

# DESK AS A SUSTAINABLE VALUE

**CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 12 2023**

ANNUAL FINANCIAL REPORT

ACCORDING TO THE IAS/IFRS ACCOUNTING PRINCIPLES

**#BuildYourDigitalFuture**

[relatech.com](https://relatech.com)

## Letter to shareholders

Dear Shareholders,

We present the annual consolidated financial statements of the Relatech Group as at 31 December 2023, prepared in accordance with IAS/IFRS accounting standards and accompanied by this report which aims to clarify the performance and results achieved in 2023. The year under review highlighted an increase in consolidated Sales Revenues, which reached €91 million at 31 December 2023, marking an increase of 50% compared to €60.6 million in 2022. Consolidated adjusted EBITDA amounted to €15.8 million, representing 16% of Value of Production and 17% of consolidated revenues, showing a growth of 20% compared to €13.1 million in 2022, while adjusted net profit for the period totalled €5.2 million.

In 2023, Relatech took a significant step forward in its evolution, moving from an innovative SME to a large enterprise, a milestone achieved thanks to financial results and the contribution of a team of 800 professionals. This year has also witnessed Relatech's "Digital Renaissance", a growth driver that the Group pursues with conviction, and which has strengthened our role as a bridge between humanity and technology. The Digital Renaissance is combined with the concept of New Digital Humanism that sees man at the center of every strategy and decision-making step of Relatech, which asserts itself on the market in the role of enabler of the democratization of technology, as the foundation and catalyst of digital evolution and innovation for the benefit of companies, the national socio-economic fabric and individual well-being. Through the practical adoption of this philosophy, Relatech aims to enhance the potential of technology to improve people's lives, ensuring that they can take full advantage of digital innovations in an inclusive and equitable way.

*We have been fully committed to fostering and making even more efficient the integration between the companies that make up the Relatech Group today, welcoming new entities as scientific and technological partners in our ecosystem, improving communication with investors and expanding our offer for customers through cross-selling initiatives and technological advances, all supported by intense research and development activities in collaboration with our hubs R&D, universities and research centres. We have developed a Value Ecosystem, in which each Group company and all our stakeholders bring know-how and skills and support us in fostering sustainable and circular business growth.*

*Thanks to our distinctive approach based on Open Innovation and transversal sharing of skills, Relatech has further developed its cloud-native RePlatform and further elevated the level of specialization of each of the companies within the Group. This has made it possible to develop an end-to-end offer that stands out for its flexibility, modularity and completeness, thus meeting the different needs of our customers in various market sectors. This approach allows us to always be at the forefront, offering solutions that anticipate and respond effectively to ever-changing market dynamics. The Relatech*

*Group, also thanks to the numerous Partners within its ecosystem, is now able to bring together the IT world with the OT world, to combine data governance with change management and advisory, to put together the consolidated **Digital Transformation** proposals with the analysis and reformulation of processes and activities, to propose solutions aimed at an overall upgrade of Customers, not only technological, but also such as to place people's quality of life, well-being and respect for the environment at the centre of work.*

*In line with the company's values, sustainability and social responsibility remain at the heart of our mission. Our commitment to social, environmental and governance objectives is evidenced in our Sustainability Report, which we share with all stakeholders to give value to a sustainable business activity and to raise awareness in our Ecosystem to achieve ESG goals together. Our Group's internationalization has gained momentum thanks to its presence in key cities such as Hong Kong, New York, Munich, Luxembourg and Vienna. We consolidate our capillarity throughout the country with 9 offices throughout Italy. Our human capital, now 800 talents strong, is at the center of our attention, with a focus on their professional growth and the development of management and communication skills through the ReCoach program. We are committed to promoting deeper human interaction and greater efficiency by spreading our 12 distinctive ethical values both inside and outside the Group. We believe that Trust, Transparency, Creativity, Humility, Innovation, just to name a few, make us not only a group of 10 dynamic companies, but an inclusive Ecosystem united by a single commitment "Progress" and with a solid vision for Digital Transformation.*

*In 2023, we have experienced a challenging but fruitful period, despite the international challenges that have affected the global economy, particularly with regard to raw material costs and inflation, Relatech has continued on the path of growth, driven by motivation and certainty in our abilities and in your support. We have embraced new challenges and embraced the Digital Renaissance philosophy that blends advanced technologies with respect for the individual. We thank you for your continued support and send you our warmest regards.*

**Chairman of the Board of Directors  
Mr. Lambardi Pasquale**




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# CORPORATE BODIES

## Board of Directors

**Pasquale Lambardi**

Chairman of the Board of Directors

**Gianni Franco Papa**

Vice-Chairman and Director

**Silvio Cosoleto**

Managing Director

**Antonio Patruno**

Managing Director

**Donatella de Lieto Vollaro**

Independent Director

## Board of Statutory Auditors

**Marcello Del Prete**

Chairman of the Board of Statutory Auditors

**Giulio Bassi**

Auditor

**Maria Carla Bottini**

Auditor

**Gianluigi Lapietra**

Alternate Auditor

**Martino Diletta**

Alternate Auditor

## Auditing Firm

**BDO Italia S.p.A.**

# THE GROUP AT A GLANCE

## The Group at a glance

Relatech S.p.A., Digital Enabler Solution Know-how (*DESK*) Company listed on the Euronext Growth Milan market since June 2019, has been active, for over twenty years (2001 foundation), in the field of digital frontier technologies *Digital Enabler Technologies*. Relatech leads a group of ten companies highly specialized in cutting-edge technologies, united by a common mission: *to support customers in the digital transformation process*.

Today, the Relatech Group is the reference partner for the Innovation and Digital Evolution of companies both nationally and internationally, being able to count on a complete, modular end-to-end business offer capable of responding to market needs. Through enabling technologies (Digital Enablers) and know-how deriving from the ecosystem of scientific partners with universities and research centers, as well as from important technological partnerships, the Relatech Group develops digital services and solutions capable of innovating the business model of its customers, ensuring sustainable growth for the success of their business today and in the near future and generating ethical value in the company-client and throughout the territory. Objective summarized briefly as D.E.S.K: Digital Enabler, Solution Know-how. Relatech is positioned as the digital partner of choice for all those companies that see the digitization and innovation of their business as the key to their current and future success.

Today, the Relatech Group boasts a good territorial capillarity: both internationally with 5 offices (Vienna, Munich, Luxembourg, New York, Hong Kong), and nationally with 9 offices (Milan, Brescia, Turin, Bologna, Parma, Genoa, Rome, Naples, Cosenza), around which it develops real hubs for the creation of Value also through solid collaborations with universities, research centres, local associations and technological partners with whom it does business in a sustainable way. The internal research and development hubs, in addition to developing innovation to anticipate market needs, play the important role of research incubators and talent attractors, thus promoting the enhancement and growth of the territory, local communities and the country system.

The business strategy of the Relatech Group pursues an OPEN INNOVATION approach, an activity carried out by the internal R&D Hub in collaboration with the scientific ecosystem, including in particular the University of Calabria (Cosenza), the University of Verona, the Federico II University of Naples, the University of Genoa, the Polytechnic of Milan and the ICAR-CNR department and local associations, such as Entopan.

The results of the R&D activity, which aim to anticipate market needs, are then industrialized and transformed into solutions thanks to the skills of internal resources who collaborate with the ecosystem of our technological partners. Thanks to partnerships with the scientific community, universities and research centers, more than 30 research projects have been successfully developed in recent years, obtaining significant results in innovative areas such as artificial intelligence, cybersecurity, blockchain, machine learning.

Relatech bases its commercial proposition on the proprietary RePlatform, the digital Cloud platform par excellence capable of bringing together methodologies, technologies, skills and know-how.

RePlatform, a flexible, modular and constantly evolving platform, able to integrate the expertise of the companies that become part of the Group, and from which vertical digital services and solutions applicable in different market areas derive. Examples include **ReZone**, the Artificial Intelligence Solution for customer engagement, **ReFab**, the end-to-end solution for digitization and complete production control for Industry 4.0 and **ReSoc**, the Relatech Group Security Operation Center and **ReCloud**, which offers professional IaaS services that can be configured according to customer needs, managed by the Relatech Group through state-of-the-art technical infrastructures hosted in Enterprise-level Data Centers with the highest quality and security standards.

The Relatech Group proposes itself as the digital player of reference, in the current landscape and in the near future, to lead the digital transformation of the Country System. The Relatech Group is, in fact, well positioned to support companies in the process of i) Modernization: the group supports companies in the digital transition through technological innovation ii) Ecological transition:

through digital innovation, the company aims at the sustainable redevelopment of the territory iii) Inclusion: the group pursues an approach based on Open Innovation, a continuous and synergistic process that aims to develop innovation. Skills through the scientific ecosystem (universities and research centers) with which it collaborates with internal R&D activities and scientific hubs that allow us to achieve constantly evolving results and that can lead to the definition of new objectives in terms of Innovation and Skills.

Today the Relatech Group has a human capital of about 800 people, an essential asset and the heart of the company. The careful management of resources, as well as the strengthening of the Group in terms of governance are among the company's priorities: ensuring the development of talents with professionalizing training plans and coaching courses aimed at strengthening transversal soft skills through the internal project called ReCoach, which has involved more than 40% of the population at group level and which has sanctioned Relatech as a certified company for Sustainable Coaching Management (also being able to count on 50 certified coaches within the company).

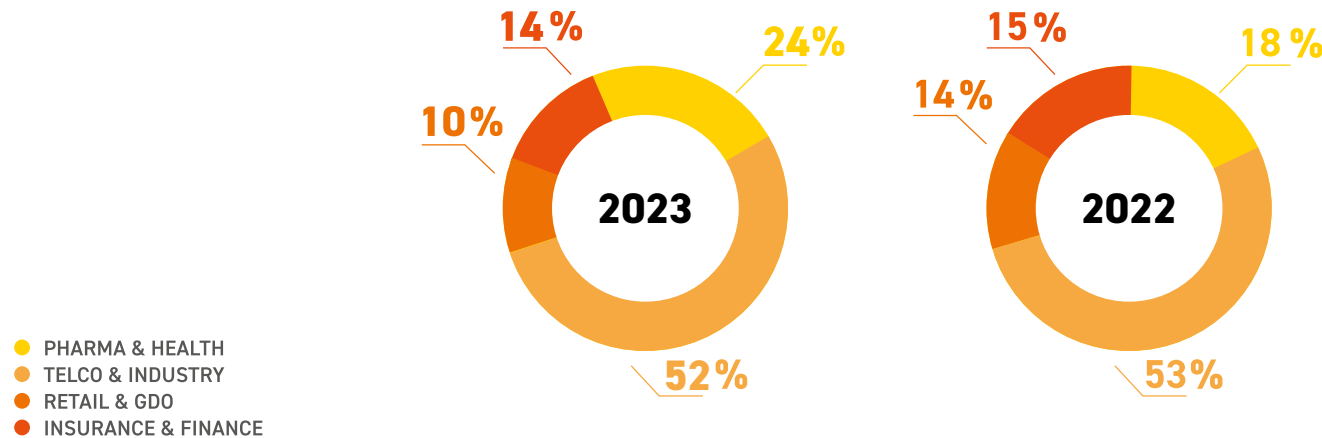
Human Value is at the top of the Group's value chain, and is in fact one of the

founding pillars on which Relatech pays close attention also with reference to sustainability issues, a path that the Group has undertaken since 2020 with the publication of the first ESG Non-Financial Report. The sensitivity towards the issues of Environment, Social and Governance are evidenced in the non-financial reports, Sustainability Report of the Relatech Group, which show the Group's assumption of responsibility and commitment in wanting to actively contribute to the sustainable growth of the entire Relatech Ecosystem.

