus 50 basis points, where the three-month EURIBOR rate is determined on the first business day of each calendar month, or (b) 0.25%; (ii) charged on any advance of available sum from the cash pool for each day's outstanding three-month EURIBOR; and (iii) calculated on the basis of a 360 day year and accrues from the date of the first deposit or advance and calculated on a daily basis on the cumulative total of all amounts deposited or advanced. The agreement provides that accrued and outstanding interest will be paid quarterly in arrears or capitalized and added to the net deposit or advance.

The cash pooling agreement provides that SYS-DAT may, at its discretion, at any time and upon one month's notice to Sys-Dat Verona: a) charge at market rates the operation of the cash pooling facility or any part thereof. At least one month's notice will be given by the issuer for any changes to the charging rates where these are applied; b) change the interest base or margins applicable to advances and deposits; c) change the loan limit for Sys-Dat Verona.

The cash pooling agreement may be terminated at any time by either party to the agreement upon not less than 90 days' written notice to the other party.

As of the Prospectus Date, Sys-Dat Verona is the only company that has entered into the cash pooling agreement.

d) *<u>Lease agreements with Brick S.r.l.</u>*

On 24 January 2024 the Company, on one side, and Brick S.r.l. ("**Brick**"), on the other side, entered into two lease agreements relating to, respectively:

- the real estate units for office and parking spaces use located in Milan, Via Muzio Attendolo detto Sforza, No. 7/9 (the "**Milan Lease Agreement**"); and

- the real estate units for office use located in Turin, Via Pianezza No. 181 and Via Pianezza No. 185, as well as the real estate unit for garage use located in Via Pierluigi Nervi No. 11/A (the "**Turin Lease Agreement**").

The Company received two commercial rental appraisals from Patrigest Advisory & Valuation and from Agire S.p.A. – Gruppo IPI and the rental proposal from Brick has been priced at market rates using the average of the two appraisals.

With reference to the Milan Lease Agreement, the annual fee has been set at Euro 134,000 plus VAT and feed and accessories. The term of the Milan Lease Agreement is 9 years from 1 January 2024 and is tacitly renewable for additional periods of 6 years under the terms and conditions set forth under the lease agreement.

With reference to the Turin Lease Agreement, the annual fee has been set at Euro 15,800 plus VAT and feed and accessories. The term of the Turin Lease Agreement is 9 years from 1 January 2024 and is tacitly renewable for additional periods of 6 years under the terms and conditions set forth under the lease agreement.

As of the Prospectus Date Vittorio Neuroni, Matteo Luigi Neuroni, Marta Neuroni and Emanuele Edoardo Angelidis are related parties of the Company as Vittorio Neuroni holds a 43,5% quota in Brick, Matteo Luigi Neuroni holds a 26,5% quota in Brick, Marta Neuroni holds a 10,0% quota and is Sole Director of Brick and Emanuele Edoardo Angelidis holds a 20,0% quota in Brick.

DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

Set out below is a summary of relevant information concerning the Company's share capital and a brief summary of significant provisions of Italian law, as in effect on the Prospectus Date, and the New By-Laws as these will be immediately in effect after the Admission.

This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, and is qualified in its entirety by reference to, the New By-Laws and the relevant provisions of Italian law as in force on the Prospectus Date. The New By-Laws are available on the Company's website (www.sys-datgroup.com). For a summary of material provisions of the New By-Laws and Italian law relating to the Board and the Directors, see also "*Management, Employees and Corporate Governance*."

General

SYS-DAT is a joint stock company (*società per azioni*) under Italian law registered with the companies register of Milan, Monza, Brianza, Lodi under number 03699600155. The Company was incorporated as a limited liability company (*società a responsabilità limitata*) under the laws of Italy on 2 May 1977, under the name "SDE S.r.l.", and it was converted into a joint-stock company (*società per azioni*) under the laws of Italy on 1 August 2011.

As of the Prospectus Date, the total issued share capital of the Company is Euro 1,015,000.00, represented by 20,300,000 Shares without nominal value and in registered form. All of the issued and outstanding Shares have been validly issued and are fully paid up.

The duration of the Company is established until December 31, 2100.

Corporate purpose

Pursuant to Article 3 of the New By-Laws, the Company's purpose is the production of software, the integration of computer systems, both hardware and software, the design, purchase, sale, installation, maintenance, import, export and representation of electrical, electromechanical, electronic and component equipment, basic and application software packages, the provision of training, information technology and organizational consultancy services and the provision of outsourcing services, excluding activities reserved for members of professional registers. The Company may conduct its business both in Italy and abroad.

The Company may also acquire interests and participations in other companies or enterprises of any kind with a purpose analogous, similar or related to its own.

The Company may, in a non-predominant manner and for the sole purpose of achieving the corporate purpose, perform all acts that are necessary or useful in an instrumental or otherwise related function, such as, but not limited to:

(i) carry out all commercial, financial, industrial, banking, mortgage, securities and real estate transactions, assets and liabilities, without any limitations whatsoever;

(ii) resort to any form of passive financing with credit institutions, banks, companies and individuals and provide real and/or personal guarantees and in particular sureties for obligations both its own obligations and those of companies in which it has an interest or which are part of the same group to which it belongs;

(iii) provide guarantees, endorsements and sureties and/or personal guarantees, including in favor of third parties, when the interests of the Company are at stake and whenever the Board of Directors deems it appropriate;

(iv) acquire, directly or indirectly, interests, quotas and participations, including shares, in other companies, entities and consortia, undertakings, joint ventures, whether Italian or foreign, established or being established, with similar, related or complementary purposes to its own;

(v) participate in consortia, joint ventures, business groups and enter into partnership agreements.

Remain expressly excluded from the corporate purpose of the Company:

- banking and financial activities provided to the public pursuant to Legislative Decree no. 385 of 1 September 1993 and the current implementing provisions on the granting of credit and the collection of savings;

- reserved professional activity, as well as any activity for which prior special authorization is required, and in particular the exercise of the activity referred to in Legislative Decree No 58 of 24 February 1998, as amended and supplemented.

History of the share capital

The Company was incorporated as a limited liability company (*società a responsabilità limitata*) under the laws of Italy on 2 May 1977 under the name “SDE S.r.l.”. On 1987 the Company changed its name into “Sys-Dat Elaboratori S.r.l.” with a subscribed and paid-up corporate capital of Italian Lira 900.000,00 and subsequently, on 1 August 2011 it was converted into a joint-stock company (*società per azioni*) under the laws of Italy and changed its name into “SYS-DAT S.p.A.” with a share capital of Euro 1.000.000,00 divided into 1.000.000 Shares.

On 22 November 2012 the Company’s Shareholders’ Meeting resolved to increase the Company’s share capital from Euro 1,000,000.00 to Euro 1,015,000.00 by issuing 15,000 new shares with a nominal value of Euro 1 each, and by paying a premium of Euro 4 for each newly issued share.

On 18 December 2015 by deed of transfer of shares (Repertory No. 102793; Collection No. 14670, registered on 18 December 2015 at the Milan Tax Revenue Office, Milan Territorial Office 2 under No. 59082 1T) VAR Group S.p.A. transferred to *(i)* Vittorio Neuroni no. 138,025 fully paid shares of the Company with a nominal value of Euro 1.00 each; and *(ii)* to Matteo Luigi Neuroni no. 34,642 fully paid shares of the Company with a nominal value of Euro 1.00 each.

On 30 December 2015 with notarial deed (Repertory No. 102,840; Collection No. 14,688 registered on 30 December 2025 at the Milan Revenue Agency, Milan Territorial Office 2 under No. 621120 series 1T) the Company purchased from Vittorio Neuroni No. 50,750 fully paid shares with a nominal value of Euro 1.00 each and a total nominal value of Euro 50,570.00.

On 23 June 2016, by notarial deed (Repertory No. 103483; Collection No. 15040 registered on 23 June 2016 at the Milan Revenue Agency, Milan 2 Territorial Office under no. 32809 series 1T), the Company purchased from Vittorio Neuroni No. 50,750 fully paid shares with a nominal value of Euro 1.00 each and a total nominal value of Euro 50,570.00.

On 19 February 2019 by notarial deed (Repertory No. 107141; Collection No. 17323 registered on 19 February 2019 at the Milan Revenue Agency, Milan Territorial Office 2 under No. 8238 series 1T) VAR Group S.p.A. transferred: *(i)* to Marta Neuroni No. 30,450 fully paid shares with a nominal value of Euro 1.00 each; *(ii)* to Vittorio Neuroni no. 10,150 fully paid shares with a nominal value of Euro 1.00 each; and *(iii)* to Matteo Luigi Neuroni no. 10,150 fully paid shares with a nominal value of Euro 1.00 each.

On 15 July 2020, by notarial deed, the Company transferred to Emanuele Edoardo Angelidis the full ownership of the share certificate no. 8 representing 50,750 shares with a nominal value of Euro 1.00 each and share certificate no. 10 representing 50,750 shares with a nominal value of Euro 1.00 each.

On 6 October 2020, by notarial deed, Vittorio Neuroni transferred to Emanuele Edoardo Angelidis the ownership of the share certificate no. 15 representing no. 50,750 shares with a nominal value of Euro 1.00 each. In the same date, by notarial deed, Matteo Luigi Neuroni transferred to Emanuele Edoardo Angelidis the ownership of the share certificate no. 17 representing no. 50.750 shares with a nominal value of Euro 1.00 each.

On 17 January 2024, by deed of gift, Vittorio Neuroni donated to his daughter Marta Neuroni the full ownership of part of his shareholding in the Company’s share capital, namely no. 71,050 shares, with a total nominal value of Euro 71,050.00 representing 7% of the total share capital.

On 21 March 2024 the Company Shareholder’s Meeting resolved, *inter alia*:

- to approve the project for the Admission;
- to amend the By-Laws as follows:
    (i) amendment of Article 4 by extending the duration of the Company until 31 December 2100;

    (ii) amendment of Article 6 by: *(i)* cancelling the nominal value of the shares and splitting the ordinary shares without nominal value, increasing their number from 1,015,000 to 20,300,000, through the allotment of 20 new shares to replace each share issued (the “**Stock-split**”); *(ii)* establishing the dematerialisation of the shares and joining the centralised management system for dematerialised financial instruments managed by Monte Titoli S.p.A.; *(iii)* introducing a clause that provides for the possibility to grant the directors the power to increase the Company’s share capital according to Article 2443 of the Italian Civil Code;

- to increase the Company’s share capital for consideration, on a divisible basis, excluding option rights pursuant to Article 2441, paragraph 5 of the Italian Civil Code for a maximum amount of Euro 60,000,000.00, including the share premium, to be carried out also in one or more tranches (also at the service of any greenshoe option), through the issuance of a maximum number of ordinary shares that are suitable to maintain the accounting parity, without an explicit nominal value and with the same characteristics as those outstanding, to service the operation of listing on Euronext Milan, STAR segment if the necessary requirements are met (the “**Share Capital Increase**”). Furthermore, the Shareholder’s Meeting resolved:
  - (i) that the share capital increase is reserved for subscription by institutional investors who are “qualified investors” as defined in Article 2(e) of the Prospectus Regulation in Italy and in the European Economic Area, as well as to foreign institutional investors, with the exclusion of the United States of America and with the clarification that no public offering of securities will be made in any jurisdiction;
  - (ii) to make the effectiveness of the share capital increase subject to the condition precedent of the approval by Borsa Italiana of the admission of the Company’s shares to trading on the Euronext Milan, STAR segment, if the necessary requirements are met, once the minimum free float required by the applicable regulations has been achieved;
  - (iii) to provide that the closing date for subscription shall be 31 December 2024 or, if earlier, the date on which the placement is completed, with the Board of Directors – or, on its behalf, the Chairman and the Chief Executive Officer, acting jointly – being authorised to close the Offer period earlier, and to provide that, if the share capital increase for the listing is not fully subscribed by that date, the capital shall be increased by an amount equal to the subscriptions received by that date;
  - (iv) to confer to the Board of Directors – or, on its behalf, to the Chairman and the Chief Executive Officer, jointly with each other – within the limits set forth below and in agreement with the Global Coordinator and the Selling Shareholders, the powers to determine the conditions, structure and terms of the Offer and, in particular, by way of example, (a) to determine the actual number of shares to be offered for subscription in the share capital increase, the price range within which the Offer price shall be placed and the final Offer price, taking into account (i) the conditions of the domestic and international securities market; (ii) the quality and quantity of the expressions of interest received in the placement from qualified investors in Italy and foreign institutional investors; and (iii) the results achieved by the Company and its prospects, as well as the price indications provided by the Selling Shareholders in relation to the shares of the Company offered for sale by them in the context of the Offer; (b) to determine the final amount of the share capital increase and its possible division into one or more tranches; c) to allocate, in accordance with practice, a tranche of the share capital increase of no more than 15% of the Shares of the Offer to the exercise of an option to be granted to the Global Coordinator (so-called “greenshoe option”) for the subscription of Shares at the price to be fixed for the Offer; (d) to carry out the fulfilments and make the notifications required by Legislative Decree No. 58/98 and its implementing regulations; and (e) to do all that is necessary and/or appropriate, including the negotiation and signing of contracts and/or documents, for the completion and/or execution of the share capital increase transaction, reserving the right to waive the transaction if the number and quality of the subscriptions are not interesting; and
  - (v) to amend Article 6 of the By-Laws, in order to take into account the indication of the amount of the share capital following the share capital increase, specifying that, following the resolution to increase the share capital, only the subscribed capital will be indicated in Article 6 of the By-Laws, taking into account that the relative amount can only be definitively determined after the expiry of the subscription period for the share capital increase and the existence of an effective share capital increase;
- to increase the Company’s share capital for consideration, on a divisible basis, excluding option rights pursuant to Article 2441, paragraph 5 of the Italian Civil Code, for a maximum total nominal amount of Euro 77,394 thousand, in addition to the share premium, to service the exercise of the warrants issued by the Company on 29 June 2021, by issuing a maximum of no. 1,547,880 ordinary shares (taking into account the Stock-split) with no nominal value, with regular dividend entitlement, reserved for the holders of the warrants, to be exercised in one or more tranches until the final subscription date of 30 June 2024;
- to grant the Board of Director to increase the Company share capital pursuant to Article 2443 of the Italian Civil Code, on one or more instalments, against cash contributions, in a divisible and progressive manner, until 31 December 2027, for a maximum amount of Euro 100,000 plus share premium, through the issue of a maximum of 2,000,000 ordinary shares (taking into account the Stock-split), with no indication of nominal value, having the same characteristics as the shares already outstanding, with ordinary dividend rights, with the exclusion of option rights pursuant to Article 2441, paragraph 5 and 8, of the Italian Civil Code, to be reserved for subscription to the beneficiaries of the “Stock Option Plan” at a subscription price equal to the Offer price of the shares that will be issued to service the private placement functional to the Admission;

- to grant the Board of Directors, under the suspensive condition of the issuance, by Borsa Italiana, of the order of Admission by and no later than 31 December 2024, an authorisation, pursuant to Article 2443 of the Italian Civil Code, to increase the Company share capital, for a maximum nominal amount of Euro 50,000,000.00, inclusive of the share premium, through the issue of a maximum number of ordinary shares with no express nominal value, to be exercised within a period of 30 months from the date of the shareholder's resolution;
- to adopt, under the suspensive condition of the issuance, by Borsa Italiana, of the order of Admission by and no later than 31 December 2024, a New By-Laws compliant with the regulations in force applicable to companies with shares listed on regulated markets**.**

On 15 April 2024 the Company Shareholder's Meeting resolved, *inter alia*, to:

- to extend the maximum period within which the Board of Directors could increase the Company share capital to service the Stock Option Plan by setting the new date as 20 March 2029, and, consequently, to adapt the wording of Article 6 of the By-Laws and of the New By-Laws;
- to authorise, for a period not exceeding eighteen months from the date of this resolution and subject to the approval by Borsa Italiana of the admission of the Company's shares to trading on the Euronext Milan, STAR segment, if the necessary requirements are met, the acquisition, also on one or more occasions and at any time, of the Company shares, also on a revolving basis, up to a maximum number of shares not exceeding 20% of the *pro tempore* Company's share capital, taking into account the treasury shares held from time to time both directly and possibly held by companies controlled by the same, if any, and in any case, if lower, up to the maximum number of shares permitted by law from time to time, for one or more of the reasons indicated in the Company Shareholder's Meeting, in compliance with the applicable legal and regulatory provisions, including those of the European Union, in force *pro tempore*, as well as with accepted market practices if the conditions exist and it is decided to make use of them, provided that, if the reasons for the acquisition cease to exist, the treasury shares acquired pursuant to this authorisation may be used for one of the other purposes indicated in the Company Shareholder's Meeting or sold.

As of the Prospectus Date the Company's subscribed and paid-up share capital is Euro 1,015,000.00 divided into 20,300,000 Shares divided as follows:

- Vittorio Neuroni owns the 43.5% of the share capital;
- Matteo Luigi Neuroni owns the 26.5% of the share capital;
- Marta Neuroni owns the 10.0% of the share capital;
- Emanuele Edoardo Angelidis owns the 20.0% of the share capital.

Voting rights

Each Share confers on its holder the right to vote at the ordinary and extraordinary Shareholders' Meetings (except for those situations in which voting rights are suspended pursuant to applicable law). As a general rule, each holder will be entitled to cast one vote for each Share held.

Authorization to issue New Shares

The Company may authorize the issue of additional Shares in connection with capital increases to be approved by the Company's extraordinary shareholders' meeting. Such an authorization would generally be given after a recommendation by the Board of Directors.

Limitations on shareholdings

The transfer of the Shares is not subject to any restrictions other than those contemplated by the terms of the Offer.