The Digital Renaissance, together with the concept of New Digital Humanism that sees man at the center of every Relatech strategy, is the growth driver adopted by the Group, which intends to establish itself as the enabler of the democratization of technology, as the foundation and catalyst of digital evolution for companies, for the Country System and for the well-being of the Person, who will use the potential of technology to his advantage.

On the customer front, the Group today has a diversified market presence, with a market sector that has a greater presence, such as Telco & Industry, which continues to be the main one in 2023 with an incidence of more than 50%,

### MARKET DIVERSIFICATION BY TURNOVER



while among the other market sectors in 2023 the Pharma & Health segment grew compared to 2022 against a contraction in the Retail & Distribution. Headquartered in Milan, the Group also has offices in Brescia, Turin, Bologna, Parma, Genoa, Rome, Naples, Cosenza and has 5 international offices, Vienna, Munich, Luxembourg, New York and Hong Kong.

Below is a picture of the corporate structure of the Relatech Group.





# MANAGEMENT REPORT

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## 1. General economic performance

In 2023, the global economic scenario weakened, in Europe, in particular due to the negative impacts of inflation, which was still high, led to a tightening of monetary policy and an increase in interest rates, in emerging markets due to the slowdown in the Chinese economy, which had greater effects than expected. The prospects for recovery therefore still remain very uncertain, with the presence of preponderant downside risks, mainly due to the permeation and expansion of geopolitical tensions, not only in Europe due to the Russia-Ukraine war but also to the further war in the Middle East, which is associated with greater international production fragmentation and consequent possible repercussions on commodity prices.

International trade was modest, impacted by weak demand for goods and global monetary tightening. The effects of monetary tightening and the deterioration in consumer and business confidence continued to weigh heavily. In addition, any disruptions in global value chains, resulting in particular from attacks on shipping traffic in the Red Sea, or increases in energy prices caused by an unfavourable evolution of the war in the Middle East represent additional downside risks. A regional extension of the Middle East conflict poses a significant risk to growth and inflation, with global GDP expected to slow to 2.7% in 2024 from 2.9% in 2023, according to estimates published in November by the OECD.

In the euro area, the persistent weakness of the manufacturing and construction cycles continued, and is gradually widening to include the services sector. At its meetings in October and December, the Governing Council of the European Central Bank left policy interest rates unchanged, considering that their current levels, if maintained for a sufficiently long period, will make a substantial contribution to the return of inflation to the 2% target over the medium term, effectively aligning with the decisions taken in December by the Federal Reserve and the Bank of England that left policy rates unchanged, signalling that the monetary policy stance will remain restrictive until inflation returns to levels compatible with its objectives.

In the last quarters of the year in the euro area, the growth in household consumption was offset by stagnation in fixed investment and the negative contribution of changes in inventories, which subtracted 3 tenths of a point from growth and net foreign demand did not contribute to the recovery momentum, where it continued to increase, driven by the expansion of consumption.

It should be noted that in October the Council of the European Union approved the requests for amendments – also containing a new chapter of measures relating to the European REPowerEU programme – to the national recovery and resilience plans of 19 countries. In the same period, almost €46 billion in new resources were disbursed under the Recovery and Resilience Facility, of which €16.5 billion went to Italy.

In our country, GDP increased marginally in the third quarter and remained almost zero in the last months of 2023, held back by monetary tightening, still high energy prices and weak foreign demand. Compared to the estimates published in October, GDP growth is revised slightly downwards in 2024, due to cyclical signals consistent with the persistence of cyclical weakness until the fourth quarter of last year, and upwards in 2025, due to lower expected interest rates.

Growth projections for 2024-25 are broadly in line with those of other forecasters, while inflation estimates are much lower. Risks to growth are tilted to the downside and stem from the possibility that the lack of momentum in world trade will persist for longer, in connection with the weakness of the Chinese economy and a possible escalation of international political tensions. The latter could weigh on domestic demand, through a deterioration in household and business confidence, and have an impact on commodity prices. The tightening of financing conditions could also be more pronounced and have a greater impact on investment dynamics (Source: Economic Bulletin 1/2024 Bank of Italy).

## 2. The Target Market

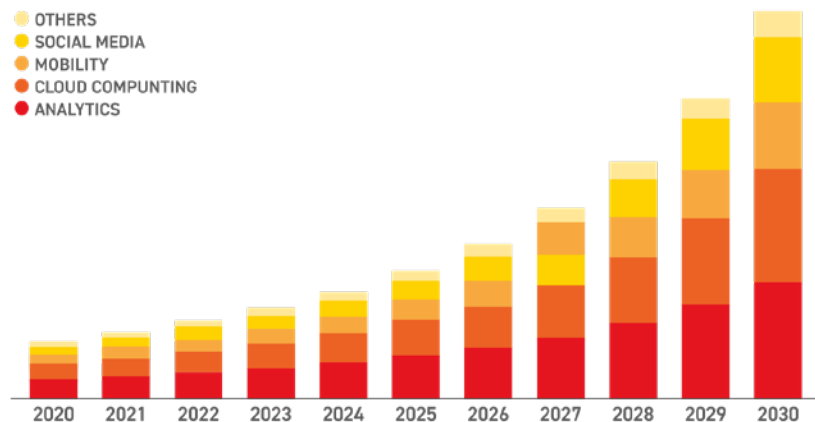
### 2.1 The global market

The Relatech Group is active in the international market of innovation and digital transformation, which for several years has been the fastest growing segment of the ICT sector. Also in 2022, in fact, this sector was the engine of growth, recording a total value of about \$730B worldwide, with an aggregate growth forecast (CAGR) in the period 2023 – 2030 of 26.7% worldwide. (<https://www.grandviewresearch.com>.)

The growth in the market can be predominantly attributed to the increasing adoption of cutting-edge technologies such as the cloud, big data analytics, and artificial intelligence (AI), among others, which has caused businesses of all sizes to grow worldwide.

The BigData Analytics segment accounted for the largest market share in 2022, with a 35.3% share, attributable to the high demand for capturing and analyzing huge volumes of business information to generate powerful insights through the use of A.I. algorithms, followed by Cloud Computing with a 26.7% share needed to store and manage data at scale.

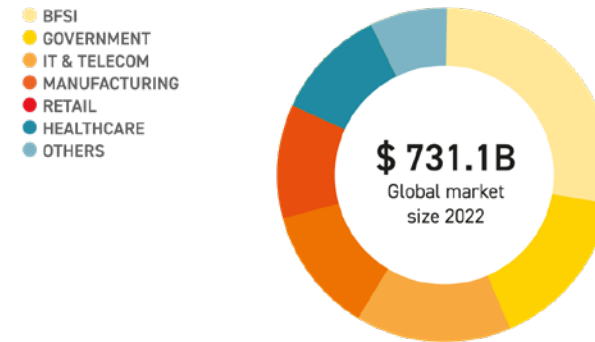
DIGITAL TRANSFORMATION MARKET - size, by solution, 2020 - 2030 (USD Billion)



Source: grandviewresearch

In terms of market diffusion, Digital Transformation at a global level is fairly evenly distributed, with a slight prevalence in the Banking & Finance sector.

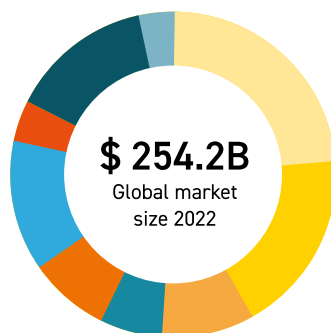
GLOBAL DIGITAL TRANSFORMATION MARKET - share, by end use, 2022 (%)



Source: grandviewresearch

Very strong growth is also expected for the most technological sectors:

**Smart Manufacturing:** The global smart manufacturing market was valued at US\$254.24B in 2022 and is expected to grow at a CAGR of 14.9% from 2023 to 2030. The market is expanding at a faster pace due to factors such as increased adoption of Industry 4.0, increased government commitment to supporting industrial automation, increased emphasis on industrial automation in manufacturing processes, increased demand for software systems that save time and costs, increased supply chain complexities, and increased emphasis on regulatory compliance.

**GLOBAL SMART MANUFACTURING MARKET** - share, by end use, 2022 (%)

fonte: grandviewresearch

**Cybersecurity:** The global cybersecurity market size was valued at 173.5B\$ in 2022 and is expected to grow to 266.2B\$ by 2027 at a CAGR of 8.9% during 2023-2027. The main driver of growth remains the increasing number of malicious attacks and intrusions globally and in every sector, including finance, government, healthcare and industry. In particular, increasing investments are expected, especially in the health, public administration and industrial sectors. For the latter sector, there is a growing focus on the protection of industrial networks also by SMEs.

(<https://www.marketsandmarkets.com/Market-Reports/cyber-security-market-505.html>)

## 2.2 The digital market in Europe

At the level of the European Community, the issues of digitalization and innovation are very much felt and substantial investments are already planned for the

Digital Europe program, which will focus mainly on 5 thematic areas: Cloud, artificial intelligence (AI), Cybersecurity, Digital Skills (skills) and Digital Transformation (processes and methodologies), and for the continuation of the Horizon Europe program for the period 2021-27 (H21-27), for a total investment value of more than EUR 100 billion over the next seven years.

The macro-objectives of the Digital Europe Program are:

- Increasing the EU's competitiveness
- Developing, strengthening digital skills and accelerating Member States' digital transformation
- Digital skills accessible to citizens and businesses
- Horizon 2021-27 programme, continuation of H2020

The Horizon 21-27 programme provides funding for research and innovation which will continue with the already launched Horizon 2020 programme but will be further strengthened to fund research in the areas of health, safety, digital transition and the protection of the green ecosystem. Part of the program's budget is reserved for the Digital and Industry sphere in order to develop high standards of research and innovation in Digital Enablers, i.e. technology enabling digital evolution, such as Artificial Intelligence, Robotics, Next Generation Internet (5G, etc.), Computing, Big Data.

Several thematic areas addressed by Horizon21-27 and the Digital Europe Programme seem to overlap, but in reality, they are complementary, namely:

- The Digital Europe programme will focus on large-scale digital capacity and infrastructure building with the aim of wide market uptake and deployment of digital solutions.
- Horizon21-27 will support research and technological development.

The digitalization market will, therefore, have a substantial boost in terms of investments from the European Union, not only through the Digital Europe and Horizon21-27 programs, but also from the European Recovery Plan (Europe 2027 project).

On 17 December 2020, following approval by the European Parliament, the Council of Europe adopted the regulation on the EU's multiannual financial framework (MFF) for the period 2021-2027. The regulation established a long-term EU budget for the EU27 of €1,074.3 billion, helping to repair the economic and social damage caused by the coronavirus pandemic and support a recovery plan that will help the EU emerge from the crisis and lay the foundations for a more modern, sustainable, and digital Europe.

The MFF, together with the €750 billion in extraordinary recovery instruments contained in the Next Generation EU plan, will enable the EU to provide more than €1.8 trillion in funding over the coming years to enable a recovery from the COVID-19 pandemic and help transform the EU by supporting the European Green Deal and digital transformation.

Most of the EU's sector-specific funding programmes are expected to be adopted in early 2021. In order to access the funds of the Recovery Plan, each Member State is required to submit to the Commission.

European Union has its own national recovery plan.

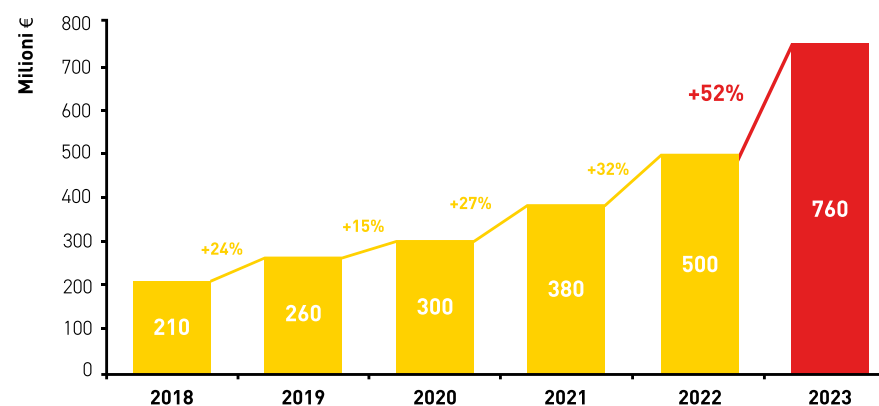
Expenditure under the 2021-2027 MFF and NGEU must be consistent with:

- the EU's goal of being climate-neutral, i.e. not having a negative but rather positive climate impact by 2050;
- the EU's 2030 climate targets;
- Paris Agreement.

## 2.3 The digital market in Italy

Similarly to what happened in the global scenario, the big news of 2023 for the digital market in Italy was the rapid spread of AI technologies applied to natural language models (LLMs), which continue to garner not only interest but also ever-increasing investments.

AI market: 2018 - today



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In fact, the artificial intelligence market in Italy is growing rapidly. 2023 marks an increase of 52%, reaching a value of 760 million euros, after already recording +32% in 2022 compared to the previous year.

Most of the investments concern text analysis and interpretation solutions for semantic search, classification, synthesis and explanation of traditional documents or conversational agents, while generative AI projects are still limited to 5% (38 million euros). Six out of ten large Italian companies have already started some kind of artificial intelligence project, at least at the level of experimentation, but as many as two out of three have already discussed the appli-

cations of generative AI internally and among these one in four has started an experiment (17% of the total).

The trend of the digital market expected for the two-year period 2023-2024 will be influenced by several factors:

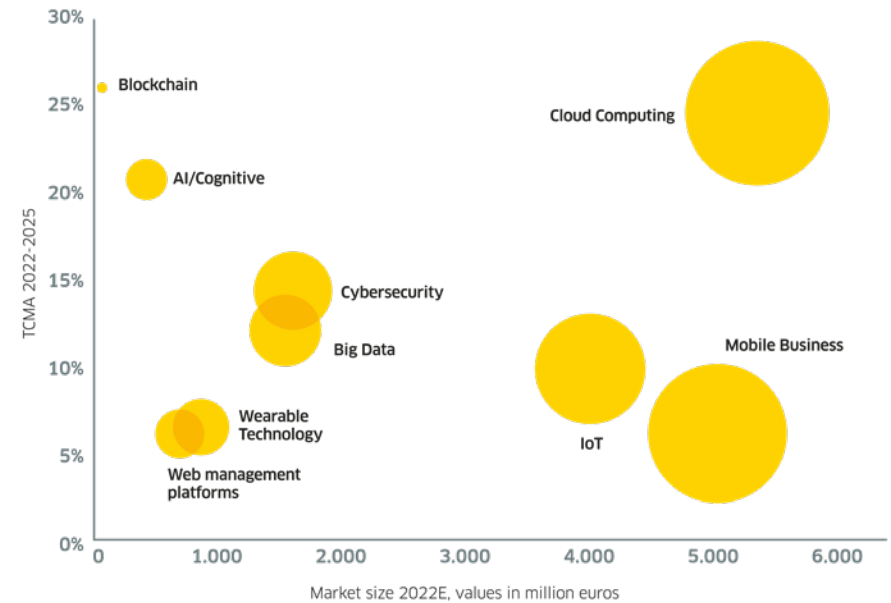
- the actual use of PNRR resources allocated to the country's digitization projects and their real feasibility in complex territorial and operational contexts;
- the persistence of an uncertain economic situation both nationally and internationally;
- an increase in external and internal costs for the ICT sector, which makes the digital transition more expensive.

With regard to the 2022-2025 prospects of the market specifically referred to Digital Enablers, it is foreseeable that they will continue to be an extraordinary driving force for the development of the Italian digital market, thanks to the many digital transformation initiatives that, despite the period of uncertainty, will continue to arise in companies.

In detail, it is possible to identify three main clusters of technologies. The first category includes solutions and platforms that have achieved significant market values and still have good growth prospects. This is the case of Cloud Computing, which is expected to exceed 10 billion euros in 2025 thanks to an average annual growth in the period 2022-2025 of 24.5%.

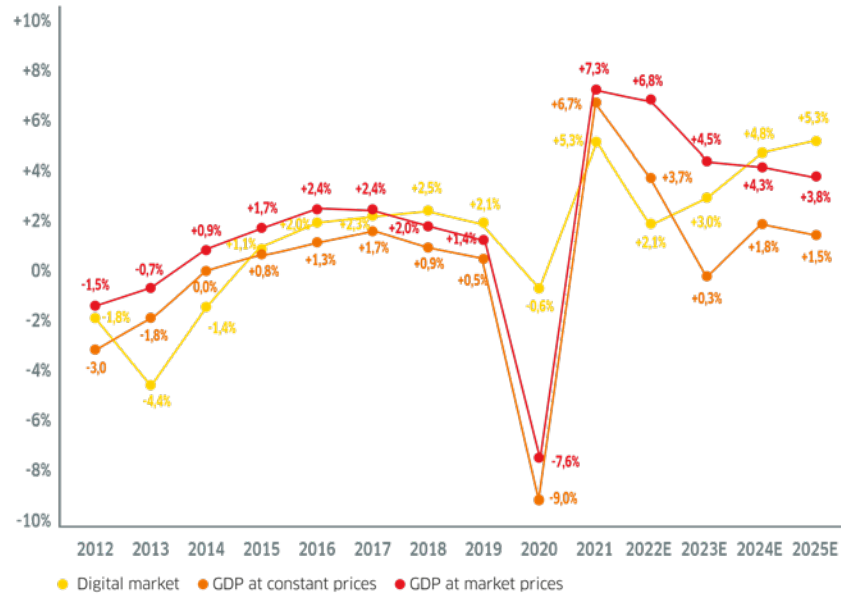
The Cloud has taken on a central role in digital transformation and in supporting technological and business priorities thanks to the now proven advantages in terms of flexibility and scalability compared to traditional on-premises logics. In terms of performance, it is followed by IoT (4 billion euros, +8.8%), which is the basis of technological innovation in operational processes and production and the development strands of the PNRR. Finally, it is worth mentioning Mobile Business (€5 billion, +6.1%), whose development reflects the continuous increase in worker mobility despite the growing maturity of demand for communication devices and services.

The second cluster includes Cybersecurity (€1.6 billion, +14%) and Big Data (€1.6 billion, +12.7%). Finally, niche solutions and technologies fall into the third cluster, either because they are characterized by a very specific use or because their use cases have not yet found full materialize, such as web management platforms, wearable technologies.



Source: NetConsulting cube, 2022

This evolution is more positive than that of the entire economy for some years now, as emerges from the comparison of the time series of the annual growth of the ICT market and GDP where it is clear that ICT has dragged the growth of the economy at least over the last five years and from a competitive point of view this growth has been accelerated since 2020 due to the challenges opened up by the pandemic.



Source: Anitec - Assinform processing on ISTAT, NADEF, NetConsulting Cube

In addition to the impact that the adoption of ICT technologies has on the organization of companies, the enabling role of these technologies in creating new business models, new competitors and new markets, as well as in transforming production and processes, with the spread of new phenomena such as robotization, automation and artificial intelligence, and pave the way for the international fragmentation of supply chains, becomes fundamental. There is now widespread awareness in all sectors that Digital Enablers and ICT technologies determine competitive power in the knowledge economy.

## 3. Structure and activities of the Group

### 3.1 Group Structure

The table below represents the structure of the Relatech Group as of December 31, 2023:

Name	Registered Office	Share capital	Participation Fee	Principle of Consolidation
RELATECH S.P.A.	Italy	Euro 215,079.59	Group leader	-
ITHEA SRL	Italy	Euro 40,000.00	100,00%	Integral
OKT SRL	Italy	Euro 96,000.00	51,04%	Integral
DTOK LAB SRL	Italy	Euro 11,136.00	51,00%	Integral
DIALOG SISTEMI SRL	Italy	Euro 50,000.00	60,00%	Integral
GRUPPO SIGLA SRL	Italy	Euro 81,600.00	100,00%	Integral
MEDIATECH SRL	Italy	Euro 46,800.00	100,00%	Integral
EFA AUTOMAZIONE SPA	Italy	Euro 120,000.00	89,66%	Integral
VENTICENTO SRL	Italy	Euro 50,000.00	51,00%	Integral
IOT CATALYST SRL	Italy	Euro 200,000.00	100,00%	Integral
BTO RESEARCH SPA	Italy	Euro 2,465.313.00	80,00%	Integral

For the scope of consolidation, please refer to the explanatory notes.