Form and transfer of Shares

Pursuant to Article 83-*bis* of the Financial Consolidated Act, shareholders are unable to receive physical delivery of share certificates for Italian listed companies. Shares of companies listed or to be listed in Italy are no longer represented by paper certificates, and the transfer and exchange of ordinary shares takes place exclusively through an electronic book–entry system managed by the centralized securities clearing system, Monte Titoli. Accordingly, all shares are deposited by their owners with an authorized financial intermediary institution entitled to hold accounts on behalf of customers with Monte Titoli. The intermediary will in turn deposit the shares with Monte Titoli or with any company authorized by CONSOB to operate as a centralized securities clearing system, such as Euroclear or Clearstream, Luxembourg.

Italian law does not require joint stock companies to state the par value of their shares in the by-laws or on the stock certificate itself. Shares without nominal value may allow greater flexibility in structuring a company's share capital and in setting the purchase price for the issuance of new shares. Pursuant to Article 2346(3) of the Italian Civil Code, the nominal value of no-par value shares is calculated by dividing the aggregate Euro amount of the issued share capital by the number of shares at the time outstanding. The Company's Shares have no stated par value.

According to Article 32 of the Joint Regulation of the Bank of Italy and CONSOB dated August 13, 2018 (rules governing of central counterparties, central securities depositories and centralized management activities) ("**CONSOB and Bank of Italy Joint Regulation**"), intermediaries which meet the requirements set out in the central securities depositories' regulation in accordance with Article 33 of the Regulation (EU) no. 909/2014 of the European Parliament and of the Council of July 23, 2014 may be admitted to the book-entry system. According to Article 83-*quater* of the Consolidated Financial Act, the shareholders shall transfer and exercise their rights only through duly authorized intermediaries. Transfers of the shares occur through book-entry registrations on securities electronic accounts held by the transferor and the transferee with their respective intermediaries and rely on the system operated by Monti Titoli. The accuracy of the system operated by Monte Titoli relies on daily verifications carried out by both Monte Titoli and the intermediaries. In general, for share transfers, the transferor shall submit an order/transfer request to its intermediary, which will wire transfer the relevant book-entry to the relevant transferee's account with the same intermediary or with another intermediary, depending on where the transferee's account is held. The intermediaries will provide services of certifying transfers with respect to such transfers of the shares.

Each intermediary maintains a custody account for each of its clients. This account sets out the financial instruments of each client and the records of all transfers, dividend payments, exercise of rights attributable to such financial instruments, or any charges or other encumbrances on such instruments. The account holder or any other eligible party may submit a request to the intermediary for the issue of a certified account statement in order to exercise the rights attributable to the shares. The request must indicate, among other things, the name of the applicant and of the holder (if other than the applicant), the quantity of financial instruments in respect of which the statement is requested, the rights to be exercised (in the case of shareholders' voting rights, the date and agenda of the meetings) and the term for which the certificate's validity is requested (if the term is not indicated, the statement has a validity until it is withdrawn). Following the receipt of such request, the intermediary must issue a certified statement of account as evidence of the account holder's ownership of the relevant financial instruments.

At the First Trading Date, all of Company's Shares will be deposited with Monte Titoli. Accordingly, it will not be possible for a shareholder to obtain physical delivery of share certificates representing the Shares. Instead, transfers of the Shares will be possible using the procedures described above. In order to exercise their rights as shareholders, the holders of the Shares must rely on the procedures of Monte Titoli and the intermediaries or participants that have accounts with Monte Titoli.

Shareholders' Meetings

Italian law regarding shareholders' meetings and minority shareholders' rights includes provisions related to, *inter alia,* the record date, the call and functioning of shareholders' meetings, proxy voting and information right, which are aimed at enhancing shareholders' rights and the participation in shareholders' meetings.

Under applicable Italian law, all persons for whom the Company has received a notice from an intermediary, on the basis of the latter's records at closing of business on the seventh trading day prior to the date of the meeting, will be entitled to attend the shareholders' meetings (the "record date"). Changes made after the above-mentioned deadline are not considered for the purpose of legitimizing the exercise of voting rights at the shareholders' meeting.

Shareholders may attend shareholders' meetings either in person or by proxy. A proxy may be given in writing or electronically to any person or entity, with certain limitations.

Pursuant to the Consolidated Financial Act, unless otherwise provided by the by-laws, a company must appoint a representative for each meeting (*rappresentante designato dalla società*) to whom shareholders may grant a proxy no later than the end of the second trading day prior to the date of the meeting on a first or single call. Proxies, which shall contain voting instructions on all or a number of items on the agenda in order to be effective, shall be granted according to a CONSOB form. The proxy shall be valid only for proposals on which voting instructions are provided. Certain disclosure rules apply to conflicts of interest of the representative appointed by the Company.

Conferring a proxy upon a representative that may have a conflict of interest is permitted, *provided that* the representative informs the shareholder in writing of the circumstances giving rise to such conflict of interest and to the extent specific voting instructions are provided for each resolution in which the representative is expected to vote on behalf of the shareholder.

Further, pursuant to the Consolidated Financial Act, one or more promoters may solicit proxies of more than 200 shareholders provided a prospectus and a proxy form are published. Rules on proxy solicitation will not apply to solicitations addressed to no more than 200 shareholders, *provided that* no indications are given that may influence the voting process. General rules on proxy solicitation (including the obligation to publish a prospectus) will not apply to the solicitation carried out by shareholders' associations meeting certain requirements set forth under Italian law.

Under Italian law, shareholders' meetings may be either ordinary or extraordinary. Meetings are called by the board of directors when required or deemed appropriate. The shareholders' meetings must be called, *inter alia* (i) without delay following a request by holders of at least 5% of the share capital (*provided that* shareholders may not request a meeting in connection with matters that must be proposed for deliberation by the shareholders' meeting by the board of directors pursuant to law, or in connection with which the board of directors is required to submit reports or plans); (ii) by the board of directors to approve its annual financial statements or in the event that the share capital is decreased by more than one third as a consequence of losses or falls below the statutory minimum requirement; (iii) by the board of statutory auditors in the event of an unjustified delay or failure by the board of directors to call a meeting or when it considers that an urgent resolution must be adopted; or (iv) by a court having jurisdiction if either the board of directors or board of statutory auditors is in breach of its fiduciary duties to the shareholders or has not called the meeting in accordance with the relevant provisions of Italian law.

Shareholders are informed of all the Shareholders' Meetings to be held by publication of a notice on the website and in at least one newspaper having nationwide coverage or a wide distribution in accordance with CONSOB's requirements. According to Article 40-*bis* of CONSOB and Bank of Italy Joint Regulation, companies are also required to send a notice to the intermediaries participating in the Monte Titoli centralized management system regarding the call of the shareholders' meeting, who must proceed to communicate the relevant information to shareholders holding their Shares on accounts opened with them. The notice of call of the Shareholders' Meeting must be published at least 30 days prior to the date fixed for the meeting. The required notice period is reduced to 21 days for meetings relating to a reduction in the share capital due to losses or any reductions below the minimum statutory requirement and 15 days for meetings convened pending a public tender offer. The notice period is increased to 40 days for meetings called for the election of the Board of Directors or the Board of Statutory Auditors. The notice may specify a date for a second or third meeting in the event that a quorum is not met at the first or second meeting. Such meeting dates are generally referred to as "calls".

The directors are required to make available to the public, at the Company's registered office and on its website and in accordance with CONSOB's requirements, a report on the proposals relating to the matters on the agenda no later than the term for the publication of the meeting notice, except where different terms are provided by law for special resolutions.

Shareholders are entitled to ask questions regarding the items on the agenda before the date of the meeting, which the Company has required to answer at the meeting at the latest, unless the information requested by the shareholders is made available in a Q&A section posted on the website. The relevant notice of call shall indicate the deadline by which questions must be received by the company. The deadline may not be earlier than five open market days prior to the date of the Shareholders' Meeting in first or single call.

Pursuant to Italian law, shareholders who, separately or jointly, represent at least 2.5% of the share capital may request in writing, within ten or, subject to certain conditions, five days, from the publication of the notice convening the meeting (except when different terms are provided by law for special resolutions), additions to the agenda, specifying in the request the additional items they propose. Such additions to the agenda may not be made on matters on which the shareholders' meeting is required by law to resolve on proposals put forward by the directors or on the basis of a plan or report they have prepared. The requesting shareholders must prepare a report on the items they have proposed to include in the agenda.

Resolutions adopted at a shareholders' meeting are binding on all shareholders, including dissenting or absent shareholders. However, pursuant to Italian law, absent, abstaining or dissenting shareholders who hold, separately or jointly, Shares with voting rights in relation to the resolution adopted that represent 1/1000 of the share capital, have the right to ask the court where the Company has the registered office to annul the resolutions taken in violation of applicable laws or the New By-Laws. All directors and statutory auditors are also entitled to challenge resolutions on the same grounds. Such challenges must be made within 90 days from the date of the resolution or, if the resolution is subject to required registration in the companies' register, within 90 days of registration.

In addition, if shareholders' resolutions are passed without any notice of the meeting, without minutes of the same or in respect of any matter which is illegal or impossible to achieve, such resolutions may be challenged by any interested party within three years from the date of the registration of the resolution in the companies' register or, if the resolution is not subject to registration, within three years from the date of the registration of the resolution in the companies' register or, if the resolution is not subject to registration, within three years from the registration of the minutes in the relevant corporate book. In addition, shareholders' resolutions which modify the corporate purpose to include impossible or illegal activities may be challenged without any time limit. However, a court cannot declare resolutions concerning capital increase or reduction or the issue of bonds to be void after 180 days from the registration of the resolution in the companies' register or, in the absence of a notice of the meeting, after 90 days from approval of the balance sheet for the year in which the resolution has been executed in full or in part.

Furthermore, following a limited number of resolutions adopted by the shareholders' meeting (including but not limited to a resolution to delist the Shares, but excluding any withdrawal right in the event of prorogation of the term or the introduction, amendment or removal of limits to the circulation of the Shares), applicable laws grant the shareholders who did not concur with the approval of the relevant resolution the right to withdraw, unless this resolution is revoked by the Company or the Company is put into liquidation within 90 days.

There are no restrictions arising under Italian law or the New By-Laws on the rights of non-resident or foreign persons to hold or vote on the Shares other than those limitations that apply generally to all shareholders. Shareholders are entitled to attend and vote at the ordinary and extraordinary Shareholders' Meetings. Each holder is entitled to cast one vote for each share held. Votes may be cast personally or by proxy (as described above). However, the voting rights of Shares held in breach of applicable laws may in some cases not be exercised.

Ordinary Shareholders' Meetings

Ordinary shareholders' meetings must be convened at least once a year. Under Italian law, an ordinary shareholders' meeting must be called within 120 days or, if the company prepares consolidated financial statements or where special circumstances related to the structure or corporate purpose require it, within 180 days of the end of the financial year. At this meeting, the annual stand-alone financial statements are submitted for shareholder approval. The ordinary shareholders' meetings also approve the distribution of dividends (if any), appoint directors, statutory auditors and independent auditors and decide their compensation, vote on directors' and statutory auditors' liability, approve the regulation for shareholders' meetings and decide on any other business matter submitted to the vote of the shareholders under applicable law and the New By-Laws.

Pursuant to Article 12, paragraph 6 of the New By-Laws, ordinary and extraordinary shareholders' meetings are normally held in a single call. However, the Board of Directors may decide, if it deems it advisable and by expressly stating so in the notice of call, that a certain shareholders' meeting, whether ordinary or extraordinary, shall be held in several calls, in which case the majorities provided for by law for meetings in several calls of companies whose shares are traded on regulated markets shall apply.

Pursuant to Article 13 of the New By-Laws, the ordinary shareholder's meeting shall decide on matters reserved to it by law and by the New By-Laws. In any case, the ordinary shareholder's meeting is responsible for resolutions concerning the acquisition of participations in other companies with unlimited liability for the obligations of the company in which the participations are held.

Pursuant to Article 15 of the New By-Laws, the shareholders' meeting, whether ordinary or extraordinary, is constituted and validly resolves in accordance with the law.

Extraordinary Shareholders' Meetings

Pursuant to Article 14 of the New By-Laws, the extraordinary shareholders' meetings resolves on amendments to the bylaws, on the appointment, replacement and powers of the liquidators and on all other matters reserved to it by law and the New By-Laws.

Pursuant to Italian law, an extraordinary shareholders' meeting is validly held on a single call if more than one fifth of the voting share capital is represented (in person or by proxy). Resolutions at the extraordinary shareholders' meeting on single call require the affirmative vote of holders of at least two thirds of the Shares represented at such meeting.

Preemptive rights

New issuances of Shares or other classes of capital stock may be authorized by a shareholders' resolution passed at an extraordinary shareholders' meeting. Pursuant to Italian law, shareholders (and holders of convertible bonds) are entitled to subscribe for new issues of: (i) Shares; (ii) debt instruments convertible into ordinary Shares; and (iii) any other instruments such as warrants, rights or options entitling the holder to acquire Shares, in each case in proportion to their respective shareholdings or bondholdings, as the case may be. Subject to certain conditions and special voting majorities principally designed to prevent dilution of the rights of shareholders these preemptive rights may be waived or limited in whole or in part for all such shareholders for any particular issue of such securities, but only by resolution adopted at an extraordinary meeting and provided that the Company's interest so requires. In any event, such preemptive rights will not apply where the increase in share capital is to be subscribed through a contribution in kind.

Preemptive rights can also be limited when the newly-issued Shares are offered for subscription to the Company's employees or employees of its subsidiaries or of its parent company. Pursuant to Italian law, resolutions that exclude preemptive rights must be adopted at an extraordinary meeting with the required majorities.

Election of the Board of Directors and the Board of Statutory Auditors

Board of Directors

Pursuant to Article 19 of the New By-Laws, the management of the Company shall be entrusted to a Board of Directors composed of a number of members not less than three and not more than eleven, appointed by the Company's ordinary shareholder's meeting. The ordinary shareholders' meeting shall determine the number of members of the Board of Directors within the aforementioned limits prior to their appointment. The number of Directors may be increased by resolution of the shareholders' meeting, within the aforementioned maximum limit, even during the term of office of the Board of Directors; the term of office of the Directors then appointed shall expire at the same time as that of the Directors in office at the time of their appointment. Starting from the First Trading Date, the members of the Board of Directors are appointed through a list voting system, which ensures that minority shareholders are represented on the Board of Directors. Only those shareholders who, either alone or together with other shareholders, are at the time of the submission of the list joint holders of a shareholding at least equal to the shareholding determined by CONSOB in accordance with the applicable laws and regulations', are entitled to submit a list. Evidence of possession of such number of Shares is required. Pursuant to Article 19 of the New By-Laws, members of the Board of Directors are appointed on the basis of lists of candidates, and each list must report the names of a number of candidates in a progressively increasing order and must be made up of a number of candidates not exceeding the number of members to be elected.

Lists containing a number of candidates not exceeding 7 must include and identify at least 1 candidate who meets the independence requirements established pursuant to the applicable law in force at the time for independent directors. Any list containing a number of candidates exceeding 7 must include and identify at least 2 candidates who meet the independence requirements established pursuant to the applicable law in force at the time for independent directors. In the event of failure to comply with the above provisions, the list shall be deemed not to have been submitted.

Lists with a number of candidates equal to or exceeding 3 must also include candidates belonging to the gender less represented, at least to the minimum extent required by the laws and regulations in force at the time. In the event of failure to comply with the above provisions, the list shall be deemed not to have been submitted.

To be eligible, each candidate may be included in one list only, and each list must include: (i) information on the identity of the shareholders submitting them, with an indication of the percentage of the total shareholding; (ii) a declaration by the shareholders other than those who hold, even jointly, a controlling interest or a relative majority interest, certifying the absence of any relationship of connection, even indirect, with the former (the relevant provisions of the Consolidated Financial Act and related implementing regulations applying to the interpretation of the foregoing); (iii) the professional curricula vitae of each candidate, in which the personal and professional characteristics of the candidate are exhaustively reported; (iv) the declarations by which each candidate accepts his candidacy and declares, under his own responsibility, the absence of any cause of ineligibility or incompatibility provided for by law and the existence of the requirements prescribed by the laws in force for the exercise of the office of director and, where applicable, the indication of his suitability to qualify as an independent director as provided for by the laws, including regulations, in force from time to time and, where applicable, the Corporate Governance Code adopted by the Company; and (v) any other statement, information and/or document required by the law, including regulations, in force at the time.

The lists are deposited within the terms set forth by the laws and regulations in force at the Company's registered office or through a remote means of communication as indicated in the notice of call, and made available to the public within the terms and in the manner set forth by the laws and regulations in force time to time. In the event of failure to comply with the above provisions, the list shall be deemed not to have been submitted.

Depending on the total number of directors determined by the ordinary shareholders' meeting:

(i) all directors will be appointed from the list that has obtained the highest number of votes, in the order in which the candidates are listed, except for the last one; and

(ii) one director will be appointed from the list that has obtained the second highest number of votes, and that it has been submitted by shareholders who are not connected, not even indirectly, pursuant to the law and regulations in force at the time, with the shareholders who submitted or voted for the list that has obtained the highest number of votes, in the order in which the candidates are listed. However, no consideration shall be given to lists other than the one that has obtained the highest number of votes, if they have not obtained a percentage of votes at least equal to that required by the New By-Laws for the submission of such lists. If no list, other than the list that has obtained the highest number of votes, has obtained such percentage of votes, the director referred to in this point b) shall be taken from the same list that has obtained the highest number of votes.