**Ithea Srl**, based in Rende (CS), was founded as a spin-off of the University of Calabria with the mission of applying the results of scientific research in the fields of new technologies and data management for commercial purposes, through consulting services and the development of innovative products. With offices in Rende (Cosenza) and Naples, Ithea boasts specialized skills in Digital Customer Analytics and Engagement, Big Data, Business Intelligence, Mobile, Social eCommerce. In the Relatech Group, Ithea S.r.l. operates in research and

development activities.

**OKT Srl** (Open Knowledge Technologies), based in Rende (CS), was born as a spin-off of the University of Calabria, is indirectly part of the Relatech Group through Ithea Srl, focused on the enhancement of know-how in the field of Cyber Security, Blockchain and Artificial Intelligence. It deals with the integration and development of cutting-edge proprietary and Open Source technologies to meet the needs of every economic and industrial reality, making use of the results from the academic world and research. OKT promotes and develops



customized solutions in order to achieve a transfer of technologies to companies interested in quickly identifying and integrating advanced solutions to improve the competitiveness of their offer.

**Mediatech Srl**, based in Brescia, specializes in the development and management of cloud solutions and infrastructures with a high focus on cybersecurity issues, a market in which it also operates as a qualified partner of international big vendors, such as Nutanix. Mediatech has joined the Relatech Group in 2020, with the aim of integrating into Relatech's business model, helping to strategically expand the Group's ecosystem of technology partnerships and offering services that help customers modernize their datacenters and run applications at any scale (on-premise and in the cloud), with the implementation of new automation capabilities.

**Dialog Sistemi Srl**, based in Milan, has established itself as a management control consulting company specializing in the design of "business monitoring and governance" systems and a software producer in the Business Performance Management sector.

**Gruppo SIGLA Srl**, based in Genoa, is a company with high specialization and experience in the field of Information Technology that designs and develops IT solutions for companies and public bodies. Gruppo SIGLA is able to provide solutions and services in the field of Information Technology and Automation, covering the entire life cycle of the Project: from the analysis of business requirements to the realization of feasibility studies, from the design (hardware and software) to the creation of "dedicated applications" to the installation and implementation of the same at the end users.

**DtoK Lab Srl**, based in Rende (CS), is an academic spin-off of the University of Calabria active in providing Big Data management and analysis solutions in business domains using cloud-based technologies, and carries out in-depth analyses in terms of sentiment analysis, trajectory discovery, data journalism.

**EFA Automazione SpA**, based in Milan, has been operating for over 35 years

in the Industrial Automation sector, developing specific skills in the communication and connectivity of machines and plants. The in-depth knowledge of communication protocols and drivers, as well as the Middleware platforms for the supervision and collection of process data in the OT (Operational Technology) world, makes it a natural interlocutor in the IT (Information Technology) world which, thanks to the technologies offered, is able to draw on process data in a simple and secure way.

The company operates as a technological vector in the world of industrial automation through products, solutions and services aimed at the exchange of data between the two IT/OT worlds, an essential element for the implementation of digital transformation projects or models.

**Venticento Srl**, based in Bresso (MI), a company specialized in offering Cybersecurity and Cloud solutions and IT services for the enterprise market. Founded in 2005 in Milan and with offices in the United States and Hong Kong, Venticento's mission is to ensure maximum protection of its customers' data through Cybersecurity technology, while ensuring flexibility to the Cloud infrastructure.

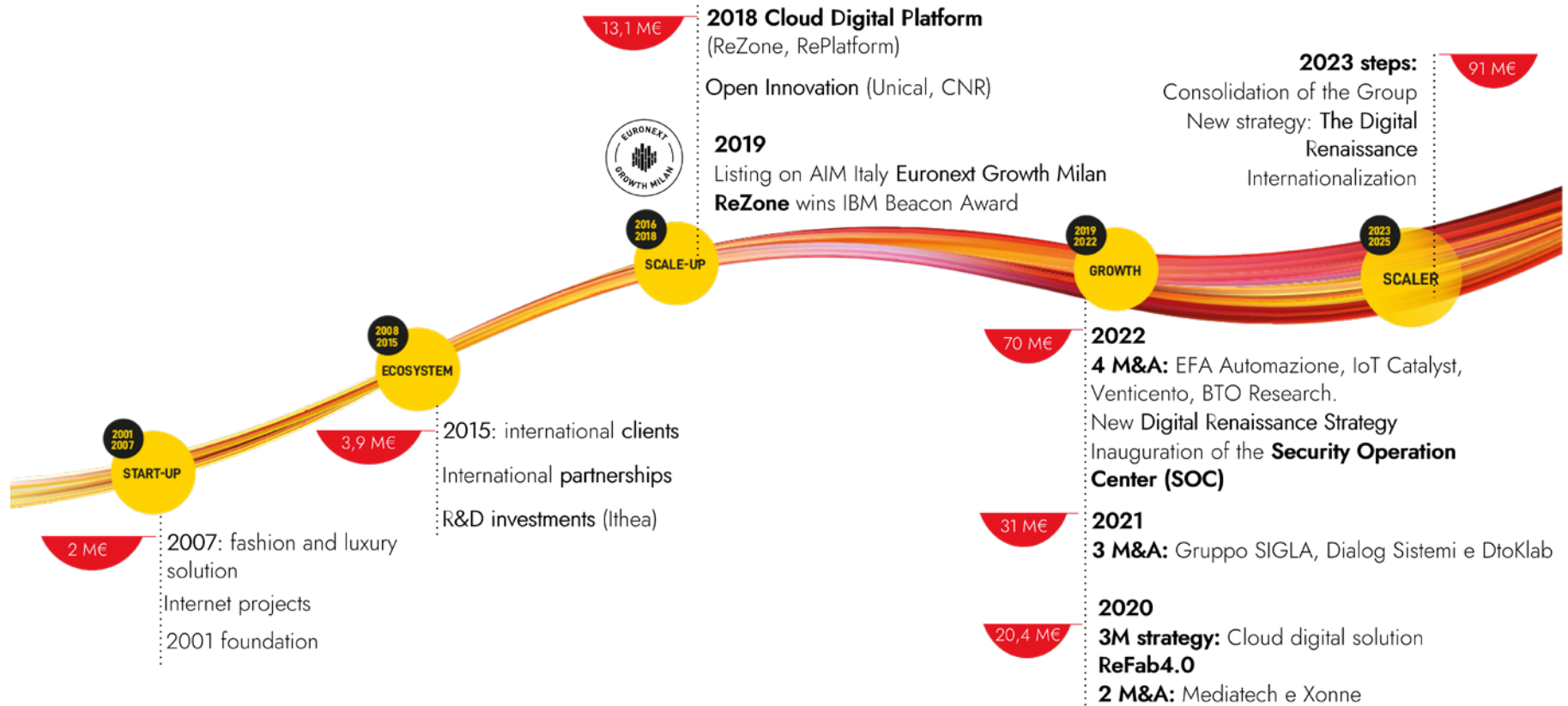
**lot Catalyst Srl**, based in Rome, is a company specialized in IoT technology and in the development of edge computing solutions in the industry 4.0, telco and smart city sectors. lot Catalyst, supports customers in the design, roll-out and maintenance of IoT systems, with the ultimate goal of managing complex networks, infrastructures and industrial plants efficiently, safely and quickly.

**BTO SpA**, with offices in Italy in Milan, Turin, Bologna and Rome, the company is also present abroad in Munich (Germany), Vienna (Austria) and Luxembourg. BTO Research is one of the main players in management & change advisory, already operating in Italy and abroad in the insurance, banking, utilities, fashion and automotive sectors. In addition, BTO boasts extensive expertise in Digital & Marketing strategy thanks to an international Advisory Board, made up of experts in technology and digital marketing.

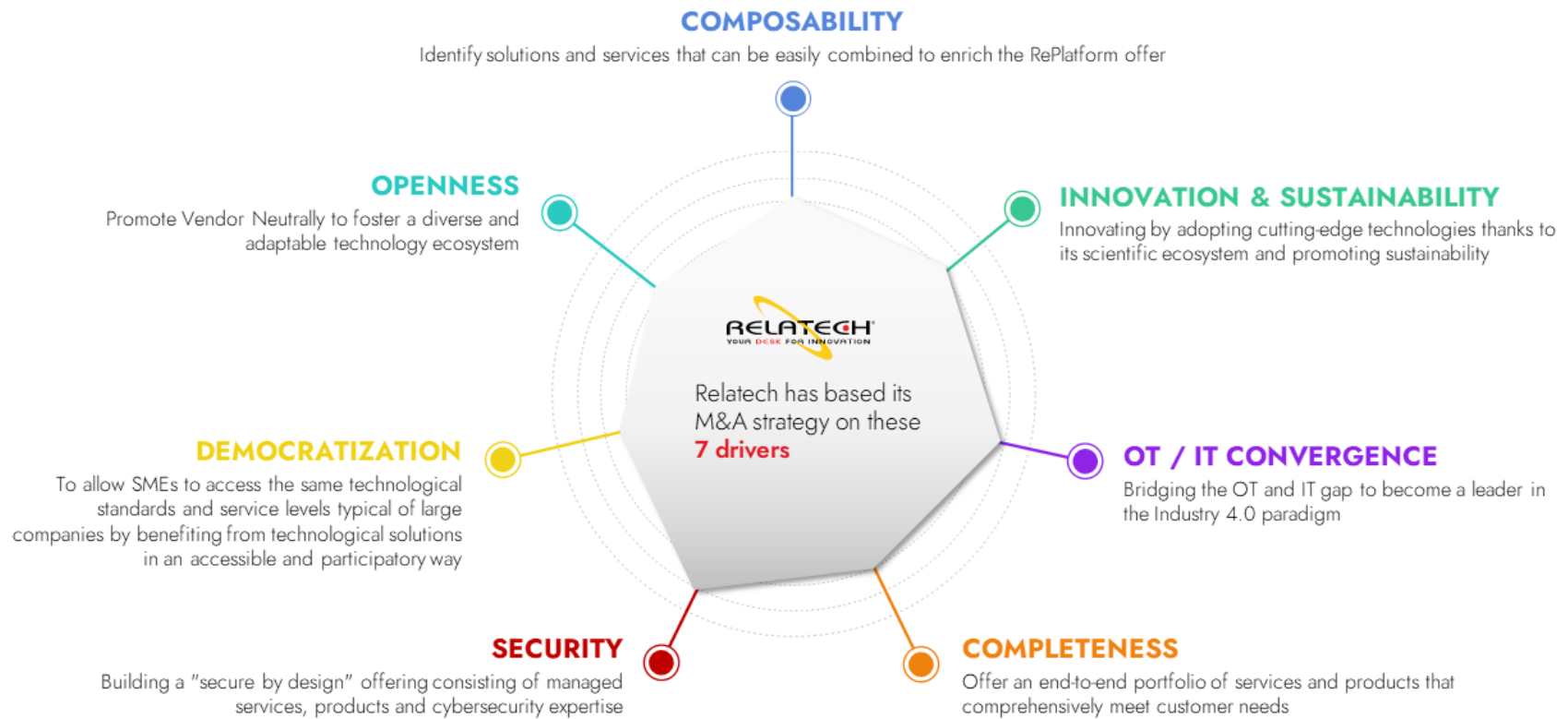
## 3.2 The evolution of the Group

Over the years, the Group has undergone a remarkable transformation, evolving since its foundation in 2001. The progressive growth, both internal and external, has contributed to the continuous evolution of the company's business model, positively influencing both the Group's expansion and its economic and financial performance.

### More than 20 Years of Innovation



The drivers that guided the M&A process are those shown in the figure below



## 4. Business Model

Thanks to its own internal skills and those of the companies in the group, Relatech is able to support client companies in designing and implementing the best digital transformation path, with an End-to-End business model. that combines enabling digital technologies, innovative solutions and constantly updated know-how. Relatech therefore proposes itself as a reliable partner to help the customer to outline the best transformation process and lead him along all the identified paths towards a successful realization, thanks to the deep knowledge and experience of all the founding components of the digital world:

- **Innovative Technologies:** Relatech is engaged in constant research and development on frontier digital technologies such as Big Data, Cybersecurity, Artificial Intelligence, Blockchain, IoT, Cloud, Augmented and Virtual Reality and others.

- **Digital adoption strategies:** the use of technologies must also be functional to the achievement of the company's business objectives. Relatech aims to guide customers in the choice of digital technologies and in the re-engineering of business processes to promote the correct adoption of digital.
- **Development of innovative Solutions and Services:** thanks to the use of technologies and digital strategies, relatech is able to offer customized Solutions and Services to meet the needs of the end user, in order to maximize the return on business and the sustainability of production processes and, last but not least, to ensure data security and scalability of performance.
- **Constantly updated know-how:** finally, thanks to the skills of all the companies in the group, Relatech is able to guarantee the success of every digitization process.



## 4.1 D.E.S.K. Membership

Focusing on the new organizational structure based on practices that has allowed the integration and composability of the technical-commercial offer, the D.E.S.K. Membership (Digital Enabler Solution Know-How) offer was launched in 2023. The DESK membership is a subscription service that guarantees customers who subscribe to it privileged access to the entire Relatech ecosystem represented by the exclusive RePlatform offer, so as to be guided on their path of innovation through the different areas of intervention. The offer of the DESK membership marks a fundamental step for the evolution of Relatech's business model, which aims to create lasting relationships with its customers capable of generating recurring revenues.

## 4.2 RePlatform

This End-to-End approach is made possible by the internal development of the company's digital platform RePlatform™, which provides technologies, methodologies and skills that enable the development of innovative solutions, services and business models by leveraging all the experience of the Relatech group.

RePlatform™ is the distinctive factor that allows us to guarantee innovation, quality and speed in all digitization paths and make our solutions natively cloud-based, secure, data-driven and people-centered.



### 4.3 Value Proposition

The Relatech Group offers the market digital solutions and services for innovation, based on RePlatform, to support customers in the implementation of multiple types of customized digital transformation projects, helping them to define new digital strategies and share new technologies within pre-existing architectures.

Target customers are all companies that want to innovate their processes and evolve their business model to continue to be competitive in the market.

Based on the skills and technologies contained in RePlatform, Relatech has developed several business lines, summarized in the following image, which together represent Relatech's End-to-End approach to the issue of digital transformation.

The business lines are macroscopically divided into Innovation Services and Digital Solutions.

**Innovation Services are:**

- **Open Innovation & Sustainability**, research and development activities in partnership with universities and research centres to propose

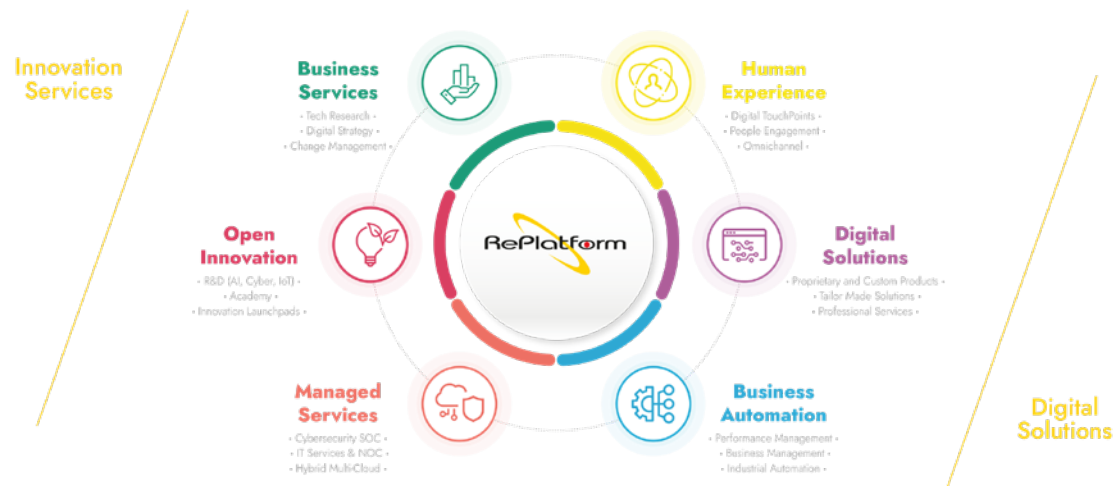
new technologies and solutions to keep the company's offer constantly updated.

- **Business Services**, consulting and strategic business advisory services offered to customers to help them better analyze their needs and design the most suitable innovation path.
- **Managed Services:** design and management services for cloud infrastructures and turnkey managed security services.

**Digital Solutions are:**

- **Human Experience Solutions**, i.e. solutions based on RePlatform, designed to address needs oriented towards Customer Experience and multi-channel analysis of customer habits.
- **Smart Industry Solutions**, to provide solutions for data acquisition, supervision and control of plants and industrial processes, and advanced analytics for the monitoring of business KPIs.
- **Tailor-made Solutions**, i.e. customized solutions, developed on the basis of RePlatform's functionalities, to meet the specific needs of a customer.

A brief description of the individual business lines is given below.



### 4.3.1. Open Innovation & Sustainability

Relatech has always been committed to research and innovation activities in collaboration with prestigious **Italian and foreign universities and research centers**. Our **Innovation Lab** is focused on the development of research projects that, by applying the latest technologies such as AI, BigData, Blockchain, CyberSecurity, propose innovative solutions to support the improvement of the **sustainability** footprint in terms of reducing environmental impact, improving production efficiency, reducing waste and supporting inclusivity and the most fragile people

These activities also aim to feed the company's *Value Proposition* with innovative solutions and, more generally:

- Anticipate market developments;
- Increase internal expertise on innovative technologies;
- Develop a value proposition based on constantly updated solutions;
- Propose innovative solutions on ESG issues.

Thanks to these skills, the laboratory has been able to develop projects and prototypes on various topics of interest and topicality:

- Traceability in the world of Supply Chains
- Environmental Monitoring
- Energy saving
- Mobility and consumption
- Smart Cities
- Circular Economy
- Industry 4.0
- Digital Health (E-Health)
- Predictive Maintenance

More information on the activities of the Research Laboratory can be found in the next chapter.



### 4.3.2 Business Services, Strategic Consulting and Process Re-Engineering

Relatech offers Strategic Advisory services to help clients define the best Digital Transformation strategies and plan the technology adoption roadmap to achieve the set business objectives. It also offers activities for the analysis and improvement of business processes through **Assessment, Process Reengineering** and development of **enterprise applications, particularly in the areas of:**

- **MES – Manufacturing Execution Systems**
- **ERP – Enterprise Resource Management**
- **EPM – Enterprise Performance Management**





### 4.3.3 Managed Services: CyberSecurity, Cloud e IT Services

Relatech offers 24-7 hour managed services for the holistic management of technological infrastructures and IT security, also in follow-the-sun mode thanks to foreign offices.

The services provided are:

- **ReSOC:** the Security Operation Center of the Relatech group, equipped with a control room at the highest levels of security, which offers managed MDR (Managed Detection and Response) and EDR (Endpoint Detection and Response) services.
- **ReCloud:** The professional Cloud services managed by the Relatech Group provided through proprietary technical infrastructures hosted in Enterprise-level Data Centers, with the highest quality and security standards.
- **ReDESK:** The IT services of the Relatech group that include a Network Operation Center and First and Second Level Help Desk.



### 4.3.4 Human Experience Solutions, the user at the center of attention

The goal of this line of business is to create an effective **Engagement Journey** by putting the needs of the person at the center of attention to propose personalized experiences and establish an ongoing relationship of satisfaction for the end user.

**ReZone** is Relatech's Customer Engagement solution aimed at achieving these results through the use of innovative digital technologies.

The **ReZone solution** includes:

- Designing the Engagement Strategy;
- Development of digital touch points through technologies such as: Web & Mobile App, Phygital Environment, AR/VR, chatbots;

- Customization of the omnichannel platform for data acquisition from heterogeneous sources (CRM, eCommerce, App...) and the development of Data Analytics based on A.I.;
- Development of personalized experiences based on the user profile, to improve loyalty and customer satisfaction.

ReZone has been verticalized for different market sectors:

- **ReZone-Retail**, to improve the shopping experience and consumer loyalty of retail establishments;
- **ReZone-Health**, to improve the experience of using health services at clinics and treatment centers;
- **ReZone-Art**, to enhance the experience of visitors to museum, cultural and artistic locations.



### 4.3.5 Smart Industry Solutions, fabbrica connessa e Digital Twin

The goal of the business line is to propose an End-to-end digitalization path for the connected factory.