In the event of a parity between lists, the one submitted by the shareholders owning the majority shareholding or, alternatively, by the largest number of shareholders shall prevail. In the event that only one list is submitted, the Board of Directors shall be composed of all the candidates on the single list, ensuring, however, compliance with the minimum requirements provided for by law, the regulations in force, and the New By-Laws on the independence of directors and gender diversity.

If the candidates elected in the manner set out above do not ensure the appointment of the required number of directors of the under-represented gender or the minimum number of independent directors required by law, depending on the number of members of the Board of Directors in accordance with the regulations in force at the time, the candidate elected last in numerical order on the list who received the highest number of votes shall be replaced by the first candidate of the under-represented gender and/or independent directors, as the case may be, according to the numerical order in which they are presented, according to the number of votes received by each. This replacement procedure shall be followed until the composition of the Board of Directors corresponds to the *pro tempore* rules in force. If the above procedure does not ensure the above result, the replacement shall be carried out by resolution of the shareholders' meeting by a majority of the votes cast, subject to the submission of lists of candidates who meet the necessary requirements.

If no list is submitted or accepted, the shareholders' meeting shall decide by majority vote, without observing the above procedure, without prejudice to the obligation to appoint a number of independent Directors equal to the minimum number established the New By-Laws and by law, as well as to respect the gender balance established by the *pro tempore* regulations in force. The list voting procedure applies only to the appointment of the entire Board of Directors.

The Board of Directors shall meet the gender requirements under Article 147-*ter*, paragraph 1-*ter* of the Consolidated Financial Act. Pursuant to such provisions, which will apply from the first reappointment of the Board of Directors after the First Trading Date, the less represented gender will account for at least one-fifths of directors for the first reappointment of the Board of Directors and two-fifths for the following five consecutive mandates.

Board of Statutory Auditors

Pursuant to Article 30 of the New By-Laws, the Board of Statutory Auditors consists of three effective members and two alternate members.

Starting from the First Trading Date, the members of the Board of Statutory Auditors are appointed through a list voting system, which ensures that minority shareholders are represented on the Board of Statutory Auditors. Only shareholders who, alone or together with other shareholders, represent a percentage of voting Shares that meets the threshold required for the Board of Directors list submission process (as described in the section above), may submit a list. Evidence of possession of such number of Shares is required. Each shareholder, as well as shareholders belonging to the same group, shareholders belonging to the same shareholders' agreement pursuant to Article 122 of the Consolidated Financial Act, the parent company, subsidiaries and companies subject to joint control, and other parties related, even indirectly, in accordance with the laws and regulations in force, may not submit or participate in the submission of more than one list, nor may they vote for different lists, even through a third party or trust company.

The lists submitted shall be composed of two sections, one for candidates for the office of effective auditor and the other for candidates for the office of alternate auditor, in which the candidates shall be listed with progressive numbers. The first of the candidates in each section must be selected from among the statutory auditors entered in the special register pursuant to Article 2397 of the Italian Civil Code. The list must contain at least one candidate for the office of effective auditor and one candidate for the office of alternate auditor and may contain a maximum of three candidates for the office of effective auditor and two candidates for the office of alternate auditor.

The list must be accompanied by (i) information on the identity of the shareholders who submitted the lists, with an indication of the total percentage of shares held; (ii) the professional curricula vitae of each candidate where the personal and professional characteristics of the candidate are exhaustively reported; (iii) declarations by which each candidate accepts his candidacy and certifies, under his own responsibility, that there are no grounds for incompatibility or ineligibility, and that he fulfils the requirements laid down by the legislation in force for holding the office, including compliance with the limits on the accumulation of offices laid down by the laws and regulations in force; (iv) a list of any directorships and auditing positions held in other companies by each candidate; (v) a declaration by the shareholders other than those who hold, even jointly, a controlling interest or a relative majority interest, certifying the absence of relations of connection with the latter as provided for by the applicable legislation; as well as (vi) the additional information required by the law and regulations, which will be indicated in the notice of call of the shareholders' meeting.

The lists are deposited within the terms set forth by the laws and regulations in force at the Company's registered office or by remote means of communication as indicated in the notice of call and made available to the public within the terms and in the manner set forth by the laws and regulations in force at the time.

In the event that at the date of expiry of the term provided for by the laws and regulations in force for the submission of lists, only one list has been submitted or only lists submitted by shareholders who are connected with each other, the provisions of the laws and regulations in force at that time shall apply. The ordinary shareholders' meeting appoints statutory auditors as follows:

(i) two effective statutory auditors and one alternate statutory auditor (based on the order in which they are listed) will be appointed from the list that obtained the highest number of votes; and

(ii) one effective statutory auditor (who will serve as chairman of the Board of Statutory Auditors) and one alternate statutory auditor will be appointed from the list which received the second highest number of votes and that is not connected in any way, not even indirectly, pursuant to the laws and regulations from time to time in force, with those who presented or voted for the list referred to in point above, based on the order which the candidates are listed.

The election of Statutory Auditors shall in any case be subject to the laws and regulations in force from time to time. In the event of a tied vote between lists, the one presented by the shareholders owning the majority shareholding or, alternatively, by the largest number of shareholders shall prevail.

Should the result of the application of the above-mentioned list voting mechanism not ensure a composition of the Board of Statutory Auditors, in terms of its effective members, that complies with the applicable *pro tempore* regulations on gender diversity, the necessary replacements will be made, within the candidates for the position of effective auditor of the list that has obtained the highest number of votes, according to the progressive order in which the candidates are listed or, failing that, within the candidates of the other lists according to the progressive order in which they are presented, according to the number of votes obtained by each.

The foregoing provisions concerning the election of Statutory Auditors by means of the voting list mechanism shall not apply in shareholders' meetings for which only one list is submitted, or no lists are submitted, or in shareholders' meetings that are required by law to appoint effective and/or alternate statutory auditors necessary to integrate the Board of Statutory Auditors following replacement, disqualification or resignation. For the appointment of statutory auditors for any reason not appointed through the list voting procedure, the shareholders' meeting shall resolve with the majorities provided for by law, subject to compliance with the principle of necessary representation of minorities and the *pro tempore* regulations on gender diversity.

The Board of Statutory Auditors shall meet the gender requirements under Article 148, paragraph 1-*bis* of the Consolidated Financial Act. Pursuant to such provisions, which will apply from the first reappointment of the Board of Statutory Auditors after the First Trading Date, the less represented gender will account for at least one-fifths of statutory auditors for the first reappointment of the Board of Statutory Auditors and two-fifths for the following five consecutive mandates.

Dividends

Pursuant to Italian law, before paying dividends, 5% of the net profit (on an unconsolidated basis) for each year must be set aside in a statutory reserve fund (*riserva legale*), the "legal reserve". This requirement ceases when the reserve fund, including amounts set aside during prior years, reaches 20% of the aggregate par value of a company's share capital. The shareholders may also decide to allocate earnings to reserve funds (distributable earnings). The distributable reserves may be distributed as long as the legal reserve does not fall below the legal minimum as a result of such distribution. Furthermore, the Board of Directors may approve the declaration and payment of interim dividends during the course of the financial year (subject to certain limitations), while only shareholders may approve the declaration and payment of dividends at the end of the financial year. Furthermore, shareholders who received interim dividends in good faith are not obliged to repay such dividends to the Company in the event that, at the end of the fiscal year, the Company's financial accounts did not warrant the payment of such interim dividends. Dividends are payable on the date specified by the shareholders at the annual meeting. Dividends not claimed within five years from the date upon which they become payable will be forfeited in favour of the Company and those dividends will be allocated to reserves. For additional information on dividends, see "*Dividends and Dividend Policy.*"

Dividends are payable to shareholders that hold Shares through an intermediary on the dividend payment date declared at the ordinary shareholders' meeting. Dividend payments are distributed through Monte Titoli on behalf of each shareholder by the intermediary with which the shareholder has deposited its Shares.

For a discussion on Italian taxation of dividends, see "*Taxation.*"

Liquidation rights

Under Italian law, and subject to satisfaction of the claims of all other creditors, shareholders are entitled to a distribution of the Company's remaining liquidated assets in proportion to the nominal value of the Shares they hold in the Company's capital stock upon the winding up. Shareholders of savings or preferred shares if any such shares were to be issued by the Company would take priority in such distribution up to the nominal value of such Shares. Thereafter, if there are surplus assets, shareholders of ordinary shares are entitled to receive distribution of such surplus assets.

Redemption rights

Subject to the provisions applicable in the event the Company is wound up, the Shares do not confer any right to capital redemption. In the event of the Company's dissolution the shareholders' meeting will determine the liquidation procedure and appoint one or more liquidators, determining their powers and compensation.

Purchase of own Shares

The Company may purchase its own Shares, subject to certain conditions and limitations imposed by Italian law and EU regulations, and provided that the Shares are fully paid. Such purchases must be authorized by the shareholders at any ordinary meeting and only paid out of retained earnings or distributable reserves remaining from the last approved unconsolidated financial statements. The value of Shares to be repurchased, together with any Shares previously owned by the Company or any of the subsidiaries, may not exceed in aggregate 20% of the share capital then issued and outstanding. Repurchased Shares in excess of this 20% limit must be resold within one year of the date of purchase or must otherwise be cancelled, and the share capital reduced accordingly. Similar requirements and limitations apply with respect to purchases of the Shares by the subsidiaries.

Shares purchased and held by the Company may only be resold pursuant to a shareholders' resolution. As long as the Shares are owned by the Company: (i) voting rights relating to such Shares are suspended; and (ii) the right to receive dividends and the pre-emption right relating to such Shares are attributed proportionally to the other Shares. Neither the Company (except in limited circumstances) nor any of the subsidiaries can subscribe for new Shares in the case of capital increases. Shares owned by the subsidiaries are not entitled to voting rights but are entitled to receive dividends. Shares owned by the Company and the subsidiaries count at Shareholders' Meetings for quorum purposes.

The Company does not own any of the own Shares nor has any resolution been adopted by the shareholders authorizing the purchase of Shares.

The Company and Shareholders' actions against the Board of Directors

Pursuant to Article 2393 of the Italian Civil Code, actions against members of the board of directors may be brought by a company pursuant to a resolution adopted by the ordinary shareholders' meeting or pursuant to a resolution adopted by the board of statutory auditors approved by two-thirds of its members. In addition, in the case of listed companies, a shareholders' action may be brought against the board of directors by shareholders representing at least 2.5% of the share capital. The Company may waive the right to bring legal action and may settle, *provided that* the waiver and the settlement are expressly approved at the shareholders' meeting and *provided that* shareholders representing at least one twentieth of the share capital have not dissented.

Cross-ownership restrictions

Cross-ownership restrictions limit the ownership by two companies of each other's shares. Cross-ownership between listed companies in Italy may not exceed 3% (5% in case the listed company is a SME) of their respective voting shares and cross-ownership between a listed company and an unlisted company may not exceed 3% of the voting shares of the listed company and 10% of the voting shares of the unlisted company. If the relative threshold is exceeded, the second company to exceed the threshold may not exercise the voting rights attributable to the shares in excess of the threshold and must sell the excess shares within twelve months. If the company does not sell the excess shares within twelve months, it will not be permitted to exercise voting rights in respect of its entire shareholding. If it is not possible to ascertain which company exceeded the threshold last, the limitation on voting rights will apply to both companies, unless otherwise agreed. The 3% limit (5% for the SME) for cross-ownership may be increased to 5% (10% for the SME) on the condition that such limit is only exceeded by the two companies following an agreement authorized in advance by each of the companies' shareholders' ordinary meeting. Furthermore, if a party holds an interest in excess of 3% (5% for the SME) of a listed company's share capital, such listed company, or the party that controls the listed company, may not purchase an interest above 3% (5% for the SME) in a listed company controlled by such party. In case of non-compliance with the above, voting rights attributable to the shares held in excess of the applicable limit may not be exercised. If it is not possible to ascertain which company exceeded the limit later, the limitation on voting rights will, subject to contrary agreement between the two parties, apply to both companies. Any shareholders' resolution approved in violation of the limitation on voting rights may be annulled by the relevant court, also at CONSOB's request, if the resolution would not have been adopted in the absence of such votes. The restrictions on cross-ownership are not applicable when the thresholds are exceeded following a public tender offer to buy or exchange shares aimed at acquiring at least 60% of a company's ordinary shares.

Shareholders' agreements

As of the Prospectus Date, to the best of the Company's knowledge, no shareholders' agreements have been entered into concerning the Company's Shares.

Reports to shareholders

The Company is required to publish, in Italian, audited annual unconsolidated financial statements and audited annual consolidated financial statements, in each case prepared in accordance with IFRS and IAS and CONSOB requirements, accompanied by a directors' report on operations. The Company is also required to produce a half-yearly consolidated financial report (with limited review by the auditors), which contain a directors' report on operations.

Both the annual financial statements (on a consolidated and stand-alone basis), and the half-yearly financial statements will be accompanied by a declaration of the chief executive officer and of the manager charged with preparing the financial reports regarding, among other things, whether the documents truthfully and correctly represent the financial position and the financial position of companies under the control included in the scope of consolidation.

Different classes of shares

In accordance with Italian law, the Company is permitted to issue different classes of shares, defining the rights to which such shares will be entitled within the limits of the applicable law. The Company may issue shares having the right to vote in any shareholders' meeting or only in certain shareholders' meetings or regarding certain matters or under certain conditions. The Company may issue shares having preferential rights with respect to the payment of dividends and to the repayment of capital in the event of liquidation. The Company does not currently have different classes of shares issued.

Savings shares

Italian companies having their shares listed on a regulated market may issue savings shares (*azioni di risparmio*) which carry preferential rights in the payment of dividends, but which have no voting rights except for voting rights at a separate meeting of holders of such savings shares when, among other things, the rights of such shareholders are affected by a decision taken at a shareholders' meeting. As of the Prospectus Date, the Company does not have any issued and outstanding savings shares.

Minority shareholders' rights

Any shareholder may challenge any resolution of the Board of Directors within 90 days of such resolution being passed if the resolution is prejudicial to the shareholder's rights.

Any shareholder representing 1/1000 of the voting share capital may challenge any shareholders' meeting resolution that contravenes provisions of the by-laws or applicable laws within 90 days of its adoption, if (i) the resolution was adopted at a shareholders' meeting not attended by such shareholder, (ii) the shareholder dissented, (iii) the shareholder abstained from voting or (iv) the shareholder purchased the shares between the record date and the beginning of the meeting.

Directors and statutory auditors may also challenge shareholders' resolutions on the basis of their violation of the by-laws or applicable laws. Pursuant to Italian law, in the case of resolutions approving the delisting of the Shares (as well as in certain other cases set out in the Italian Civil Code), absent, abstaining or dissenting shareholders in the categories mentioned in the previous paragraph are given a withdrawal right enabling them to require the Company to redeem their Shares at the average closing market price of the previous six months.

Any of the shareholders may bring to the attention of the Board of Statutory Auditors facts or acts which are deemed wrongful, and the Board of Statutory Auditors will take into account the complaint in its report to the general shareholders' meeting. If shareholders representing at least 2% of the share capital bring a matter to the attention of the Board of Statutory Auditors, such board must investigate without delay and report its findings and recommendations at the shareholders' meeting. If there is a basis for suspicion of serious irregularities in the discharge of directors' duties, shareholders representing at least 5% of the share capital have the right to report such irregularities to the relevant court (and afterwards waive or settle such suits). In addition, shareholders representing at least 2.5% of the share capital may bring derivative suits against directors, statutory auditors and general managers in a competent court. The Company will reimburse the legal costs of the shareholders' action in the event that the shareholders' claim is successful and the court does not impose the costs upon the directors, statutory auditors or general managers involved, or in the event that such directors, statutory auditors or general managers could not cover such costs. In addition, the minority shareholders may, pursuant to the list voting system contained in the New By-Laws in accordance with the provisions of the Consolidated Financial Act and Issuers Regulation, appoint an effective member and an alternate member of the Board of Statutory Auditors and a member of the Board of Directors. Moreover, the chairman of the Board of Statutory Auditors will be appointed from among the auditors appointed by the minority shareholders.

Withdrawal rights

According to Articles 2437 seq. of the Italian Civil Code, shareholders have the right to withdraw, thereby requiring the Company to redeem all or part of their Shares, if resolutions in favor of the following are passed by the shareholders and the withdrawing shareholders have not voted in favor of them:

(i) any amendment to the corporate purpose clause of the by-laws, when it allows a material change in the business;

(ii) any change to the corporate form;

(iii) any transfer of the registered office abroad;

(iv) any cancellation of a state of liquidation;

(v) any amendment to the by-laws relating to voting or participation rights;

(vi) the elimination of one or more withdrawal rights from the by-laws; or

(vii) any amendment to the criteria to determine the value of the shares in case of withdrawal by a shareholder.

Moreover, pursuant to Articles 2437-*ter* and 2437-*quinquies* of the Italian Civil Code, in case of a resolution causing the delisting of a listed company, absent, abstaining or dissenting shareholders can withdraw and have their shares repurchased at the average market price of the shares over the previous six-month period.

Pursuant to Article 11 of the New-By-laws, no withdrawal rights are triggered as a result of any resolutions having been adopted to extend the term of the Company or to introduce or remove any limitation on the transfer of Shares.

Any agreement aimed at excluding or making it difficult for a shareholder to exercise withdrawal rights is void.

Italian mandatory tender offer rules

For information on Italian mandatory tender offer rules, see the tables included in "*Regulatory*".

Liability for mismanagement of subsidiaries

Under Article 2497 of the Italian Civil Code, companies and other entities that, acting in their own interest or the interest of third parties, mismanage a company subject to their direction and co-ordination activities are liable to such company's shareholders and creditors for ensuing damages. This liability is excluded if: (i) the ensuing damage is fully eliminated, including through subsequent transactions; or (ii) the damage is effectively offset by the overall benefits derived to the company from the continuing exercise of its direction and co-ordination powers. Direction and co–ordination activities are presumed to exist with respect to the consolidated subsidiaries.

THE OFFER

Introduction

There will be no public offering of the Shares of the Company in any jurisdiction. Because the Offer consists only of a private placement to institutional investors (the "**Institutional Placement**"), pursuant to the Prospectus Regulation the Offer is exempt from the requirement to publish an approved prospectus under the Prospectus Regulation. Therefore, this Prospectus has been approved by CONSOB only in relation to the Admission. The free float needed for the purposes of the Admission will be created through the Offer.

The Institutional Placement will be conducted on the basis of an English language offering document (the "**Offering Circular**") containing data and information consistent with that contained in the Prospectus. The Offer Shares are being offered and sold outside the United States, including in Italy, to institutional investors in offshore transactions in reliance upon Regulation S under the U.S. Securities Act. The Offer is made only in those jurisdictions in which, and only to those persons to whom, the Offer may be lawfully made. There will be no public offering in any jurisdiction.

For information purposes only, set forth below is key information on the Offer.

The Company is offering for subscription up to 8,450,000 New Offer Shares and the Selling Shareholders is offering for sale up to 1,420,920 Existing Offer Shares.

The Institutional Placement will commence on 24 June 2024 and will close on 27 June 2024, unless extended or terminated earlier as announced by a press release to be published on the Issuer's website (https://www.sys-datgroup.com/) (the "**Offering Period**"). It should be noted that the timetable for the Offer is indicative and may be subject to change due to the occurrence of events and circumstances beyond the control of the Company and the Selling Shareholders, including, in particular, conditions of volatility in the financial markets, which may jeopardise the successful completion of the Institutional Placement. Any changes to the Offer Period will be announced to the public by way of a press release to be published on the Issuer's website (https://www.sys-datgroup.com/).

In view of the fact that the Offer consists of an institutional placement and that no offer to the general public in Italy and/or in any other country is envisaged, no specific subscription procedures are provided. The collection of orders under the Institutional Placement and the subscription will be carried out in accordance with international practice for similar transactions.

Payment for the shares allotted under the Institutional Placement is expected to be made on or before 2 July 2024 (the "**Settlement Date**"), unless the Offer is postponed or terminated earlier. In the event of a postponement, extension or early termination of the Offer, any changes to the Settlement Date will be announced by means of a press release published on the Issuer's website (https://www.sys-datgroup.com/). Simultaneously with the payment of the consideration, the Offer Shares allotted under the Offer will be made available to the beneficiaries in dematerialized form by means of an endorsement on the deposit accounts with Monte Titoli.

The Company will grant Intermonte SIM S.p.A., in its capacity as Stabilization Manager, the Over-Allotment Option, exercisable in whole or in part during a period of 30 calendar days after the First Trading Date, pursuant to which the Stabilization Manager may subscribe at the Offer Price up to 987,000 Over-Allotment Shares, corresponding to up to 10% of the total number of the Offer Shares offered in the Offer, solely for the purposes of covering short positions resulting from any over-allotments made in connection with the Offer or stabilization transactions, if any.

Assuming the sale and subscription of all Offer Shares and no exercise of the Over-Allotment Option, the Offer Shares will constitute approximately 49% of the issued and outstanding share capital of the Company at the Prospectus Date (i.e. 20,300,000). Assuming the sale of all the Offer Shares and exercise in full of the Over-Allotment Option, the Offer Shares will constitute approximately 53% of the issued and outstanding share capital of the Company.

The Offer Price will be determined by way of a bookbuilding exercise involving institutional investors. The Offer Price is expected to be in the Offer Price Range of Euro 3.20 to Euro 3.80 (inclusive) per Offer Share as resolved by the Board of Directors on 17 June 2024, by virtue of the mandate conferred by the Shareholders' Meeting of 21 March 2024. The Offer Price may be set within, above or below the Offer Price Range. The Offer Price and the exact number of Offer Shares (including the maximum number of Over-Allotment Shares) will be determined by the Company and the Selling Shareholders based on consultation with the Bookrunner on the basis of a book building process and will be stated in the pricing statement that will be published through a press release on the Company's website (https://www.sys-datgroup.com) and transmitted to CONSOB.

The Offer Price and the exact number of Offer Shares offered in the Offer will be determined by the Company and Selling Shareholders, in agreement with the Global Coordinators, after the offer period has ended, taking into account economic and market conditions, a qualitative and quantitative assessment of demand for the Offer Shares, and other factors deemed appropriate. The Offer Price (in Euro), the exact number of Offer Shares to be sold in the Offer and the maximum number of Over-Allotment Shares will be set out in the Pricing Statement that will be filed with CONSOB, published in a press release and posted on the Company's website.

The Company and the Selling Shareholders, after consultation with the Global Coordinator, reserve the right to withdraw, revoke or suspend the Offer at any time prior to the Settlement Date, and to reduce the size of the Offer, in whole or in part (reducing the Existing Offer Shares, subject to meeting the requirements to establish the free float so that the Shares can be traded on Euronext Milan). In the event of a reduction in the number of shares offered, therefore, the shares offered by the Company for subscription will be placed first and, only where the latter are fully placed, the shares offered for sale by the Selling Shareholders will be placed, with the minimum objective of placing a number of shares at least equal to 25% of the post-Offer shares, a percentage necessary to allow for admission to trading on Euronext Milan, ordinary segment.

This Prospectus is published before the completion of the Offer. In the event the Offer is suspended or withdrawn prior to the First Trading Date, the Admission will not occur. In particular, the Offer will be withdrawn by the First Trading Date if: (i) Borsa Italiana does not approve the Company's request for admission to trading or revokes its approval of the admission to listing pursuant to Article 2.4.3, paragraph 8, of the Borsa Italiana Market Rules, or (ii) the Bookrunner do not enter into, or terminate, the underwriting agreement.

The results of the Offer will be communicated to Borsa Italiana and the market by means of a press release published on the Issuer's website (https://www.sys-datgroup.com/) within 5 working days. A copy of this press release will be simultaneously submitted to CONSOB.

Intermonte is acting as Global Coordinator and Bookrunner of the Offer. In case of successful completion of the Offer, the Company, the Selling Shareholders and the Bookrunner will enter into an Underwriting Agreement with respect to the offer and sale of the Offer Shares in connection with the Offer, subject to the satisfaction of certain conditions set forth therein.

Intermonte's potential conflicts of interest

Intermonte, as Global Coordinator, Bookrunner and Listing Agent has potential conflicts of interest as will enter into an institutional underwriting agreement under which will undertake to place and underwrite, for the shares within its competence, the placement of the Offer Shares. Intermonte will receive (i) a fee for this activity and (ii) a compensation in relation to the services provided as Listing Agent. Intermonte or companies of the group to which it belongs, in the normal exercise of their activities, may: (i) provide investment banking or other financial services in favour of the Issuer, the Selling Shareholders and/or their respective groups and/or their respective shareholders and/or parties controlled by them and/or linked to them and/or in which they hold an interest and/or other parties involved directly or indirectly in the Offer; (ii) carry out brokerage and/or research and/or other financial services on the financial instruments of the parties indicated in point (i) above and/or on financial instruments linked to them and/or hold positions in the said financial instruments.

Lock-up arrangements

The Global Coordinator may, in its sole discretion and at any time without prior public notice, waive in writing the restrictions, including those on sales, issues or transfers of Shares, described below. If the consent of the Global Coordinator in respect of a lock-up arrangement is requested as described below, full discretion can be exercised by the Global Coordinator as to whether or not such consent will be granted.

Company lock-up

During a period from the date of the Underwriting Agreement to and including the date falling 365 days after the First Trading Date, neither the Company nor any of its affiliates nor any person acting on its or their behalf will, without the prior written consent of the Global Coordinator (which consent shall not be unreasonably withheld): (A) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company, or any securities convertible into or exercisable or exchangeable for Shares or other shares of the Company, or file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing; or (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction described in (A) or (B) above is to be settled by delivery of Shares or other securities, in cash or otherwise; or (C) publicly announce such an intention to effect any such transaction. The foregoing restriction shall not apply to (a) any Shares issued or options to purchase Shares granted pursuant to the incentive plan described under the heading, "*Management, Employees and Corporate Governance*"; (b) transactions in connection with a public tender offer within the meaning of ex Art. 101 bis et seq of the Consolidated Financial Act; (c) intra-Group transfers undertaken to effect corporate restructurings, schemes of arrangement or analogous transactions; and (d) sales or issues of Shares in connection with extraordinary and strategic M&A transactions by the Company.

Shareholder lock-up

During a period from the date of the Underwriting Agreement to and including the date that falls 365 days after the First Trading Date, neither the actual shareholders of the Company nor any of its affiliates nor any person acting on its or their behalf will, without the prior written consent of the Global Coordinator (which consent shall not be unreasonably withheld): (A) directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company or any securities convertible into or exercisable or exchangeable for Shares or other shares of the Company or request or demand that the Company file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; or (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction described in (A) or (B) above is to be settled by delivery of Shares or such other securities, in cash or otherwise.

Listing and trading

On 18 June 2024, with order no. 9001, Borsa Italiana approved the Shares for listing on Euronext Milan.

On 18 June 2024 application was made to Borsa Italiana to admit the Shares to trading on Euronext Milan under the symbol "SYS". The Shares' ISIN is IT0005595423. The Shares are governed by Italian law.

The Shares (including the Offer Shares) are denominated in "Euro".

The Shares (including the Offer Shares) are without nominal value and are subject to the dematerialization regime under the Consolidated Financial Act.

The First Trading Date in the Shares on Euronext Milan will be determined by Borsa Italiana through the publication of a notice pursuant to Article 2.4.3, paragraph 6, of Borsa Italiana Market Rules. The Shares will trade in Euro on Euronext Milan. No assurance can be given that the application to admit all the Shares to trading on Euronext Milan will be approved.

The Offer is not subject to any conditions, except for the admission by Borsa Italiana of the Shares to trading on Euronext Milan, on the STAR segment (if the necessary requirements are met).

Stabilization Manager

Intermonte is the Stabilization Manager with respect to the Offer.

Listing Agent

Intermonte is the Listing Agent with respect to the admission to listing and trading of the Shares on Euronext Milan

Specialist

Intermonte is acting as specialist pursuant to Article 2.2.2 and Article 2.3.5. of the Borsa Italiana Market Rules with respect to the Shares, including to support the liquidity of the Shares. In particular, in its capacity as Specialist, Intermonte undertook: (i) to display continuous bids and offers with a percentage spread that does not exceed the limit established by Borsa Italiana for a daily quantity specified in the Instructions of Borsa Italiana; (ii) to produce or have produced on its account, at least two researches per year relating the Company, to be prepared promptly and in accordance with all the care that is common practice in the profession and in accordance with European applicable rules and regulation for the production of investment research; and (iii) to organize and attend at least two meetings a year between the management of the Company and professional investors.

Over-Allotment and stabilization

In connection with the Offer, the Stabilization Manager (or any of its agents), may (but will be under no obligation to), to the extent permitted by applicable laws and regulations, over-allot Offer Shares or effect other transactions with a view to supporting the market price of the Shares during the stabilization period, as described below, at a higher level than that which might otherwise prevail in the open market. The Stabilization Manager will not be required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the First Trading Date and ending no later than 30 calendar days thereafter. The Stabilization Manager will not be obligated to effect stabilizing transactions, and there will be no assurance that stabilizing transactions will be undertaken. Such stabilizing transactions, if commenced, may be discontinued at any time without prior notice. Save as required by law or regulation, neither the Stabilization Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilization transactions under the Offer.

The Company will grant Intermonte in its capacity as Stabilization Manager, the Over-Allotment Option, exercisable in whole or in part during a period of 30 calendar days after the First Trading Date, pursuant to which the Stabilization Manager may subscribe up to 987,000 Over-Allotment Shares at the Offer Price, corresponding to up to 10% of the aggregate number of Offer Shares sold in the Offer, solely for the purposes of covering over-allotments or short positions, and stabilization activities if any, in connection with the Offer. Stabilization activities will take place on Euronext Milan.

None of the Company, the Selling Shareholders or the Bookrunner makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Offer Shares or any other securities of the Company. In addition, none of the Company, the Selling Shareholders or the Bookrunner makes any representation that the Stabilization Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Dilution

Based on the maximum number of New Offer Shares that will be offered by the Company, the issue of the New Offer Shares will result in a maximum dilution of voting interests of the outstanding shares of the Company of about 30%.

The sale of the Existing Offer Shares by the Selling Shareholders will not result in the issuance of new Shares of the Company and therefore will not result in any dilutive effect to the Company's existing shareholders.

As of the First Trading Date, assuming all of the Offer Shares are sold and subscribed in the Offer and the Over-Allotment Option is exercised in full, the total actual shareholders' shareholding in the Company will decrease from 100% to 65%.

For more information about the effects of the Offer on the current shareholders structure please see "*Principal Shareholders and the Selling Shareholders*"

Underwriting arrangements

If the Offer is successfully completed, the Company, the Selling Shareholders and the Bookrunner will enter into the Underwriting Agreement with respect to the sale of the Offer Shares, subject to the satisfaction of certain conditions set forth therein.

In consideration of the agreement by the Bookrunner to procure purchasers for the Offer Shares (failing which to purchase the number of Offer Shares specified in the agreement themselves) and subject to the Offer Shares being sold as provided for in the Underwriting Agreement, the Company and the Selling Shareholders have agreed to pay the Bookrunner an aggregate commission of up to 5.0% of the gross proceeds of the Offer (including from the sale of any Over-Allotment Shares). The underwriting commissions due to the Bookrunner will be borne by the Company and the Selling Shareholders *pro rata* in proportion to the Offer Shares sold by them in the Offer.

Information to distributors in the EEA

Solely for the purposes of the product governance requirements contained within: (i) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (iii) local implementing measures (together the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, delict, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that such Offer Shares are: (a) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (b) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, "distributors" (for purposes of the MiFID II Product Governance Requirements) should note that the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection, and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer, including the selling restrictions described in "*Selling and Transfer Restrictions*". Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Global Coordinator will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of MiFID II; or (ii) a recommendation to any investor or group of investors to invest in, purchase, subscribe for, or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

Information to Distributors in the United Kingdom

Solely for the purposes of the product governance requirements contained within: (a) Regulation (EU) 600/2014 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (U.K. MiFIR); and (b) the FCA Handbook Product Intervention and Product Governance Sourcebook, (together, the U.K. MiFIR Product Governance Rules), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of U.K. MiFIR) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that the Offer Shares are: (a) compatible with an end target market of retail investors and investors who meet the criteria of eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in U.K. MiFIR; and (b) eligible for distribution through all distribution channels as are permitted by U.K. MiFIR (the "**U.K. Target Market Assessment**"). Notwithstanding the U.K. Target Market Assessment, distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The U.K. Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the U.K. Target Market Assessment, the Global Coordinator will only procure investors who meet the criteria of professional clients and eligible counterparties for the purposes of the U.K. MiFIR Product Governance Rules.

For the avoidance of doubt, the U.K. Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of the U.K. MiFIR Product Governance Rules; or (ii) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

TAXATION

Taxation in the Republic of Italy

Introduction

The statements herein regarding taxation summarize the main Italian tax consequences of the purchase, the ownership and the disposal of the Shares. It is a general summary that does not apply to certain categories of investors and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Shares. It does not discuss every aspect of Italian taxation that may be relevant to a holder of the Shares and it shall not be considered nor construed as an opinion in connection with any information contained therein.

The statements herein regarding taxation are based on the laws and/or practice in force in Italy as of the Prospectus Date and are subject to any changes in law and/or practice occurring after such date, which changes could be made on a retroactive basis. The Company will not update this summary to reflect changes in laws and/or practice and if any such changes occur the information in this summary could become invalid.

This summary assumes that the Company is resident only in Italy for tax purposes and that the Company is organized and its business will be conducted as outlined in this Prospectus. Changes in the Company's tax residence, organizational structure or the manner in which the Company conduct its business may invalidate this summary.

Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

Prospective purchasers of the Shares are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Shares.

Italian income taxation

Definitions

In this section, the following terms have the meaning defined below:

- "**Consolidated Financial Law**": Legislative Decree no. 58 of 24 February 1998;
- "**DPR 600/1973**": Presidential Decree no. 600 of 29 September 1973;
- "**IRAP**": Italian regional tax on productive activities;
- "**IRES**": Italian corporate income tax;
- "**IRPEF**": Italian individual income tax;
- "**Non-Qualified Holdings**": holdings of Shares, including rights or securities through which Shares may be acquired, other than Qualified Holdings;
- "**Parent Subsidiary Directive**": Directive 435/90/EEC of 23 July 1990, then recast in EU Directive 2011/96 of 30 November 2011;
- "**Qualified Holdings**": holdings of Shares, including rights or securities through which Shares may be acquired, that represent, in case of shares listed on regulated markets, more than either (i) 2% of the overall voting rights exercisable at ordinary shareholders' meetings or (ii) 5% of the Company's issued and outstanding capital;
- "**Transfer of Qualified Holdings**": transfers of Shares, including rights or securities through which Shares may be acquired, that exceed, over a period of 12 months, the threshold for qualifying as Qualified Holdings. The 12-month period starts from the date when the Shares, securities and the rights owned represent a percentage of voting rights or interest in the Company's capital that exceeds the aforesaid thresholds. In case of rights or securities through which Shares may be acquired, the percentage of voting rights or interest in the Company's capital potentially attributable to the holding of such rights and securities is taken into account;
- "**TUIR**": Presidential Decree no. 917 of 22 December 1986;

- "**White List**": list of countries and territories allowing a satisfactory exchange of information with Italy currently included in the Italian Ministerial Decree of 4 September 1996, as subsequently amended and supplemented, and possibly amended by future decree issued pursuant to Article 11(4)(c) of Legislative Decree no. 239 of 1 April 1996.