**ReFab** is the Relatech's solution that allows to achieve the complete digitalization of the factory through different lines of intervention:

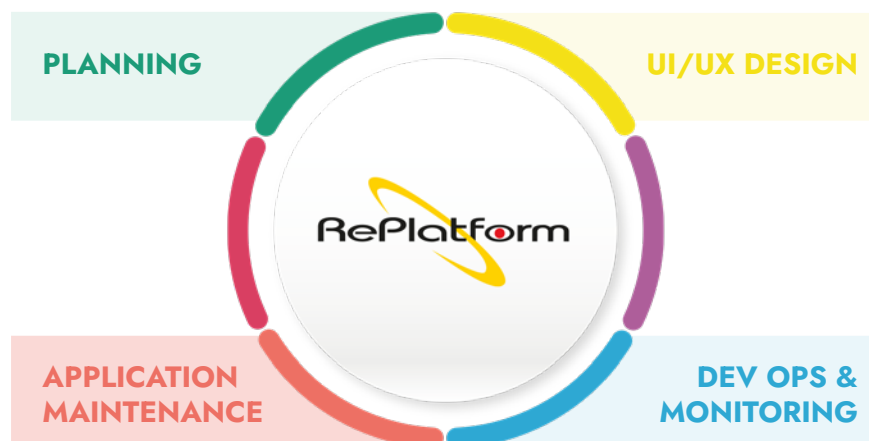
- Connect machinery and plants and collect operating data in real time;
- Automate production processes and check their correct functioning;
- Re-engineer processes for greater production efficiency;
- Improve human-machine synergy with innovative digital tools;

- Improve energy consumption and reduce waste by keeping processes under control;
- Securing data and OT infrastructures with up-to-date cyber security tools;
- Reduce costs related to IT infrastructures thanks to advanced cloud solutions;
- Create the **Digital Twin** of the factory by collecting all the data from factory systems and management systems and create advanced analytics to measure and predict and optimize business performance.



### 4.3.6 Tailor-Made Solutions

Relatech proposes and develops Tailor Made solutions based on RePlatform to digitize the customer's processes and business ideas. The added value of Relatech are the methodological and technical skills that, combined with a deep design experience, allow us to meet every need and achieve the set objectives:



- Analysis of business, functional and technical requirements. Project Management
- Agile Methodologies
- Solution Design & Software Architecture
- Full Stack SW Development
- CX, Web & Mobile Development
- Data Modelling & database management
- Blockchain & Cybersecurity
- AI & Big Data Analytics
- IT & Cloud Architectures

This activity is carried out in the Digital Factory where the key skills and experiences are developed to design and deliver new solutions to customers. Our Talents are the key resource of the Factory, they are all highly qualified and experienced in one or more of the digital technologies that are part of the Group's offer.

Innovative skills, methodologies and technologies continuously fuel the growth of RePlatform, on the basis of which, we design custom solutions by combining the different modules of RePlatform and/or leveraging the technologies of our partners.

## 4.4 Significant market activities

All this allows Relatech to position itself among the most innovative companies on the Italian technology scene and to meet the needs of its main customers in very diversified market segments such as Pharma & Health, Telco & Utilities, Manufacturing, Retail & Distribution and Finance & Insurance.

The adoption of RePlatform-based solutions and the ability to offer services and solutions in an as-a-service model have ensured flexibility, scalability, effectiveness and cost reduction, and the shift in IT provisioning to an opex-based spending model, which allows for a "pay-as-you-go" mode.

In particular, in the Pharma & Health sector, the supply of solutions and services aimed at creating a competence center in the field of Machine Learning and Artificial Intelligence capable of managing, designing and implementing all Innovation initiatives in support of the various product lines has been expanded.

In the Telco & Industry market, the convergence between physical and virtual is revolutionizing the relationship with customers and even in this context, operators must respond to new challenges with personalized offers and services. In this scenario, the Relatech Group has strengthened its customer base by enriching it with IoT-Catalyst, an innovative solution acquired in 2022 for Edge Computing and Device management in the Industrial IoT world.

In the Finance & Insurance market, digital is forcing a major transformation of traditional processes. There is a growing demand for AI and robotics-based solutions made possible by the increasing amount of data resulting from the digitization of services.

Here are some of the most recent implementations developed:

- HEALTH & LOYALTY SOLUTION
- CUSTOMER ENGAGEMENT SOLUTION
- ORDER MANAGEMENT SOLUTION
- RESOURCE MANAGEMENT SOLUTION
- PRODUCTION PLANNING SOLUTION
- BUSINESS PERFORMANCE MANAGEMENT SOLUTION
- DATA & PRIVACY PROTECTION SOLUTION

Equally important is the development of the commercial ecosystem, which boasts important partnerships with international companies such as IBM, Oracle, Microsoft, Nutanix, Red Hat, Ignition, HMS, Cynet and several others.

## 4.5 The Growth Strategy: Digital Renaissance

At the heart of Relatech's strategy is the commitment to the creation of sustainable value over time. Through the high-value synergy between operational quality and service innovation, the Group pushes its business model towards new horizons in the field of Digital Innovation & Evolution. This process is made possible through effective collaboration involving employees, customers, the financial community, suppliers, partners, and the entire Relatech ecosystem.

The "Digital Renaissance" and the concept of "New Digital Humanism", which places the individual at the center of Relatech's strategies, represent the main levers for the Group's growth. This vision aims to position Relatech as a leader in facilitating universal access to technology, promoting a democratization that serves as a pillar and accelerator for digital innovation for the benefit of compa-

nies, the national socio-economic fabric and individual well-being. Through the practical adoption of this philosophy, Relatech aims to enhance the potential of technology to improve people's lives, ensuring that they can take full advantage of digital innovations in an inclusive and equitable way.

The Relatech Group bases its growth strategy on several drivers and critical success factors:

### Open Innovation:

- a. Continue to invest in R&D in key areas such as AI, Blockchain, Cybersecurity, IoT and Cloud.
- b. Intensify collaborations with academic and research institutions, as well as local authorities, to develop cutting-edge skills and build a network of synergistic partnerships that promote an increase in sustainable business and the generation of circular value.
- c. Enhance the offer of high-tech services and solutions, integrating new digital services and solutions to assist customers in their technological transition and ensure sustainable growth of their businesses.

### Human Capital:

- a. Enhancement of Human Capital: Increasing know-how and internal skills with training plans and professionalizing paths, as well as improving the soft skills and potential of individuals and teams with coaching paths. In this regard, Relatech has launched an internal coaching project called ReCoach, which aims at the growth of Relatech employees, who through coaching are able to discover their potential, further enhance their personal soft skills and focus on their private and professional life goals, promoting team building and the growth of the Group. ReCoach takes on the dual function of increasing personal skills and creating strong links within the Relatech ecosystem. In this regard, it is necessary to underline that the ReCoach project is extended to all the companies that are part of Relatech (more than 40% of the population at group level has taken part in the project) and this facilitates and accelerates

the integration process between collaborators of the entire group. In addition, ReCoach is a facilitator of the dissemination of the 12 Relatech Values in which the whole group recognizes itself and among these we mention Trust, Transparency, Respect, Innovation and Coaching, the key principles of corporate identity and ethics, as well as a synthetic expression of what is pursued and declared in the Relatech ESG report.

- b. The project was born in collaboration with the ICU (International Coaching University) which in May 2023 awarded Relatech and Chairman and CEO Pasquale Lambardi the seal of certified company for Sustainable Coaching Management.
- c. Improve talent retention and attraction with stock-option incentive plans e-grant.
- d. Create innovative HUBs distributed throughout the territory to encourage the creation of a harmonious ecosystem aimed at fostering the development of local communities.

#### Scalability:

- a. Evolution of recurring revenues with Digital Solutions that can be replicated across multiple markets
- b. Use of the results of R&D activities to further develop the RePlatform, Relatech's core business
- c. Increase technology and business partnerships

#### Diversification:

- a. Introduce new vertical solutions in emerging sectors (Industry 4.0, Agri-food, Lifescience)
- b. Increase cross-selling activities thanks to the modularity of the suite of solutions (Digital Solutions) and a complete end-to-end offer
- c. Maximize penetration in Europe and the USA and enter international markets

#### Loyalty:

- a. Enhance Up-Selling activities thanks to a modular and flexible end-to-end business offering

- b. Increase the customization of Digital Solutions according to customer needs
- c. Strengthen the suite of innovative services offered in the market and expand collaborations with the existing customer base.

#### Offer:

- a. Identify targets with R&D activities in the AI, Cloud, AR/VR, Metaverse, RPA, IoT sectors, and with new international technological partnerships to enrich the offer within RePlatform
- b. New targets to increase the customer base in new market sectors.

The Relatech Group, thanks also to the numerous partners in its ecosystem, is now able to combine data governance with chance management and management advisory, to bring together the consolidated **Digital Transformation** proposals with the analysis and reformulation of processes and activities, to propose solutions aimed at an overall upgrade of Customers, Not only technological, but also such as to place people's quality of life, well-being and respect for the environment at the centre of work.

## 5. Open innovation and Sustainability activities

Relatech Group's commitment to innovation is evidenced by the huge investments in this area, through which it participates in research activities within a broad scientific ecosystem and increases internal skills in order to support the development of its commercial offer.

This model, which has already been in place at Relatech for several years, has more recently been joined by a commitment to sustainability (ESG), which takes the form of the voluntary publication of the sustainability report and the search for projects with ESG purposes.

In fact, if on one hand the goal is to anticipate market developments and keep the company's products and services on the technological frontier, constantly delving into topics such as AI & Bigdata, IoT and Industry 4.0, Digital Customer Experience, Cybersecurity, Blockchain and Cloud, on the other hand, the Group's desire is to increasingly bring these technologies into issues with ESG impact such as, especially:

- Environmental Monitoring
- Energy saving
- Mobility management and consumption reduction
- Smart Cities
- Traceability and Circular Economy
- Digital Health (E-Health)

For example, recently the companies of the Relatech Group have participated, and still participate, in projects funded both at national (PON) and regional (ROP) level, as well as in projects funded by the PNRR, on digitalization issues in various industrial sectors such as:

- Analysis of data from the agricultural sector through AI/ML models, for the determination of the impact of climate change on different types of crops, and the evaluation of the effectiveness of different agricultural techniques for the reduction of the use of pesticides and polluting ferti-

lizers, the optimization of water resources and the reduction of the CO2 footprint deriving from production on the environment.

- Analysis of data from the clinical sector for the monitoring of hospital and home rehabilitation therapies and the care of patients with high frailty, through IoT systems for the collection of data and AI models for their analysis.
- Definition of innovative advanced **food traceability** systems to improve production planning and food well-being, in the agrifood sector through the use of IoT sensors, AI models, and the use of Blockchain for data certification;
- Certification of the originality of products in the fashion sector to avoid falsifications and guarantee the veracity of the Made In Italy brand, through supply-chain traceability models, the development of non-clonable physical devices and the use of the Blockchain;
- Environmental monitoring systems on air and water pollution control areas thanks to the collection of data from environmental sensors distributed throughout the territory;
- Energy control and recycling systems for the supply of auxiliary systems thanks to advanced industrial automation systems for saving and optimizing consumption in industrial plants and in the naval industry;
- Certification of stakeholder identities in businesses based on sharing economy models, for the protection of shared information from unauthorized use (Blockchain, Cybersecurity);
- Development of **protection systems against cyber attacks** based on "honeypot" agents that aim to emulate real services on the network in order to attract, identify and defuse malicious software (AI, Cybersecurity);
- the development of **machine learning algorithms** in order to obtain predictions of imminent failures and enable the predictive **maintenance process** in industrial production processes (AI/ML, Big Data).