Taxation of dividends

Dividends relating to the Shares will be subject to the tax treatment ordinarily applicable to dividends paid by corporations resident in Italy for tax purposes.

The tax treatment of dividends varies depending on the nature of the recipients.

Italian resident individuals not engaged in a business activity to which the Shares are effectively connected

Dividends paid to Italian resident individuals who hold the Shares neither in connection with a business activity nor in the context of the discretionary investment portfolio regime (*risparmio gestito*) as defined below are subject to a 26% tax withheld at source in Italy. In this case, the holders are not required to report the dividends in their income tax returns.

The 26% withholding tax is withheld by the Italian resident share depository where the Shares are deposited, which has joined the centralized management system managed by Monte Titoli or, through a representative appointed in Italy in accordance with the applicable law, by non-resident share depositories which adhere to the Monte Titoli system or to foreign centralized deposit systems in turn adhering to the Monte Titoli system (Euroclear, Clearstream).

In addition, subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals that (i) are not engaged in an entrepreneurial activity and (ii) holds Shares as Non-Qualified Holdings may be exempt from taxation, including the 26% substitute tax, on dividends received in respect of these shares, if the Shares are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth under Italian law.

Italian resident individuals not engaged in a business activity to which the Shares are effectively connected, holding the Shares under the "risparmio gestito" regime

Dividends paid to individuals resident in Italy for tax purposes on the Shares, held outside the scope of business activity, admitted in an asset management relationship with an authorized intermediary, for which the option for the discretionary investment portfolio (*risparmio gestito*) regime has been exercised pursuant to Article 7 of Legislative Decree 461/1997, are not subject to any withholding or substitute tax and are included in the annual accrued management result (*risultato maturato annuo di gestione*), which is subject to 26% substitute tax.

Since the 26% substitute tax is paid in by the share depositary or by the authorized intermediary entrusted with the management, the dividends shall not be reported in the income tax return.

Italian resident individuals engaged in a business activity to which the Shares are effectively connected

Dividends paid to individuals being resident in Italy for tax purposes on the Shares held within the scope of business activity are not subject to any withholding or substitute tax, provided that, upon receipt, individuals declare that dividends received are related to the Shares held within the scope of a business activity. Dividends received will be included in the shareholders' personal income to be subject to IRPEF according to the following percentages:

- 40% if dividends are paid out from profits accrued up to December 31, 2007;
- 49.72% if dividends are paid out from profits accrued between January 1, 2008 and December 31, 2016;
- 58.14% if dividends are paid out from profits accrued starting from January 1, 2017.

Italian resident commercial entities

Dividends received by Italian commercial partnerships (*i.e.*, *società in nome collettivo*, *società in accomandita semplice* and similar Italian partnerships as referred to in Article 5 of TUIR) are not subject to any withholding or substitute tax. Dividends are subject to the tax regime described above (see "*—Italian resident individuals engaged in a business activity to which the Shares are effectively connected"*).

Italian tax resident companies or similar commercial entities referred to in Article 73, paragraph 1, sections a) and b), of TUIR, that includes, among others, corporations (*società per azioni*), partnerships limited by shares (*società in accomandita per azioni*), limited liability companies (*società a responsabilità limitata*) and public and private entities whose sole or primary purpose is to carry out business activities are not subject to any withholding or substitute tax. Only 5% of the dividends are included in the overall business income that will be subject to IRES, unless the Shares are booked as shares held for trading by shareholders being IAS / IFRS adopters. In this case, the dividends will be fully included in the overall business income to be subject to IRES.

Depending on the nature of the shareholders and the business actually carried out, dividends may be relevant also for IRAP purposes.

Italian non-commercial entities

Dividends received by Italian non-commercial public and private entities (other than companies) referred to in Article 73, paragraph 1, letter c) of TUIR (*enti non commerciali*) are not subject to any withholding or substitute tax but they are included in the taxable income of these entities for:

- 100% of their amount for dividends paid out from profits generated starting from January 1, 2017;
- 77.74% for dividends paid out from profits generated until December 31, 2016.

Pursuant to Article 1, paragraph 44 *et seq*. of Law no. 178 of December 30, 2020, starting from fiscal year 2021, under certain conditions, dividends received by Italian non-commercial entities or Italian permanent establishment of non-resident non-commercial entities carrying out, on a non-profit basis, exclusively or principally, one or more activities of general interest in specific sectors are included in their taxable base for 50% of their amount.

Dividends received by a non-business partnership (*e.g.*, Italian "*società semplice*") are subject to tax under the tax regime applicable to the relevant partner (*i.e.*, as if they were directly paid to each partner), based on the information provided by the non-business partnership pursuant to Article 32-*quater* of Law Decree No. 124 of October 26, 2019, as amended and supplemented.

Italian investment funds

If the shareholder is:

- an open-ended or a closed-ended investment fund (other than a real estate fund), a SICAF (an investment company with fixed capital, other than a real estate SICAF) or a SICAV (an investment company with variable capital) established in Italy that meet the conditions set forth in Article 73, paragraph 5-*quinquies* of TUIR ("**Funds**"); or
- an Italian real estate investment funds established pursuant to Article 37 of Consolidated Financial Act and Article 14-*bis* of Law no. 86 of January 25. 1994 and Italian real estate SICAFs ("**Real Estate Investment Funds**"),

is not subject to any withholding or substitute tax.

Dividends received by Funds are not subject to taxation at the level of the Funds, but a withholding tax of 26% may apply, in certain circumstances, to distributions made in favour of certain categories of unitholders or shareholders.

Dividends received by Real Estate Investment Funds are not subject to taxation at the level of the Funds, but a withholding tax of 26% may apply, in certain circumstances, to distributions made in favour of certain categories of unitholders or shareholders. In certain cases, a tax transparency regime may apply in respect of certain categories of investors, owning more than 5% of the Italian Real Estate Investment Fund's units or shares.

Italian pension funds

No Italian tax is withheld at source on dividends paid to Italian pension funds governed by Article 17 of Legislative Decree no. 252 of 5 December 2005 ("**Pension Funds**"). Dividends received by Pension Funds are taken into account to compute the pension fund's net annual accrued yield, which is subject to a 20% flat tax (*imposta sostitutiva*).

Subject to certain limitations and requirements (including a minimum holding period) set forth in Article 1, paragraphs 88 to 96 of the Law no. 232 of December 11, 2016 ("**Finance Act 2017**"), dividends paid to Pension Funds, in relation to qualified long-term investments (*i.e.*, investments up to 10% of the assets resulting from the statement of the previous year, held for 5 years), are exempt from income tax and are, therefore, excluded from the calculation of the fund management net result, which is subject to the 20% substitute tax.

Italian persons exempt from IRES and persons outside the scope of IRES

Dividends paid to Italian resident persons that are exempt from IRES are generally subject to a 26 % withholding tax. In case of shares placed in the centralized depository system operated by Monte Titoli, dividends received by Italian persons who are exempt from IRES are subject to a 26% substitute tax.

No Italian tax is withheld at source on dividends paid to persons that are outside the scope of IRES (*esclusi*) under Article 74, paragraph 1 of TUIR (*i.e.*, state bodies and administrations, including autonomous administrations, municipalities, consortia of local bodies, associations and bodies administering public property, mountain communities, provinces and regions are not liable for corporate tax).

<u>*Non-resident persons not holding the shares through a permanent establishment in Italy*</u>

A 26% tax withheld at source generally applies on dividends paid to non-resident persons that do not have a permanent establishment in Italy to which the Shares are effectively connected.

This 26% tax is withheld by the Italian resident share depository where the securities are deposited, which have joined the centralized management system managed by Monte Titoli or, through a representative appointed in Italy (in particular, a bank or SIM resident in Italy, a permanent establishment in Italy of non-resident banks or investment firms, or a centralized financial instrument management company centralize pursuant to Article 80 of the Italian Unified Financial Act), by non-resident share depositories which adhere to the Monte Titoli system or to foreign centralized deposit systems adhering to the Monte Titoli system).

Subject to a specific request to be submitted to the Italian tax authorities under the terms and conditions provided by the applicable law, non-resident shareholders are entitled to relief (in the form of a refund), which cannot be higher than 11/26 (eleven twenty-sixths) of the tax levied in Italy, if they can demonstrate that they have paid final tax abroad on the same item of income. Shareholders who may be eligible for the relief should consult with their own independent tax advisors to determine whether they are eligible for, and how to obtain, the tax refund.

As an alternative to the relief described above, persons resident in countries that have a double tax treaty in force with Italy may request that the tax withheld at source on dividends be levied at the (reduced) rate provided under the applicable double tax treaty. For this purpose, the entities with which the Shares are deposited, which have adhered to the centralized deposit system managed by Monte Titoli, must promptly obtain:

- an affidavit drafted in compliance with the form approved by the Italian tax authorities (*Provvedimento* no. 2013/84404) whereby the non-resident shareholder states that (i) it is the beneficial owner of the dividends, (ii) all conditions to which the double tax treaty regime is subject are fulfilled, and includes its general information, as well as any information that may be necessary to determine the tax rate applicable pursuant to the double tax treaty; and

- a tax residence certificate from the competent tax authority of the State where the beneficial owner of the dividends is resident, attesting its tax residence in that State in accordance with the applicable double tax treaty. This certificate shall be valid for the tax period referred to in the affidavit starting from the issuing date, provided that all requirements remain met.

If such documentation is not submitted to the depositary before payment of the dividends, the 26% withholding tax is applies. The beneficial owner of the dividends may nevertheless request a refund from the Italian tax authorities for the difference between the tax withheld and the tax that would have applied under the double tax treaty by filing a proper refund application together with the aforementioned documentation. The request of refund must be submitted according to the terms and conditions provided by law.

The domestic withholding tax rate on dividends is 1.2% (and not 26%) if the recipients and beneficial owners of the dividends are companies or entities that are (a) resident for tax purposes in an EU Member State or in a State that is party to the European Economic Area Agreement and is included in the Italian White List and (b) subject to corporate income tax in such State.

Under Article 27-*bis* of Decree 600, which implemented in Italy the Parent Subsidiary Directive, a company is entitled to a full refund of the tax withheld at source on the dividends if it (a) has one of the legal forms provided for in the appendix to Parent Subsidiary Directive, (b) is resident for tax purposes in an EU Member State without being considered to be resident outside the EU according to a double tax treaty signed with a non-EU country, (c) is subject in the country of residence to one of the taxes indicated in the appendix to the Parent Subsidiary Directive with no possibility of benefiting from optional or exemption regimes that have no territorial or time limitations, and (d) directly holds Shares that represent an interest in the issued and outstanding capital of the Company of no less than 10% for an uninterrupted period of at least one year. If these conditions are met, and as an alternative to submitting a refund request after the dividend distribution, the non-resident company may request that no tax be levied at the time the dividends are paid, provided that (x) the 1-year holding period under condition (d) above is already met and (y) the non-resident company promptly submits proper documentation. Italian anti-abuse provisions may apply.

The Parent Subsidiary Directive has been amended by Directive no. 2015/121/EU of January 27, 2015 in order to introduce an anti-abuse provision under which the tax authorities of each EU Member State have the power to deny the exemption provided for by the Directive to *"... an arrangement or a series of arrangements which, having been put into place for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of this Directive,* *are not genuine having regard to all relevant facts and circumstances*". This amendment is implemented into Italian law through the general anti-abuse rule of Article 10-*bis* of Law no. 212 of July 27, 2000.

Dividends received by investment funds established abroad in accordance with Directive 2009/65/EC (so-called UCITS IV Directive) or those whose management company is subject to forms of supervision in the country of establishment in accordance with Directive 2011/61/EU (so-called AIFM Directive), if established in a Member State of the European Union or in a State that belongs to the EEA allowing an adequate exchange of information with Italy, are exempt from taxation in Italy.

Dividends received by Pension Funds being established in an EU Member State or in a State that is party to the European Economic Area Agreement and is included in the White List are generally subject to a 11% withholding tax. In case the requirements of Article 1, paragraph 95 of the Finance Act 2017 are met, the 11% withholding tax does not apply to dividends paid to pension funds in connection with qualified investments. For the purposes of the application of the above provisions, the non-resident pension fund must submit a declaration containing the identifying data of the recipient and the existence of all the conditions required for the benefit referred to in Article 1, paragraphs 88 – 114 of the Finance Act 2017, as well as the commitment to hold the financial instruments belonging to the qualified investment for the period of time required by law. The non-resident pension fund must also provide a copy of the accounting statements which allow to verify the compliance with the above conditions.

Taxation of capital gains realized upon transfer of the Shares

<u>Italian individuals not engaged in a business activity to which the Shares are effectively connected</u>

Capital gains realized by individuals resident in Italy for tax purposes from the transfer for consideration of the Shares in Italian tax resident companies are subject to substitute tax at a rate of 26%. The taxpayer may opt for one of the following three methods of taxation:

- tax return regime (*regime della dichiarazione*): under the tax return regime, which is the standard regime for taxation of capital gains realized by Italian resident individuals not engaged in a business activity, substitute tax on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any relevant capital loss of the same nature incurred in such tax year, realized pursuant to all transfers of Shares carried out during that tax year. Italian resident individuals not engaged in a business activity to which the Shares are effectively connected must report overall capital gains realized in any tax year, net of any relevant capital loss of the same nature incurred in such tax year, in the annual tax return to be filed for such year and pay substitute tax on such gains together with any income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same nature realized in any of the four succeeding tax years. The tax return regime is mandatory in the event that the taxpayer does not choose one of the two alternative regimes mentioned in the next two paragraphs;

- non-discretionary investment portfolio (*risparmio amministrato*) regime (optional): pursuant to Article 6 of Legislative Decree no. 461 of November 21, 1997, it is possible to elect to pay the 26% substitute tax separately on capital gains realized on each transfer of shares. Such regime applies subject to (i) the shares being deposited with Italian banks, SIMs or certain authorized financial intermediaries and (ii) an express election for the *risparmio amministrato* regime is made in writing by the relevant shareholder. Under the *risparmio amministrato* regime, the financial intermediary is responsible for accounting for substitute tax in respect of capital gains realized on each transfer of the shares (as well as in respect of capital gains realized at revocation of its mandate), net of any relevant capital loss of the same nature incurred in the applicable tax year, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer by deducting a corresponding amount from proceeds to be credited to the shareholder or using funds provided by the shareholder for this purpose. Under the *risparmio amministrato* regime, where a transfer of shares results in capital loss, such loss may be deducted from capital gains of the same nature realized in such tax year or any of the four succeeding tax years. Under the *risparmio amministrato* regime, the shareholder is not required to declare capital gains in its annual tax declaration;

- discretionary investment portfolio (*risparmio gestito*) regime (optional): pursuant to Article 7 of Legislative Decree no. 461 of November 21, 1997, this regime is allowed for holders who have entrusted the management of their financial assets, including the Shares, to an authorized intermediary and have elected in writing into this regime. Under this regime, capital gains accrued on the Shares are included in the computation of the annual increase in value of the managed assets accrued (even if not realized) at year end, which is subject to the 26% substitute tax. The managing authorized intermediary applies the tax on behalf of the taxpayer. Any decrease in value of the managed assets accrued at year end may be carried forward and offset against any increase in value of the managed assets accrued in any of the four following tax years. Under this regime, the holder is not required to report capital gains in the annual income tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals that (i) are not engaged in an entrepreneurial activity and (ii) holds Shares as Non-Qualified Holdings may be exempt from taxation, including the 26% substitute tax, on capital gains realized upon the transfer of these shares, if the Shares are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth under Italian law.

Italian individuals engaged in a business activity to which the Shares are effectively connected and Italian commercial partnerships

Capital gains realized by Italian resident individuals engaged in a business activity to which the Shares are effectively connected and Italian commercial partnerships (*i.e.*, *società in nome collettivo, società in accomandita semplice* and similar Italian partnerships as referred to in Article 5 of TUIR) upon transfer for consideration of the Shares must be fully included in the overall business income and reported in the annual income tax return. Capital losses (or other negative items of income) derived upon transfer for consideration of the Shares would be fully deductible from the holder's income. However, if the conditions provided for the Participation Exemption Regime described below are met, (i) 41,86% of the capital gains is tax exempt and, thus, it must not be included in the overall business income; and (ii) any capital losses realized are only partially deductible.

For the purpose of determining capital gains and capital losses, the holder's tax basis in the shares is reduced by any write-down that the holder has deducted in previous tax years.

Italian commercial entities

Capital gains realized by Italian general partnerships and limited partnerships referred to in Article 5 of TUIR upon transfer for consideration of Shares are subject to the tax regime described under Paragraph "*Italian resident individuals engaged in a business activity to which the Shares are effectively connected"* above.

Capital gains realized by the companies and entities referred to in Article 73, paragraph 1, sections a) and b), of TUIR upon transfer for consideration of Shares must be fully included in the overall taxable business income subject to IRES in the tax year in which the capital gains are realized or, upon election, may be spread in equal installments over a maximum of five tax years (including the tax year when the capital gain is realized). The election for the installment computation is only available if the Shares have been held for no less than three years and booked as fixed financial assets (*immobilizzazioni finanziarie*) in the last three financial statements. This choice must result from the annual income tax return; if it is not filed, the capital gain will be included in the taxable income for the entire amount in the year in which it is realized.