## 5.1 The Open Innovation team of Relatech Group

The Open Innovation team operates in cross-group mode, coordinating activities with various companies and offices of the Group.

In particular, all the management and development of research projects is coordinated by Ithea Srl, which operates as an Open Innovation Hub, in collaboration with the other companies of the Group, including in particular the University spin-offs, the parent company Relatech SpA and Gruppo Sigla.

Ithea, born as a spin-off of the University of Calabria based in Rende (CS) and now wholly owned by Relatech, in turn, it controls the other OKT University spin-offs, DtoK-Lab, which provide highly specialized skills on the topics of

Cybersecurity & Blockchain, AI & Bigdata and IoT respectively.

Relatech SpA, in turn, supports the team with its many years of experience in software architectures and solutions and in particular by providing the components of the RePlatform digital platform, while Gruppo SIGLA guarantees strong skills and long experience in industrial automation and environmental monitoring.

The goal of the Relatech group is to develop research and innovation activities with an increasing involvement of the other companies of the group, in the other company offices, to further increase university collaborations and the scientific ecosystem.

## 5.2 The Scientific Ecosystem





The Relatech Group, through its Innovation HUB coordinated by Ithea, can count on a qualified and articulated scientific community thanks to close collaborative relationships with the university world and with important research centers.



The most significant relationship is certainly the one with UNICAL, the University of Calabria based in Rende (CS),

Unical is listed among the best universities in the IT area and internationally renowned: in fact, it ranks among the top 100 universities in the world and about a hundred companies collaborate with it, including other important multinationals in the IT world. The research laboratories of the Relatech HUB are all located in university spaces so that you can work closely with researchers on industrial research and experimental development projects. In the Calabrian context, the Group also boasts an important relationship with ICAR-CNR, the Institute for High Performance Network Computing, with strong expertise in the field of Artificial Intelligence, and with ICT-Sud, a long-experienced consortium that, made up of universities, research centers, and various qualified companies in the sector, specifically deals with drafting and developing research projects on advanced technologies.

Important are the collaborations with the other Calabrian university, the Magna Graecia of Catanzaro, renowned in the field of medicine, with which there are several projects carried out in the Healthcare sector with applications of Artificial Intelligence, Machine Learning, Data-Mining, E-Medicine. An example is the ongoing development of a platform that will have as its main component a DSS with an AI model for the analysis of the patient's neurological trend and analysis of the patient's frailty/risk index. AI models will also be defined, mainly based on the analysis of neurological images, for the generation of ad hoc rehabilitation pathways for each patient. Also in the context of Catanzaro, a collaboration has recently been launched with Biotecnomed, a consortium company made up of Public Research Institutions and Small, Medium and Large Enterprises which, with its 19 laboratories, is a highly specialized structure in the field of Human Health and Biotechnology.

Relatech's scientific ecosystem has relationships with the Federico II University of Naples with which, together with the Universities of Turin and Padua, we work on cutting-edge applications in Agrifood. In particular, it mentions the creation of advanced digital and collaborative environments to support the Living Labs for the experimentation and sharing of innovative technologies for Sustainable Agriculture and Forestry. Innovative systems will provide for the collection and sharing of data (including georeferenced) on risks in agroforestry systems, will predict the productivity of crops and forests in different scenarios through machine learning techniques, will follow the management of the risk associated with climate change based on data-driven approaches, will design traceability for the enhancement of the territorial agritourism economy.

A long-standing relationship is with the University of Genoa for research on the environment and, in particular, on the natural ecosystem such as research on the marine system, or another example, with data-driven approaches for the analysis, forecasting, simulation and optimization of vehicular traffic flows (public/private)/goods, towards the reduction of traffic impacts on the environment or, still in Healthcare for the development of augmented reality devices dedicated to the reproduction of visual impairments to support visual rehabilitation.

There are other Italian universities with which the Relatech Group collaborates. There are close relationships with the University of Verona on Cyber Security issues, with the University of Brescia, the University of Parma, the University of Milan (Politecnico, Bicocca). There are frequent collaborations with prestigious foreign universities with which R&D projects are carried out under European tenders.

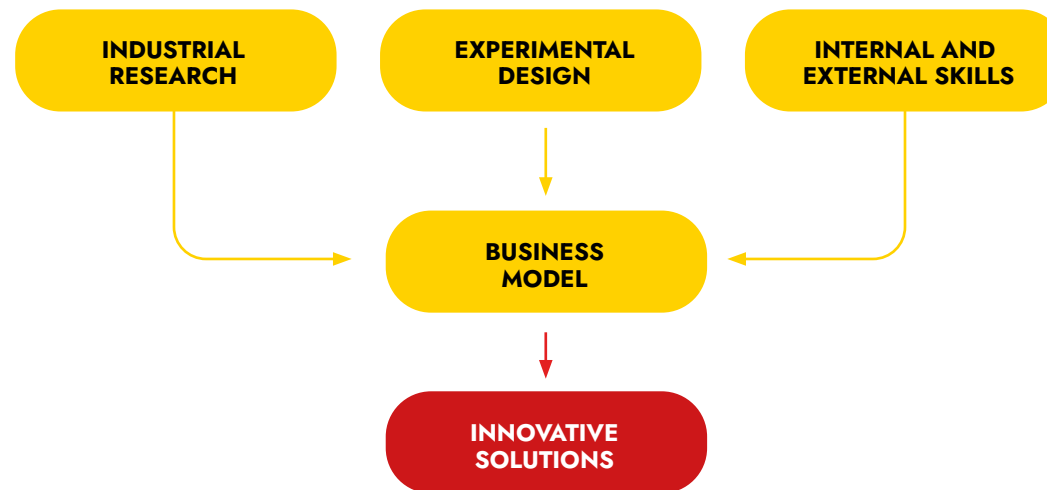
The scientific community on which Relatech can count therefore allows the right combination of university research with applied research, a research fueled by academic knowledge that brings cutting-edge innovation, combined with the work of the internal research team that develops applications.

The results of these research collaborations very frequently lead to the drafting of scientific articles published by important international journals and end up contributing to the development of new applications on the Group's platform, Replatform, to have POCs and cutting-edge components for customer projects. Finally, relations with the university world allow Relatech to get in touch more easily, also through events and career days, with young high-potential students

who aim to do research theses in the business context, young graduate talents, as well as start collaborations with young doctoral students who apply themselves to scientific research with the desire to then enter the business context. The best of them can then be considered for opportunities to be included in the Group.

The Relatech Group is also characterized by the development of internal innovation activities, i.e. not financed by public tenders. These activities sometimes arise right after the funded projects to accelerate the industrialization and commercial use of the prototypes developed during the R&D projects, other times to seize market opportunities, develop new technological and domain skills and create new business models to facilitate the adoption of innovative digital solutions on new customers and markets.

### 5.3 Research Projects conducted in 2023



The following table shows the description of the Research and Development projects funded by National Programmes (NOPs) carried out during the reference period:

Funded R&D Projects	Short description Activities/Objectives	Announcement	Start Date End Date	Replatform Modules	Company	Consulting and Collaborations
<b>AGRITECH</b>	The project involves the study, design and implementation of an integrated system capable of generating and accelerating innovation according to the Open Labs model. The system will have to allow: the virtualization of shared workplaces (coworking) for the experimentation and sharing of innovative technologies for agriculture and forestry. In particular, the system will have to offer virtual workspaces in which to perform experiments and evaluate the results obtained.	PNRR MUR - Directorial Decree no. 3138 of 16 December 2021 and subsequent amendments		REDATA, RETHING, REYOU, RESEC, REHUB	RELATECH	Università di Napoli Federico II, Università di Padova, Università degli Studi di Torino, ecc.
<b>EMPHASIS Evolution</b>	The aim of this project is to industrialise research results called "Distributed software systems based on high-interaction honeypots for the prevention, capture and morphological and behavioral analysis of malware", produced by the University of Calabria and published on the INGEGNO showcase	POR CALABRIA FESR-FSE 2014-2020		RESEC REDATA	ITHEA	ICTSUD UNICAL
<b>Digital Brand</b>	Develop a digital certification model for the supply chain in the fashion world, based on Distributed Ledger Technologies with secure access mechanisms to information, which guarantees the traceability and originality of the products, and of the materials used during the processing phases, throughout the supply chain up to the availability of the product on the sales counter	INNOVATION AGREEMENTS DM 2 AUGUST 2019		RESEC REDATA	RELATECH	UNICAL
<b>InMoto</b>	Development of a platform that provides machine learning models for the analysis of clinical data, such as data from monitoring instrumentation and neuroimaging, to support the identification and improvement of ad hoc rehabilitation strategies for patients in the neurological field..	INNOVATION AGREEMENTS DM 31 DECEMBER 2021		REDATA	RELATECH	Istituto S.Anna, UNICZ, UNIBS

<b>ZHENIT</b>	The ZHENIT project aims to design and implement a system to route the excess heat on board the ship produced by the engine to different systems depending on the steam/liquid temperature range in order to optimize the reuse of excess heat. As part of the project, Gruppo SIGLA collaborates with partners for the design and implementation of the customized controller for the automation of the waste heat use logics and for the optimization of the energy parameters of all the systems involved on board the ship.	Project funded under Horizon Europe Framework Programme EU	01/06/2022, 31/05/2025	REDATA, RETHING	SIGLA	RINA Consulting SpA, RINA Services SpA, The University of Birmingham (UK), National Technical University of Athens (Greece), KYMA AS (Norway), Fundacion Tecnalia Research and Innovation (ES), Universidad Del Pais Vasco/ Euskal Herriko Unibertsitatea (ES), ANEK S.A. (Greece), Consiglio Nazionale delle Ricerche - ITAE (IT), Consorzio di Ricerca per l'Innovazione Tecnologica, Sicilia Trasporti Navali, Commerciali e da Diporto SCARL, Sorption Technologies GmbH (Germany), Bound 4 blue S.L. (ES), Encontech BV (Netherlands).
<b>CityScope</b>	The project aims to study the main critical cyber-security issues of multimodal transport infrastructures, urban and extra-urban, and to create a platform that allows the prevention of threats and the identification of attacks thanks to the use of the most advanced technologies available (Artificial Intelligence, Mobile, Cloud and much more).	Project funded under Horizon 2020 Framework Programme EU	01/09/2020, 30/10/2023	RESEC, REHUB	SIGLA	Institute of Communication and Computer Systems, Airbus Cybersecu (FR), European Dynamics Luxembourg SA (LU), Aspersky LAB Italia Srl, Tallinna Linn (EE), Riigi Infosüsteemi Amet (EE), Ridango AS (EE), Azienda Mobilità e Trasporti SpA, Stam Srl, <b>Gruppo SIGLA</b> , University of Piraeus Research Center (Greece), Oppida (FR), Austrian Standards International (AT), Diginext (FR), Engineering - Ingegneria Informatica SpA.
<b>REALTER</b>	The project, belonging to the Technological Aids sector for the support of the independence of people with sensory, motor and cognitive disabilities. It provides for the creation of a training tool for operators specialized in the rehabilitation of visually impaired people, in particular for the "orientation and mobility" sector. The system will operate in real-time on a stereoscopic video stream and integrate an eye-tracking feature to measure eye movements.	POR FESR 2014-2020 – Axis 1 – Action 1.2.4, technological area "Health and Life Sciences"	01/09/2021, 31/03/2023	REHUB, REDATA	SIGLA	GGallery (coordinator), ETT, <b>Gruppo SIGLA</b> , FOS Greentech, Università di Genova - DIBRIS, Istituto Chiossone, IIT (Istituto Italiano di Tecnologia).