However, pursuant to Article 87 of the TUIR ("**Participation Exemption Regime**"), capital gains realized upon transfer of Shares are 95% exempt from taxable income if Shares meet the following requirements:

(a) the shares have been held continuously at least from the first day of the 12th month preceding the transfer (minimum holding period), the most recently purchased shares being deemed to have been sold first (so called LIFO method);

(b) the shares were accounted as a fixed financial asset in the first financial statement closed after the acquisition;

(c) participated company is tax resident either in Italy or in a Country different from those having a preferential tax regime, as defined by Article 47-*bis*, paragraph 1 of TUIR; and

(d) the participated company has been carrying out a commercial activity from the first day of the third financial year before the transfer of the participation (however this requirement is not relevant for shares in companies whose securities are traded on regulated markets).

This requirement under (c) must be complied with as from the date of acquisition of the shares and is restricted to five years preceding the transfer of the relevant participation in case the transfer is made to persons which are not part of the same group. The requirement under (d) above must be satisfied without interruption at least from the beginning of the third tax year before the capital gain is realized. If the shares sold are held in a holding company, the tests under (c) and (d) above must be verified at the level of the holding company's subsidiaries (so called "look through" approach).

The transfer of shares belonging to the category of fixed financial assets and the transfer of shares belonging to the category of working capital (*attivo circolante*) are to be considered separately with reference to each category. If the aforementioned requirements are met, any capital loss realized upon the sale of shares is not deductible from corporate taxable income.

If the requirements for the Participation Exemption Regime are met, any capital loss realized on the Company's shares cannot be deducted.

For the purpose of determining capital gains and capital losses, the holder's tax basis in the Company's shares is reduced by any write-down that the holder has deducted in previous tax years.

When the amount of the capital losses (and negative differences) deriving from a transaction (or a series of transactions) on shares traded on regulated markets is greater than Euro 50,000, the taxpayer must, under certain circumstances, report the data and the information regarding the transaction to the Italian tax authorities in the tax return.

Moreover, the data and the information relating to capital losses in excess of Euro 50,000 thousand, deriving from the transfer (or a series of transfers) of shares accounted for as fixed financial assets, must be included in the recipient's tax return. Such an obligation does not apply to parties who prepare their financial statements in accordance with IAS/IFRS international accounting standards.

The lack of full compliance with such reporting rules entails a tax penalty of 10% of the undeclared capital losses (minimum Euro 500—maximum Euro 50,000).

Depending on the nature of the shareholders and the business actually carried out, under certain conditions, capital gains and capital losses realized upon the transfer of Shares may be relevant also for IRAP purposes.

Italian non-commercial entities

Capital gains realized outside the scope of a business activity, on the sale or disposal of the Shares by Italian-resident non-business entities referred to in Article 73(1)(c) TUIR (other than OICR), trusts and Italian non-business partnerships as referred to in Article 5 TUIR are subject to the tax regime described in connection with capital gains realized by Italian resident individuals who do not hold the Shares in connection with a business activity.

Italian investment funds

Capital gains realized by Funds as a result of the transfer for consideration of Shares are not subject to taxation at the level of the Funds, but a withholding tax of 26% may apply, in certain circumstances, to distributions made in favour of certain categories of unitholders or shareholders.

Capital gains realized by Real Estate Investment Funds as a result of the transfer for consideration of Shares are not subject to taxation at the level of the Funds, but a withholding tax of 26% may apply, in certain circumstances, to distributions made in favour of certain categories of unitholders or shareholders. In certain cases, a tax transparency regime may apply in respect of certain categories of investors, owning more than 5% of the Italian Real Estate Investment Fund's units or shares.

Italian Pension Funds

Capital gains realized by Pension Funds as a result of the transfer for consideration of Shares are included in the annual net accrued result of same Pension Funds, which is generally subject to a 20% substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains may be excluded from the taxable base of the 20% substitute tax in accordance with Article 1, paragraph 92 of the Finance Act 2017.

Non-Italian resident persons not holding the Shares through a permanent establishment in Italy

- *Non-Qualified Holdings.* No tax applies in Italy on capital gains realized by non-Italian resident holders without a permanent establishment in Italy upon transfer for consideration of the Shares traded on a regulated market that do not qualify as Transfers of Qualified Holdings, even if the Shares are held in Italy and regardless of the provisions set forth in any applicable double tax treaty. In such case, in order to benefit from this exemption, non-Italian resident holders who hold the Shares with an Italian authorized financial intermediary may be required to timely submit to the Italian authorized financial intermediary an affidavit whereby they state that they are not resident in Italy for tax purposes.

- *Qualified Holdings.* Capital gains realized by non-Italian resident holders without a permanent establishment in Italy upon Transfers of Qualified Holdings are subject to 26% substitute tax in Italy according to the same rules applicable to Italian resident individuals not engaged in business activity. Capital gains must be reported in the annual income tax return. If the conditions provided for the Participation Exemption Regime described above are met, capital gains realized upon Transfer of Qualified Holdings by companies and entities referred to in Article 73, paragraph 1, section d), of TUIR, that do not have a permanent establishment in Italy and are resident for tax purposes in an EU Member State or in a State that is party to the European Economic Area Agreement and is included in the Italian White List, the 26% substitute tax applies only to the 5% portion of capital gains realized. However, the provisions of double tax treaties entered into by Italy may apply, if more favourable. Capital gains realized upon Transfers of Qualified Holdings by investment funds established abroad in accordance with Directive 2009/65/EC (so-called UCITS IV Directive) or those whose management company is subject to forms of supervision in the country of establishment in accordance with Directive 2011/61/EU (so-called AIFM Directive), if established in a Member State of the European Union or in a State that belongs to the EEA allowing an adequate exchange of information with Italy, are exempt from taxation in Italy.

Non-Italian resident persons holding the Shares through a permanent establishment in Italy

If the Shares are effectively connected to a permanent establishment in Italy, capital gains realized upon transfer for consideration of the Shares must be included in the permanent establishment's income taxable in Italy according to the tax regime as provided for the capital gains realized by Italian companies and entities referred to in Article 73, paragraph 1, sections a) and b), of TUIR, as described above.

Transfer tax

Contracts or other legal instruments relating to the transfer of securities (including the transfer of the Shares) are subject to registration tax as follows: (i) notary deeds (*atti pubblici*) and private deeds with notarized signatures (*scritture private autenticate*) executed in Italy must mandatorily be registered with the Italian tax authorities and are subject to Euro 200.00 registration tax; and (ii) private deeds (*scritture private*) are subject to Euro 200.00 registration tax only if they are voluntary filed for registration with the Italian tax authorities or if the so-called "*caso d'uso*" or "*enunciazione*" occurs.

Financial transaction tax

Article 1, paragraphs 491 to 500 of Law no. 228 of December 24, 2012 introduced a financial transaction tax ("**FTT**") applicable, among others, to the transfers of the ownership of (i) shares issued by Italian resident corporations (*società per azioni*), (ii) participating financial instruments (as defined under Article 2346(6) of the Italian Civil Code) issued by Italian resident corporations, and (iii) securities representing equity investments in Italian resident corporations, regardless of (i) the State where the buyer and the Selling Shareholders are resident or established and (ii) the place where the transaction is executed.

The residence of the issuer for the purposes of FTT is the place where the issuer has its registered office (corporate seat).

The FTT rate applicable to the transfers of ownership of shares is 0.20% of the value of the transaction, reduced to half (0.10%) for the transactions executed on regulated markets or in multilateral trading facilities. Such reduction also applies in the case of purchase of shares through a financial intermediary, interposed between the parties of the transaction, purchasing such shares on a regulated market or in a multilateral trading facility, provided that price, total number and date of settlement of buying and selling transactions coincide.

FTT taxable basis is the value of the transaction determined, for each liable person, on the basis of the daily net balance of the transactions calculated with reference to the number of shares daily traded and relating to the same financial instrument. The calculation of the net balance shall be made by the person liable for FTT payments. As an alternative, FTT is calculated on the consideration paid. The tax is levied to the persons to which the ownership of shares is transferred, regardless of their place of residence and of the place where the contracts are concluded.

Any person and entity involved, for any reason, in the execution of a contract that are located in States or territories with no agreements in force with Italy for the purposes of the exchange of information or the assistance in the collection of tax credits, as listed in the Regulation dated 1 March 2013 issued by the Director of the Italian tax authority, are considered the purchasers for FTT purposes.

FTT will be paid either by the intermediaries or the other subjects (*e.g.*, banks, trusts and investment companies referred to in Article 18 of the Consolidated Financial Law) involved in the execution of the transaction or by the taxpayer, in either case on or before the 16th day of the month following the transfer of ownership. Intermediaries and other non-resident subjects having no permanent establishment in Italy may appoint a tax representative among the persons indicated in Article 23 of Decree 600. Where more intermediaries are involved in the execution of the transfers, FTT is paid by the intermediary who receives the order to execute the transaction directly from the purchaser.

FTT does not apply to transfers of ownership of shares executed by way of inheritance or gift. The FTT does not apply, among others, also to: (i) transactions related to the issuing and the cancellation of shares, (ii) transfers of the ownership of newly issued shares also through the exercise of option rights by the issuer's shareholders, (iii) temporary transfers of ownership referred to "securities financing transactions" of paragraph (10), Article 2 of Commission Regulation (EC) No 1287/2006, (iv) transfers of ownership of shares executed by companies between which there exists a relationship of control referred to in Article 2359, first paragraph, no. 1) and No 2), and second paragraph of the Italian Civil Code or which are controlled by the same company, and (v) transfers of ownership of shares arising from restructuring operations under Article 4 of Council Directive 2008/7/EC of February 12, 2008 or from mergers and divisions of collective investment undertakings; vi) the assignment of equities against distribution of profits, reserves or reimbursement of share capital.

FTT does not also apply to the transfers of the ownership of shares traded on regulated markets or in multilateral trading facilities issued by companies with an average market capitalization lower than Euro 500 million, as registered in November of the year preceding the issue of the shares. By 20 December of each year, the Ministry of Economy and Finance shall draw up and publish on its website the list of companies resident in the State territory for the purposes of the exclusion. The exclusion from FTT shall also apply to transfer not executed in regulated markets or in multilateral trading facilities. In case of admission to trading on regulated markets or in multilateral trading facilities, the inclusion in the list is verified as from the year following that for which it is possible to calculate an average market capitalization for the month of November; until this year, a capitalization lower than the capitalization limit of Euro 500 million is presumed.

Moreover, exemption from FTT is granted to: (a) pension funds subject to supervision under Directive 2003/41/EC and to compulsory social security institutions, set up in one of the EU Member States or in one of the EEA Member States, included in the Italian White List, as well as to other supplementary pension schemes referred to in Legislative Decree no. 252 of December 5, 2005; (b) the transfers of ownership and the transactions referred to in Article 1, paragraph 1, letter m) of the Consolidated Financial Law, classed as “ethical” or “socially responsible” pursuant to Article 117-*ter* of the Consolidated Financial Law; (c) the transactions executed during market making activities as defined in Article 2, paragraph 1, letter k) of Regulation (EC) No 236/2012 of the European Parliament and of the Council of 14 March 2012, and in document ESMA/2013/158 of 1 February 2013; and (d) the transactions executed in the context liquidity assistance activities within the framework of accepted market practices, approved by the financial market authority under Directive 2003/6/EC of the European Parliament and of the Council of 20 January 2003, and under Commission Directive 2004/72/EC of 29 April 2004.

For the transactions referred to in points (c) and (d) above, the exemption is only granted to those persons carrying out market-making activities and providing liquidity assistance as indicated therein and only to the transactions executed to carry out such activities. The exemption regime outlined in points (a), (c) and (d) shall apply only for the persons indicated in such points. As a consequence, the counterparty may be liable to pay FTT.

Exemption from FTT shall also apply to transactions having as counterpart the European Union, the European institutions, the European Central Bank, the European Investment Bank, the central banks of the EU Member States, the central banks and organizations managing, among others, the official reserves of other States and the bodies or international organizations established in accordance with international agreements enforced in Italy. In relation to these transactions, FTT is not payable by either party.

The FTT is not deductible for income taxes (IRPEF and IRES) purposes, including their substitute taxes, as well as for Italian regional tax on business activities (IRAP) purposes.

High-frequency trading

Starting from 1 March 2013, the transactions effected on the Italian financial market are subject to a tax on high-frequency trading with regard to financial instruments referred above.

High-frequency trading are those transactions generated by a computer algorithm that automatically determines the decisions relating to the sending, modification and cancellation of orders and of the related parameters that occur at intervals not exceeding half a second. The tax rate is 0.02% and it is applied, for each trading day, on the value of the cancelled and modified orders exceeding a threshold of 60% of the entered and modified orders.

The tax is payable by the subjects that, by means of the aforementioned algorithms, execute purchase and sale orders and the related modifications and cancellations.

Inheritance and gift taxes

Pursuant to Law no. 346 of October 31, 1990 and Law no. 286 of November 24, 2006, as subsequently amended, the transfers of any valuable asset (including the Shares) as a result of gift, donation or succession of Italian residents and non-Italian residents (but in such latter case limited to assets held within the Italian territory – which, for presumption of law, includes bonds issued by Italian resident issuers) are subject to Italian inheritance and gift taxes as follows:

- transfers to spouse and to direct *relatives*: 4% of the value of the transferred assets exceeding Euro 1 million for each beneficiary;
- transfers to brothers and sisters: 6% *of* the value of the transferred assets exceeding Euro 100,000 for each beneficiary;
- transfers to relatives (*parenti*) within the fourth *degree*, to direct relatives in law (*affini in linea retta*), indirect relatives in law (*affini in linea collaterale*) within the third degree other than the relatives indicated above: 6% of the value of the transferred assets;
- other transfers: 8% of the value of the *transferred* assets.

If the heir/beneficiary is affected by a handicap deemed as “critical” pursuant to Law no. 104 of February 5, 1992, inheritance and gift taxes apply only to the value of assets (net of liabilities) exceeding Euro 1,500,000 at the rates indicated above.

The *mortis causa* transfers of financial instruments included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*), that meets the requirements set forth under Italian law, are exempt from inheritance taxes.

Stamp duty (bollo)

Pursuant to Article 13, paragraph 2-*ter* of the tariff Part I attached to Presidential Decree no. 642 of October 26, 1972, as amended, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by an Italian based financial intermediary to its clients in respect of any financial product and instrument (including the Shares) which may be deposited with such financial intermediary in Italy. The stamp duty is collected by the Italian resident financial intermediaries and applies at a rate of 0.2% and cannot exceed Euro 14,000 for taxpayers other than individuals. This stamp duty is determined on the basis of the market value or, if no market value figure is available, on the basis of face value or redemption value, or in the case the face or redemption values cannot be determined, on the basis of purchase value of the financial assets held.

The statement is deemed to be sent at least once a year, including with respect to the instruments for which it is not mandatory the deposit, the release or the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable on a pro-rata basis.

Pursuant to the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 9 February 2011, as subsequently amended, supplemented and restated) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Stamp duty applies both to Italian resident and to non-Italian resident investors, to the extent that the relevant securities (including the Shares) are held with an Italian-based financial intermediary (and not directly held by the investor outside Italy), in which case Italian wealth tax (see below) applies to Italian resident shareholders only.

Wealth tax (IVAFE)

In accordance with Article 19 of Decree no. 201 of December 6, 2011, converted with amendments by Law no. 214 of December 22, 2011, as amended, individuals, non-commercial entities and certain partnerships (*società semplici* or similar partnerships referred to in Article 5 of TUIR) resident in Italy for tax purposes holding financial products (including the Shares) outside of the Italian territory are required to declare in their own annual tax return and pay a wealth tax at the rate of 0.2% or 0,4% if the financial products are held in Countries with a privileged tax regime as indicated in the Ministerial Decree of May 4, 1999 (**IVAFE**). For taxpayers other than individuals, IVAFE cannot exceed Euro 14,000 per year.

The tax applies on the market value at the end of the relevant year (or, if earlier, at the end of the holding period) or – in the lack of the market value – on the basis of face value or redemption value, or in the case the face or redemption values cannot be determined, on the basis of purchase value of the financial assets held outside of the Italian territory. Taxpayers can generally deduct from the tax a tax credit equal to any wealth taxes paid in the State where the financial products are held (up to the amount of the Italian wealth tax due).

Financial assets (including the Shares) held abroad are excluded from the scope of IVAFE if they are administered by Italian financial intermediaries pursuant to an administration agreement and the items of income derived from such instruments have been subject to tax by the same intermediaries.

Tax Monitoring Obligations

Pursuant to Decree Law no. 167 of June 28, 1990, as subsequently amended and supplemented, individuals, non-commercial entities and certain partnerships (in particular, *società semplici* and similar partnerships referred to in Article 5 of TUIR) resident in Italy for tax purposes, that during the year hold investments abroad or have financial foreign assets by means of which income of foreign source can be accrued must, in some circumstances, disclose the aforesaid and related investments and foreign assets to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). The requirement applies also where the persons above, being not the direct holders of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation (which is applied for tax monitoring obligations purposes with certain adjustments). The disclosure requirements are not due if, *inter alia*, the foreign financial investments (including the Shares) (i) are held through an Italian resident intermediary upon condition that the items of income derived from the shares are subject to tax by the same intermediary or (ii) are only composed by deposits and/or bank accounts having an aggregate value not exceeding a Euro 15,000 threshold throughout the year.

GENERAL INFORMATION

Domicile, legal form and incorporation

The Company's legal and commercial name is "SYS-DAT S.p.A.". The Company is a joint-stock company (*società per azioni*), governed by and operating under the laws of Italy.

The Company was incorporated as a limited liability company (*società a responsabilità limitata*) under the laws of Italy on 2 May 1977 under the name "SDE S.r.l.", and it was converted on 1 August 2011 into a joint-stock company (*società per azioni*) under the laws of Italy.

The Company is tax resident in Italy and its place of effective management is in Italy. The Company is domiciled in Italy.

The Company's registered office is Via Muzio Attendolo detto Sforza no. 7/9, 20141 – Milan (MI), Italy. The Company is registered with the Italian trade register under number 03699600155. The Company's telephone number is (+39) 02-507241. The Company's Legal Entity Identifier ("**LEI**") is 81560077224E78407E81.

The duration of the Company is established until December 31, 2100. On the basis of the expected Offer Price, the Company reasonably expects that it will qualify as a "SME" within the meaning of Article 1, paragraph 1, W-quater-1) of the Consolidated Financial Act on the date of the Offer Price is determined.

The Selling Shareholders are: Vittorio Neuroni, Matteo Luigi Neuroni, Marta Neuroni and Emanuele Edoardo Angelidis.

The Shares' International Security Identification Number (ISIN) is IT0005595423.

The Company's website is www.sys-datgroup.com. The information on the website, including websites accessible from hyperlinks on that website, does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus.

Corporate resolutions

The Company's shareholders' meeting approved the Admission by a resolution passed on March 21, 2024.

Independent auditors

The Annual Financial Statements have been audited by BDO. BDO has issued an unqualified independent auditor's reports on the Annual Financial Statements.

The Three-Year Consolidated Financial Statements have been reviewed by BDO, as stated in the report appearing therein. BDO has issued an unqualified independent auditor's report on the Three-Year Consolidated Financial Statements.

BDO's registered office is Viale Abruzzi no. 94, 20131 Milan, Italy, and it is registered under no. 167911 in the Register of Accountancy Auditors (*Registro dei Revisori Legali*) held by the Italian Ministry of Economy and Finance in compliance with the provision of Legislative Decree no. 39, 27 January 2010.

Paying agent

The securities service related to the Shares will be carried out on behalf of the Company by Monte Titoli S.p.A., based in Milan (Italy), Piazza degli Affari, 6.

No significant change

As of the Prospectus Date, there has been no significant change in the financial performance and the financial position of the Group since the approval of the Annual Financial Statements as of and for the year ended December 31, 2023.

Options or preferential rights in respect of Shares

The Company is not party to any contract or arrangement (or proposed contract or arrangement), whereby an option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any securities in the Company.

Expenses

The expenses related to the Offer and Admission (net of the underwriting commissions) are estimated to be approximately Euro 1,250 thousand and will be borne by the Company according to market practice.

Available documents

Subject to any applicable securities laws, copies of the following documents will be available and can be obtained free of charge from the Company's website (www.sys-datgroup.com) from the Prospectus Date (save for the Pricing Statement, which will be available after pricing of the Offer) until at least twelve months following the Prospectus Date:

- this Prospectus;
- the New By-Laws;
- the Pricing Statement;
- the Three-Year Consolidated Financial Statements for the years ended December 31, 2023, 2022 and 2021 and the independent auditors' report to the Three-Year Consolidated Financial Statements;
- the Annual Financial Statements for the years ended December 31, 2023, 2022 and 2021 and the independent auditors' reports to the Annual Financial Statements; and
- the Procedure for Related Parties.

Incorporation by reference

The New By-Laws are incorporated in this Prospectus by reference and, as such, form part of this Prospectus. The New By-Laws can be obtained free of charge from the Company's website (www.sys-datgroup.com).

No incorporation of website

Prospective investors should only rely on the information that is provided in this Prospectus or incorporated by reference into this Prospectus. The information on the website, (www.sys-datgroup.com), including websites accessible from hyperlinks on that website, does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus. In addition, no other documents or information form part of, or are incorporated by reference, into this Prospectus. Other than this Prospectus, the Prospectus summary and the New By-Laws, the contents of the Company's website (www.sys-datgroup.com), or of websites accessible from hyperlinks on that website, have not been scrutinized or approved by CONSOB.

GLOSSARY

The following is a list of technical terms used within the Prospectus. Said terms, unless otherwise specified, have the meanings set forth below. For the terms below given, whenever the context so requires, the singular form includes the plural form and vice versa.

"**Add-on**"	means is any third-party program or script (software or extension) that is added to a program to give it additional features and abilities.
"**API**"	means "*Application Programming Interface*". An API is a set of commands, functions, protocols, and objects that programmers can use to create software or interact with an external system. It provides developers with standard commands for performing common operations so they do not have to write the code from scratch. .
"**Artificial Intelligence or AI**"	means the ability of a computer running special software to act intelligently — perceiving new data, learning, drawing inferences, and solving problems. It allows computers to perform work that previously required human intervention.
"**Augmented reality**"	means computer-generated contents overlaid on a real world environment.
"**B2B** or **Business to Business**"	means a form of transaction between businesses, such as one involving a manufacturer and wholesaler, or a wholesaler and a retailer. Business-to-business refers to business that is conducted between companies, rather than between a company and individual consumer.
"**B2C** or **Business to Consumer**"	means the process of selling products and services directly between a business and consumers who are the end-users of its products or services.
"**Business Intelligence** or **BI**"	means a technology-driven process for analyzing data and delivering actionable information that helps executives, managers and workers make informed business decisions. As part of the BI process, organizations collect data from internal IT systems and external sources, prepare it for analysis, run queries against the data and create data visualizations, BI dashboards and reports to make the analytics results available to business users for operational decision-making and strategic planning.
"**CAGR**"	means compound annual growth rate.
"**Churn rate**"	means the rate at which customers stop doing business with an entity.
"**Cloud-based**"	means a software or a program that are stored, managed, and processed on a network of remote servers hosted on the internet, rather than on local servers or personal computers.
"**CRM** or **Customer Relation Management**"	means the combination of practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle. The goal is to improve customer service relationships and assist in customer retention and drive sales growth. CRM systems compile customer data across different channels, or points of contact, between the

	customer and the company, which could include the company's website, telephone, live chat, direct mail, marketing materials and social networks. CRM systems can also give customer-facing staff members detailed information on customers' personal information, purchase history, buying preferences and concerns.
"**ERP** or **Enterprise Resource Planning**"................	means a type of software system that helps organizations automate and manage core business processes. ERP are used to plan and manage daily activities such as supply chain, manufacturing, services, financials and other processes. ERP software can be used to automate and simplify individual activities across a business or organization, such as accounting and procurement, project management, customer relationship management, risk management, compliance, and supply chain operations.
"**Hands-free**"..	means a computer configuration where a user can interface without the use of their hands, an otherwise common requirement of human interface devices such as the mouse and keyboard.
"**ICT** or **Information and Communications Technology**"	means an extension of IT that focuses more on telecommunication and other digital technologies that facilitate the way information is processed and transmitted.
"**Information Technology or IT**"............................	Means the use of computers, networks, computer software and other electronic or digital devices for the management and communication of information.
"**MES or Manufacturing Execution System**".........	means computerized systems used in manufacturing to track and document the transformation of raw materials to finished goods. MES provides information that helps manufacturing decision-makers understand how current conditions on the plant floor can be optimized to improve production output. MES works as real-time monitoring system to enable the control of multiple elements of the production process (e.g. inputs, personnel, machines and support services). MES may operate across multiple function areas, for example management of product definitions across the product life-cycle, resource scheduling, order execution and dispatch, production analysis and downtime management for overall equipment effectiveness (OEE), product quality, or materials track and trace.
"**Mission critical process**"	means a critical task, service, or system whose failure or disruption would cause an entire operation or business to grind to a halt. It is a type of task, service, or system that is indispensable to continuing operations.
"**MRP or Material Requirements Planning**"	means a production planning, scheduling, and inventory control system used to manage manufacturing processes.
"**OLAP or Online Analytical Processing**"	means an approach to answer multi-dimensional analytical (MDA) queries swiftly in computing. OLAP is part of the broader category of business intelligence, which also encompasses relational databases, report writing and data mining. Typical applications of OLAP include business reporting for sales, marketing, management reporting, business process management (BPM), budgeting and forecasting, financial reporting and similar areas. OLAP tools enable users to analyze multidimensional data

	interactively from multiple perspectives. OLAP consists of three basic analytical operations: consolidation (roll-up), drill-down, and slicing and dicing.
"**Omnichannel**"..	means the integration of all physical channels (offline) and digital channels (online) to offer a unified customer experience.
"**PDM or Product Data Management**"....................	means the use of software or other tools to track and control data related to a particular product. The data tracked usually involves the technical specifications of the product, specifications for manufacture and development, and the types of materials that will be required to produce goods. The use of product data management allows a company to track the various costs associated with the creation and launch of a product. Product data management is part of product lifecycle management and configuration management.
"**PLM or Product Lifecycle Management**"	means a solution that manages all of the information and processes at every step of a product or service lifecycle across the supply chain. This includes the data from items, parts, products, documents, requirements, engineering change orders, and quality workflows.
"**Predictive analysis**"	means the use of statistics and modeling techniques to make predictions about future outcomes and performance. Predictive analytics looks at current and historical data patterns to determine if those patterns are likely to emerge again. This allows businesses and investors to adjust where they use their resources to take advantage of possible future events.
"**R&D**"..	means research and development, which includes activities that companies undertake to innovate and introduce new products and services.
"**Radio Frequency Identification or RFID**"	means a technology that uses radio waves to passively identify a tagged object. It is used in several commercial and industrial applications, from tracking items along a supply chain to keeping track of items checked out of a library.
"**Recurring revenues**"	means the portion of a company's revenue that is expected to continue in the future. Unlike one-off sales, these revenues are predictable, stable and can be counted on to occur at regular intervals going forward with a relatively high degree of certainty.
"**RTSP or Real Time Streaming Protocol**".............	means an application-level network protocol designed for multiplexing and packetizing multimedia transport streams (such as interactive media, video and audio) over a suitable transport protocol. RTSP is used in entertainment and communications systems to control streaming media servers.
"**Semantic search**"	means a data searching technique which uses the intent and contextual meaning behind a search query to deliver more relevant results.
"**SEO or Search Engine Optimization**"	means the process of optimizing a website or online store to improve its visibility and ranking in search engine results pages (SERPs).

"**SKU or Stock Keeping Unit**"................................. means, in inventory management, the unit of measure in which the stocks of a material are managed. It is a distinct type of item for sale, purchase, or tracking in inventory, such as a product or service, and all attributes associated with the item type that distinguish it from other item types (for a product, these attributes can include manufacturer, description, material, size, color, packaging, and warranty terms). When a business records the inventory of its stock, it counts the quantity it has of each unit, or SKU. SKU can also refer to a unique identifier or code, sometimes represented via a barcode for scanning and tracking, which refers to the particular stock keeping unit.

"**Software solutions**"... means a set of related software programs and/or services or technical capabilities that are sold as a single package and that are addressed to solve one or more business problems.

"**Time & materials contract**"................................... Time and materials (T&M) is a standard phrase in a contract in which the employer agrees to pay the contractor based upon the time spent by the contractor's employees and subcontractors employees to perform the work, and for materials used (plus the contractor's mark up on the materials used), no matter how much work is required to complete the work. Time and materials is generally used in projects in which it is not possible to accurately estimate the size of the project, or when it is expected that the project requirements would most likely change. This is opposed to a fixed-price (or forfeit) contract in which the owner agrees to pay the contractor a lump sum for fulfillment of the contract no matter what the contractors pay their employees, sub-contractors and suppliers.

"**Vertical market**"... means a market in which vendors offer goods and services specific to an industry, trade, profession, or other group of customers with specialized needs.

"**Wallet share**" .... is a marketing metric used to calculate the percentage of a customer's spending for a type of product or service that goes to a particular company.

"**WMS or Warehouse Management System**"......... means a set of policies and processes intended to organize the work of a warehouse or distribution center, and ensure that such a facility can operate efficiently and meet its objectives.

"**X-Commerce**" .... means the business model that combines the benefits of e-commerce and brick-and-mortar retailing. The x-Commerce term is designed to capture all mediums of engagement: e-commerce, mobile commerce, online to offline (O2O), local deliveries, on-demand services and sharing services.

DEFINED TERMS

The following list of defined terms is not intended to be an exhaustive list of definitions but provides a list of certain of the defined terms used in this Prospectus.

"**231 Model**"	means the organization and management model that forms part of the supervisory infrastructure required under Decree 231.
"**Admission**"	means the admission of the Shares to listing and trading on Euronext Milan.
"**Affiliates**"	means the companies that control an entity, that they are controlled by or that are under common control with such entity.
"**Allocation**"..	means the allocation of the Offer Shares.
"Annual Financial Statements"................................	means the audited financial statements of the Company as of and for the years ended December 31, 2023, 2022 and 2021.
"**APMs**"...	means the alternative performance measures as defined by the "ESMA Guidelines on Alternative Performance Measures" issued by ESMA on October 5, 2015.
"**Board of Directors**" or "**Board**"	means the board of directors of the Company.
"**Board of Statutory Auditors**"	means the board of statutory auditors of the Company.
"**Borsa Italiana Market Rules**".................................	means the Rules of the Markets organized and managed by Borsa Italiana, as amended from time to time.
"**Borsa Italiana**"	means Borsa Italiana S.p.A., a joint-stock company (*società per azioni*) incorporated under the laws of Italy, with registered office in Piazza degli Affari 6, 20123, Milan, Italy, who is, *inter alia*, the market operator of Euronext Milan.
"**Business Day**"..	means a day on which banks in Milan (Italy) are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Milan (Italy).
"**By-Laws**"	means the current by-laws of the Company.
"**CET**"	means Central European Time.
"**Chief Executive Officer**"	means Mr. Matteo Luigi Neuroni, the chief executive officer of the Company.
"**Company**", "**SYS-DAT**" or the "**Issuer**"	means SYS-DAT S.p.A., a joint stock company (*società per azioni*), incorporated and organized under the laws of Italy, with registered office is Via Muzio Attendolo detto Sforza no. 7/9, 20141 – Milan (MI), Italy, registered with the Italian trade register under number 03699600155.
"**CONSOB**"	means the Italian authority for the supervision of financial markets (*Commissione Nazionale per le Società e la Borsa*), with its registered office in Rome, at Via Giovanni Battista Martini 3, Italy.

"**Consolidated Banking Act**"......................................	means the Italian Legislative Decree no. 385 of September 1, 1993, as amended from time to time.
"**Consolidated Financial Act**"	means the Italian Legislative Decree no. 58 of February 24, 1998, as amended from time to time.
"**Corporate Governance Code**"	means the Italian corporate governance code, which applies to all companies with shares listed on Euronext Milan.
"**Decree 231**"...	means the Italian Legislative Decree no. 231 of June 8, 2001.
"**Director(s)**"...	means the director(s) of the Company.
"**EEA**"	means the European Economic Area.
"**ESMA**"..	means the European Securities and Markets Authority.
"**EU**"..	means the European Union.
"**EU Regulation 2019/980**"	means the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing the Prospectus Regulation.
"**Euro**" or "**EUR**" or "**Euro**"	means the lawful currency of the member states of the EU participating in the third stage of the EU's Economic and Monetary Union.
"**Euronext Milan**"	means Euronext Milan, a regulated market organized and managed by Borsa Italiana.
"**Existing Offer Shares**"...	means the maximum 1,420,920 existing Shares offered in sale by the Selling Shareholders in the Offer.
"**First Trading Date**"	means the date on which trading in the Shares on Euronext Milan commences and the settlement occurs, which, subject to acceleration or extension of the timetable for the Offer, is expected to be on or around 2 July 2024.
"**GDPR**"..	means Regulation (EU) 2016/678 of the European Parliament and of the Council of April 27, 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.
"**Global Coordinator**"..	means Intermonte.
"**Group**"..	means the Company and its subsidiaries, or any of them as the context may require.
"**IAS**"...	means International Accounting Standards.
"**IFRS**"	means the International Financial Reporting Standards.
"**Instructions of Borsa Italiana**"	means the instructions accompanying the Borsa Italiana Market Rules, as amended from time to time.
"**Intermonte**"..	means Intermonte SIM S.p.A., a company incorporated under the laws of Italy, with registered office at Galleria de Cristoforis 7/8 - 20122 Milan, Italy.
"**ISIN**"	means International Security Identification Number.

"**Issuers Regulation**"	means CONSOB regulation no. 11971 of May 14, 1999, as amended from time to time.
"**Italian Civil Code**"	means the Italian Civil Code (*Codice civile*) enacted by Royal Decree no. 262 of March 16, 1942, as amended from time to time.
"Italian Criminal Code"	means the Italian Criminal Code (*Codice penale*) enacted by Royal Decree no. 1398 of October 19, 1930, as amended from time to time.
"**Italy**"	means the Republic of Italy.
"**LEI**"	means Legal Entity Identifier.
"**Listing Agent**"	means Intermonte.
"**Market Abuse Regulation**" or "**MAR**"	means Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, including any relevant delegated regulations.
"**Member State**"	means a member state of the European Economic Area.
"**Monte Titoli**"	means Monte Titoli S.p.A., the authorized central securities depository for centralized administration, settlement and ancillary services in the Italian market.
"**New By-Laws**"	means the new by-laws of the Company adopted by its extraordinary Shareholders' Meeting on 21 March 2024 and effective from the First Trading Date.
"**New Offer Shares**"	means the maximum 8,450,000 new issued Shares offered in subscription by the Company in the Offer.
"**Non-IFRS Measures**"	means non-IFRS financial measures, which are not liquidity or performance measures under IFRS, and the which the Group considers to be alternative performance measures.
"**Offer Price Range**"	means the range of Euro 3.20 to Euro 3.80 (inclusive) per Offer Share, in which the Offer Price is expected to be included, as resolved by the Board of Directors on 17 June 2024.
"**Offer Price**"	means the price per Offer Share, which is to be determined after the offer period has ended.
"**Offer Shares**"	means up to 9,870,920 Shares offered in subscription and sale, respectively, by the Company and the Selling Shareholders in the Offer.
"**Offer**"	means an institutional offering, outside the United States, to institutional investors in offshore transactions in reliance upon Regulation S under the U.S. Securities Act.
"**Over-Allotment Option**"	means the option granted by the Company to the Stabilization Manager, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Stabilization Manager may subscribe the Over-Allotment Shares at the Offer Price.
"**Over-Allotment Shares**"	means the additional up to 987,000 Offer Shares that are made available by the Company for subscription at the Offer Price pursuant to the Over-Allotment Option.

"**PDMR**"	means persons discharging managerial responsibilities within the meaning of the Market Abuse Regulation.
"**Pricing Statement**"...	means the press release in which the Offer Price, the exact number of Offer Shares to be sold in the Offer and the maximum number of Over-Allotment Shares will be set out.
"**Prospectus Date**"..	means the date of this Prospectus.
"**Prospectus Regulation**"	means Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 and includes any relevant delegated regulations, as amended.
"**Prospectus**"...	means this prospectus dated 19 June 2024.
"**Qualified Investors**"...	means the "qualified investors" within the meaning of Article (2)(e) of the Prospectus Regulation.
"**Regulation S**"	means Regulation S under the U.S. Securities Act.
"**Relevant Persons**"	means persons who are "qualified investors" within the meaning of Article 2 of the UK Prospectus Regulation and who: (i) have professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Order; (ii) are high net worth bodies corporate, unincorporated associations and partnerships and the trustees of high value trusts, as described in Article 49(2) of the Order; (iii) are outside the United Kingdom; or (iv) are other persons to whom it may lawfully be communicated.
"**SEC**"	means the U.S. Securities and Exchange Commission.
"**Selling Shareholders**"	means Vittorio Neuroni, Mateo Luigi Neuroni, Marta Neuroni and Emanuele Edoardo Angelidis, who participates in the Offer by selling a maximum of 1,420,920 Existing Offer Shares.
"**Settlement or Settlement Date**"	means the payment (and the date of such payment) for and delivery of the Offer Shares under the Offer.
"**Share Capital Increase**"	the share capital increase of the Company, resolved by the Extraordinary General Meeting on 21 March 2024, for consideration, on a divisible basis, excluding option rights pursuant to Article 2441, paragraph 5 of the Italian Civil Code for a maximum amount of Euro 60,000,000.00, including the share premium, to be carried out also in one or more tranches (also at the service of any greenshoe option), through the issuance of a maximum number of ordinary shares that are suitable to maintain the accounting parity, without an explicit nominal value and with the same characteristics as those outstanding, to service the operation of listing on Euronext Milan, STAR segment if the necessary requirements are met.
"**Share Purchase Agreements**"	The agreements signed on 30 March 2024 between some of the Warrant Holders – different from the Selling Shareholders and owning a total of 24,422 Warrants – and Vittorio Neuroni, pursuant to which the latter purchased from such Warrant Holders, who sold, at the Offer Price and subject to the condition precedent of the Admission

	Notice, a number of Shares equal to 488,440, resulting from the exercise of the Warrants.
"**Shareholders' Meeting**"	means the ordinary or extraordinary shareholders' meeting of the Company.
"**Shares**"	means the ordinary shares in the capital of the Company, each without nominal value.
"**Specialist**"	means Intermonte.
"**Stabilization Manager**"	means Intermonte.
"**STAR Segment**"	means a listing segment, within Euronext Milan, dedicated to midsize companies that respect high requirements in terms of governance, transparency and liquidity.
"**Three-Year Consolidated Financial Statements**"	means the three-year consolidated financial statements as of and for the years ended December 31, 2023, 2022 and 2021 of the Company, which have been prepared in accordance with the IFRS to be included in the Prospectus. Three-Year Consolidated Financial Statements have been approved by the Board of Directors on 20 March 2024, and have been audited by the Independent Auditor.
"**Three-Year Period**"	means the years ended December 31, 2023, 2022 and 2021.
"**U.S. Securities Act**"	means the U.S. Securities Act of 1933, as amended.
"**UK Prospectus Regulation**"	means Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.
"**Underwriting Agreement**"	means the underwriting agreement with respect to the offer and sale of the Offer Shares in connection with the Offer that will be entered into between the Company, the Selling Shareholders and the Bookrunner.
"**United Kingdom**" or "**UK**"	means the United Kingdom of Great Britain and Northern Ireland.
"**United States**" or **"U.S."**	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.
"**US$**" or "**USD**" or "**U.S. dollar(s)**"	means the United States dollars, the lawful currency of the United States.
"**Warrant Capital Increase**"	the Company's capital increase resolved by the Extraordinary General Meeting of the Company held on 21 March 2024, in the nominal amount of EUR 77,394, to be implemented through the issuance of 1,547,880 new Shares to service the exercise of the Warrants (following the stock-split resolved by the Extraordinary General Meeting of the Company on 21 March 2024).
"**Warrant Holders**"	means the members of the Board of Directors at the Prospectus Date and some managers of the Company (Andrea Matteo Baldini, Matteo Garegnani, Silvia Anghileri, Carlo Baraldi, Umberto Bramani, Claudio Cuccia, Andrea Pizzolato, Armando Munaretto and Massimo Zattera) which owns the Warrant.

"**Warrant**"	the no. 77,394 warrants sold by the Company on 29 June 2021 to the members of the Board of Directors at the Prospectus Date and some managers of the Company (Andrea Matteo Baldini, Matteo Garegnani, Silvia Anghileri, Carlo Baraldi, Umberto Bramani, Claudio Cuccia, Andrea Pizzolato, Armando Munaretto and Massimo Zattera), at a price of Euro 2.30 per Warrant, which allow such Warrant Holders to purchase shares of the Company under certain terms and conditions.

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SYS-DAT

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

INDEPENDENT AUDITORS' REPORT

SYS-DAT S.p.A.

Independent auditor's report on the

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

PBT/MAR/cpt - RC105972023BD0997

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20131 Milano

Independent auditor's report

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

Opinion

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

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Three Years Consolidated Financial Statements* section of this report. We are independent of the Group pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

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

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

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

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

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

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

BDO Italia S.p.A. - Sede Legale: Viale Abruzzi, 94 - 20131 Milano - Capitale Sociale Euro 1.000.000 i.v.
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Auditor's Responsibilities for the Audit of the Three Years Consolidated Financial Statements

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

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

- Identify and assess the risk of material misstatement of the Three Years Consolidated Financial Statements, whether due to fraud or error; design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of non detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Three Years Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the Three Years Consolidated Financial Statements, including the disclosures, and whether the Three Years Consolidated Financial Statements represent the underlying transactions in a manner that achieves fair presentation.

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

Milano, 26 March 2024

Signed by

BDO Italia S.p.A.
Paolo Beretta
Partner

Report on operations

Dear Shareholders,

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

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

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

Main risks and uncertainties to which SYS-DAT is exposed

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

External risks

Risks relating to current macroeconomic conditions

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

Risks relating to trials, regulation and authority provisions

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

Risks relating to ICT market

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

Risks associated with competition

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

Internal risks

Risks relating to the Company's business operations

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

Risks relating to loss of key personnel

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

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

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

Risks relating to key partnerships

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

Risks relating to the IT systems and intellectual property rights

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

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

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

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

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

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

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

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

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

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

- Sys-Dat: ERP, CRM, Retail and Cloud services

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

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

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

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

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

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

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

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

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

2023 vs 2022

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

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

2022 vs 2021

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

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

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

Analysis of reclassified economic data

Euro thousand	**31-Dec-23**	**%**	**31-Dec-22**	**%**	**31-Dec-21**	**%**
Operating Revenue	46.266	100%	37.761	99%	28.801	99%

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

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

Analysis of reclassified balance sheet data

Euro thousand	**31-Dec-23**	**31-Dec-22**	**31-Dec-21**
Trade receivables	16.015	12.415	7.757
Activities for work in progress	1.699	336	187
Inventories	194	91	86
Trade payables (excluding non-current portion)	(4.543)	(3.710)	(2.783)
Advance payments on work in progress	(1.783)	(695)	(410)
Commercial net working capital	**11.583**	**8.436**	**4.838**
Other current activities	2.340	1.383	2.315
Tax debts	(2.092)	(1.607)	(1.898)
Other current liabilities	(8.696)	(6.402)	(3.835)
Net working capital	**3.135**	**1.811**	**1.419**
Tangible assets	788	545	467
Right of use	3.995	4.945	3.941
Goodwill	8.954	5.779	4.002
Other Intangible assets	7.384	3.907	1.686
Equity participations	0	0	134
Deferred taxes assets	615	647	564
Other non current assets	88	87	51
Employee benefit	(6.662)	(5.432)	(4.778)
Provisions	(330)	(243)	(556)
Deferred Tax liabilities	(1.794)	(1.143)	(377)
Other non current liabilities	0	0	0
Net fixed capital	**13.038**	**9.091**	**5.134**
Net invested capital	**16.173**	**10.902**	**6.553**
Net financial indebtness	(3.115)	(5.061)	(6.154)

Net assets	19.288	15.964	12.707
Total Net assets and net financial debt	**16.173**	**10.902**	**6.553**

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

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

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

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

Analysis of net financial debt and net financial position

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

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

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

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

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

Reclassified financial statement

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

Euro thousand	**31 December 2023**	**31 December 2022**	**31 December 2021**
Net Income	**4.242**	**3.691**	**3.622**
Taxes	2.301	1.599	1.250
Net interest expense	85	158	159
Losses (capital gains) from the sale of fixed assets	0	-	- 38
Dividends	- 18	- 5	-
Depreciation	2.569	1.646	1.013
Devaluations / revaluations / changes in fair value	123	824	- 37
Change in provisions for risks and charges	55	- 242	38
Change in employee benefits for severance pay (TFR)	515	265	237
Other corrections	56	47	- 56
Other variations	816	1.047	303
Funding from operations	**9.928**	**7.983**	**6.188**
Change in inventories	- 1.313	- 129	- 217
Change in trade receivables	- 1.168	- 4.440	- 30
Change in trade payables	260	765	- 613
Change in other assets and liabilities	1.465	3.547	998

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

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

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

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

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

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

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

Investments.

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

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

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

Research and development activities.

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

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

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

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

Below the most notable projects for each product family:

- ERP: Next Recorder system documentation and integrated tutorial, Unified reporting tool and Quality control for controllers in the factory

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

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

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

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

Below the most notable projects for each product family:

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

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

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

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

Below the most notable projects for each product family:

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

Outlook on operations

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

- Cross-selling, that drove an enriched offering thanks to new solutions coming from the acquired companies and from R&D activities
- The evolution of the software sales proposal from “On Premise” to “Software as a Service”
- The increase in recurring Cloud fees, coming from more and more customers and solutions managed in Outsourcing, and recurring maintenance fees
- The identification of software proposals that had tangible benefits through the enablement of new business models (e.g. Virtual Showroom, Omnichannel)

- The acquisition of new medium-large customers

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

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

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

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

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

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

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

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

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

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

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

Relationships with controlled and parent companies

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

The CEO

Three-Year Consolidated Financial Statements

for the years ended 31 December 2023, 2022 and 2021

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

Statement of Financial Position

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

Income Statement

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

Comprehensive Income Statement

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

Statement of changes in shareholders' equity

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

Financial statement

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

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

1. General information

1.1 Introduction

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

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

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

2. Summary of accounting principles adopted

2.1 Preparation basis

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

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

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

2.2 Declaration of compliance with international accounting standards

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

2.3 General drafting principles

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

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

An asset is classified as current when:

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

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

A liability is classified as current when:

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

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

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

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

The Three-Year Consolidated Financial Statement has been prepared:

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

2.4 Accounting principles and evaluation criteria

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

Intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Intangible assets with a finite useful life

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

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

(b) Intangible assets with an indefinite useful life

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

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

(a) annually;

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

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

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

Assets and liabilities for right of use and lease

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tangible activities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Participations

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

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

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

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

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

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

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

Financial activities

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

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

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

Financial assets measured at amortized cost

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

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

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

Financial assets measured at fair value through profit and loss

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

Warrants

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

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

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

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

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

Please refer to Note 7.5 for details on related costs.

Trade receivables

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

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

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

Inventories

Inventories are goods:

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

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

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

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

Activities for work in progress

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

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

Cash and cash equivalents

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

Debts

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

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

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

Employee benefits

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

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

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

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

Defined contribution plans mainly include:

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

Defined benefit plans include:

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

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

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

Provisions for risks and charges, contingent assets and liabilities

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

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

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

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

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

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

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

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

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

Financial liabilities

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

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

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

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

Treasury shares

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

Operating Revenue

Operating revenues are recognized when the following conditions occur:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cost recognition

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

Listing costs

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

Dividends

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

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

Income taxes

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

Deferred taxes are divided into:

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

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

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

Conversion of items into currency

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

3. Recently issued accounting standards

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

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

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

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

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

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

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

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

New Accounting Standards, Interpretations and Amendments not yet effective

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

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

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

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

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

All changes will take effect on January 1, 2024.

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

4. Estimates and assumptions

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

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

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

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

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

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

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

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

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

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

5. Financial risks management

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

Credit risk

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

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

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

Liquidity risk

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

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

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

6. Notes on the equity and financial situation

6.1 Intangible assets

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

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

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

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

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

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

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

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

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

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

Purchase Price Allocation

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

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

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

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

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

Impairment test

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

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

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

The cost of capital used for the discounted cash flows:

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

Furthermore, it is noted that:

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

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

Intangible assets other than goodwill

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.3 Tangible assets

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

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

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

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

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

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

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

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

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

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

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

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

6.4 Equity investments and other non-current assets

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

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

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

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

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

6.5 Deferred tax assets and liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.6 Inventories

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

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

6.7 Trade receivables

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.9 Other credits and current activities

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

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

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

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

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

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

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

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

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

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

6.10 Cash and cash equivalents

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

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

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

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

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

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

6.11 Net assets

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

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

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

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

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

Share capital

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

EU-IFRS first adoption reserve

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

Reserve for actuarial profits and losses

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

Other reserves

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

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

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

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

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

6.12 Financial liabilities (current and non-current)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.13 Funds for employee benefits

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

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

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

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

Staff leaving indemnity provision

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

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

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

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

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

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

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

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

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

6.14 Provisions for risks and liabilities

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

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

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

Directors Retirement Benefits (TFM)

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

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

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

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

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

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

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

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

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

6.15 Trade payables

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There are no disputes from suppliers in the periods.

6.16 Tax liabilities

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

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

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

6.17 Other current debts and liabilities

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

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

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

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

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

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

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

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

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

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

7. Notes to the income statement

7.1 Operating revenues

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

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

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

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

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

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

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

7.2 Other revenues and income

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

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

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

7.3 Cost of purchasing goods and changes in inventories

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

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

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

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

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

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

7.4 Personnel costs

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

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

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

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

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

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

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

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

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

7.5 Services costs

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

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

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

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

7.6 Other operating costs

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

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

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

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

7.7 Amortizations and depreciations

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

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

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

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

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

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

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

7.8 Provisions and write-downs

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

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

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

7.9 Financial income and expenses

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

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

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

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

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

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

7.10 Income taxes for the financial year

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

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

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

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

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

8. Operating segments

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

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

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

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

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

9. Fair value hierarchy

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

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

The levels in the hierarchy are:

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

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

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

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

10. Contributions from public entities

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

11. Transactions with related parties

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

Related parties are of three categories:

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

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

Directors and strategic managers of the Company

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

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

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

External companies providing services or products to the Group

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

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

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

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

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

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

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

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

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

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

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

Balance sheet with the inclusion of related parties.

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

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

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

Provisions relate to director retirement benefits (TFM).

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

Income statement with the inclusion of related parties.

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

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

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

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

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

SYS-DAT SpA Directors

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

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

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

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

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

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

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

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

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

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

Companies that are related parties

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12. Commitments and risks

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

13. Remuneration of the Directors and Statutory auditors

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

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

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

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

14. Fees to the auditing firm

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

15. Research and development activities

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

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

16. Significant events subsequent to the end of the period

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

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

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

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

17. First application of EU-IFRS

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

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

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

General principles

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

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

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

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

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

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

Method of presentation of financial statements

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

Mandatory exemptions to full retrospective adoption of EU-IFRS

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

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

Optional exemptions to full retrospective adoption of EU-IFRS

Rental and leasing contracts

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

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

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

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

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

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

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

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

Treatments chosen within the accounting options provided by the EU IFRS

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

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

Description of the significant effects of the Transition Process

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

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

FTA effect (first time adoption)

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

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

Effect on financial figures as of 31 December 2021

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

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

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

Effect on financial figures as of 31 December 2022

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

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

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

Notes on transition effect as of 01 January 2021

A) Goodwill

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

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

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

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

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

B) Software

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

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

C) Provisions for risks and charges

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

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

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

D) Development capitalized costs

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

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

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

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

E) Director’s severance pay

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

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

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

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

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

F) Employee benefits (employee severance pay)

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

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

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

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

G) Agents' termination indemnity provision

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

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

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

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

H) Bad debt provision

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

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

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

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

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

I) Amortised cost

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

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

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

J) Held for trading financial assets

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

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

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

K) Leases

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

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

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

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

In the financial year 2021, the following were recognised:

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

In the financial year 2022, the following were recognized:

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

L) Work in progress (WIP)

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

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

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

M) Warrants

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

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

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

N) Other adjustments

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

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

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

O) Tax effect

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

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

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