The following are the internal R&D projects carried out by the Relatech Group during the year 2023:

In-house R&D projects	Short description Activities/Objectives	Typology	Start Date End Date	Replatform Modules	Company
<b>RePaaS</b>	Development of an advanced platform for the management of integration and digital transformation projects	IN-HOUSE R&D		REDATA	RELATECH
<b>GReMS: KG-Based Recommender Micro-services</b>	Recommendation system based on Knowledge Graph, to address data sparsity and cold-start problems applied to multimedia catalogs	IN-HOUSE R&D		REYOU	ITHEA
<b>GIGA:li</b>	Innovation and digitalization of Relatech business processes, and development of an advanced platform for Management Control, Accounting, Purchasing and project management. Development of an integration model at Group level.	IN-HOUSE TECHNOLOGICAL ENHANCEMENT		REDATA	RELATECH CONSULTING
<b>MEGA:</b>	Innovation and digitalization of Gruppo SIGLA business processes and integration into the common management platform of the Relatech Group	IN-HOUSE TECHNOLOGICAL ENHANCEMENT		REYOU	XONNE

## 6. Significant events during the period

The period 2023 was characterized by some significant events that deserve to be mentioned in order to provide correct information and a better understanding of the financial and economic data presented below.

On 12<sup>th</sup> January 2023, the resolution with which the Extraordinary Shareholders' Meeting of the Company, held on 21<sup>st</sup> December 2022 (the "Extraordinary Shareholders' Meeting"), approved the introduction of increased voting rights and the consequent amendments to Articles 6 and 9 of the Articles of Association was registered with the Companies' Register of Milan – Monza – Brianza – Lodi.

On 12<sup>th</sup> January 2023, it was announced, pursuant to Article 17 of the EGM Issuers' Regulation, that on 12<sup>th</sup> January 2023 it had appointed MIT SIM S.p.A. as Specialist. The appointment will be effective from 1<sup>st</sup> April 2023. MIT SIM S.p.A. will take over from BPER Banca S.p.A., which will hold the role of Specialist until 31<sup>st</sup> March 2023.

On 18<sup>th</sup> January 2023, the simplification of the corporate chain headed by Exeo S.p.A., the holding company of the BTO group, owned by Relatech at 80% of the capital and in turn owner of the entire share capital of BTO S.p.A., was initiated, to be achieved through the reverse merger of Exeo into BTO.

On 19<sup>th</sup> January 2023, the event "ReCloud, Strategies, Techniques and Technologies for Cloud Mobility" took place, an event of the Relatech Group dedicated to the world of the cloud which was held at the Mille Miglia museum in Brescia. The event was organized in collaboration with the Group's technology partners, Nutanix and HYCU.

On 26<sup>th</sup> January 2023, it was announced that, on 25<sup>th</sup> January 2023, the IULM AI Lab, the scientific research laboratory on artificial intelligence of the IULM Free University of Languages and Communication in Milan, was inaugurated. Relatech, as a technological partner, has collaborated with IULM in the creation

of the AI Lab, a structure aimed at spreading the culture of innovation related to Artificial Intelligence, and through intense academic research and training at all levels, offers tech consulting services to the world of business and public administration for the design and implementation of AI solutions for business activities, marketing and communication.

On 27<sup>th</sup> January 2023, the Board of Directors approved, pursuant to art. 17 of the Euronext Growth Milan Regulations, the calendar of corporate events for the year 2023 is also made available on the company's website [www.relatech.com](http://www.relatech.com) Investor Relations section.

On 1<sup>st</sup> February 2023, it was announced that on 27<sup>th</sup> January 2023 the period for the exercise of the right of withdrawal related to the approval of the amendments to the Articles of Association relating to the introduction of increased voting rights by the Company's Extraordinary Shareholders' Meeting held on 21<sup>st</sup> December 2022 came to an end.

On 2<sup>nd</sup> February, it was announced that, in line with the principles of the Sustainability Report and with the Digital Renaissance strategy that sees human-centred digital transformation as a value proposition, Relatech carries out research and development activities with commitment and dedication in collaboration with its ecosystem of scientific partnerships with universities and research centres. In this direction, Relatech opens up to the ecosystem of stakeholders with an offer capable of combining the most advanced ICT technologies, scientific research and business with social and environmental aspects.

On 10<sup>th</sup> February 2023, it was announced that on 27<sup>th</sup> January 2023 (the "Term") the period for the exercise of the right of withdrawal related to the approval of the amendments to the Articles of Association relating to the introduction of increased voting rights by the Company's Extraordinary Shareholders' Meeting held on 21<sup>st</sup> December 2022 came to an end.

On 14<sup>th</sup> February 2023, Relatech participated as a Partner in TEDxTorino 2023, an edition entitled "An unconditional love for the human being" which took place on 19<sup>th</sup> February 2023 at the Lingotto Fiere in Turin. In line with the key

principles of its Sustainability Report and aware that in the era of the new Digital Humanism it is essential to put the Person and his or her Wellbeing back at the center of every choice, Relatech has decided to embrace and support the themes to which TEDxTorino 2023 wants to give voice.

On 16<sup>th</sup> February 2023, it was filed with the Companies' Register of Milan - Monza - Brianza - Lodi, pursuant to and for the purposes of art. 2437-quarter, paragraph 2, of the Italian Civil Code, the OPTION OFFER OF NO. 415,248 ORDINARY SHARES OF RELATECH pursuant to art. 2437-quarter, paragraphs 1, 2 and 3, of the Italian Civil Code.

On 2<sup>nd</sup> March 2023, Relatech and EFA Automazione, already Group companies, participated in the MECSPE 2023 event, the international trade fair dedicated to the manufacturing industry that took place in Bologna from 29<sup>th</sup> to 31<sup>st</sup> March 2023. Relatech and EFA Automazione presented the unique suite of end-to-end solutions that has its roots in Relatech's consolidated twenty-year expertise in the Digital Enabler market, and thirty years of EFA Automazione, a leader in the industrial automation market.

On 3<sup>rd</sup> March 2023, Relatech was awarded the High Honour of Financial Statements conferred during the 46<sup>th</sup> Felix Industry Award, the seventh edition of "La Lombardia che compete" held at the "Giorgio Squinzi" Auditorium of Assolombarda in Milan. Industria Felix, following a careful analysis of the economic and financial statements for the year 2021, awarded Relatech with the title of "among the best innovative SMEs in terms of management performance and financial reliability Cerved with registered office in the Lombardy region".

On 13<sup>rd</sup> March 2023, it was announced that the Board of Directors, taking into account the amendments made to Articles 6 and 9 of the Articles of Association by the Extraordinary Shareholders' Meeting of the Company held on 21<sup>st</sup> December 2022 and aimed at introducing the increase in voting rights, adopted, by virtue of the power conferred on it by the aforementioned Shareholders' Meeting, the Rules of Increased Voting Rights (the "Regulations"). The Reg-

ulations govern the procedures for registering, maintaining and updating the special list of shareholders who intend to take advantage of the increase in voting rights (the "Special List").

On 16<sup>th</sup> March 2023, it was announced that, together with Mediatech, formerly a Relatech company, a collaboration has been launched with IT IMPRESA, a company specialising in the provision of IT services with various offices throughout the country, for the implementation of the suite of Cybersecurity services and solutions that are an integral part of the Relatech offer.

On 17<sup>th</sup> March 2023, the option and pre-emption offer of the 415,248 ordinary shares of the Company was concluded, at a unit price of Euro 2.19, for which the right of withdrawal was validly exercised following the resolution of the Extraordinary Shareholders' Meeting of 21<sup>st</sup> December 2022 which approved the amendment of Articles 6 and 9 of the Articles of Association to introduce the voting increase mechanism. At the end of the period, the tender amount to 20,908 shares, of which 7,008 in option and 13,900 in pre-emption requests, for a total consideration of Euro 45,788.52.

On 28<sup>th</sup> March, the Board of Directors, having taken note of the outcome of the rights issue pursuant to Article 2437-quarter of the Italian Civil Code, already communicated to the market on 20<sup>th</sup> March 2023, resolved, with a view to a rapid resolution of the withdrawal procedure, also taking into account the performance of the shares, to proceed, pursuant to Article 2437-quarter, paragraph 5 of the Italian Civil Code, directly to the reimbursement through the purchase of the shares held by the shareholders who have legitimately exercised the right of withdrawal, using the Company's available reserves for this purpose.

On 29<sup>th</sup> March, it was announced that, following the announcement made on 18<sup>th</sup> February 2022 on the occasion of the purchase of the majority shareholding in E.F.A. Automazione S.p.A. ("EFA") and taking into account the provisions of the contractual agreements, the closing for the transfer of 960 shares of EFA to Relatech has been completed. representing 8% of EFA's share capi-

tal, by the minority shareholder and current Chief Executive Officer, Mr. Franco Andrighetti, following the exercise of a put option in his favour. Relatech S.p.A. currently holds 89.66% of the share capital of EFA Automazione.

On 31<sup>st</sup> March, following the announcement made on 18<sup>th</sup> January 2023, the deed of merger (the “Merger”) by incorporation of the subsidiary EXEO S.p.A. (“Merge”) into BTO S.p.A. (“Absorbing Company”) was registered with the competent Register of Companies, pursuant to art. 2504 bis of the Italian Civil Code.

On 14<sup>th</sup> April 2023, following the announcement made on 28<sup>th</sup> March 2023, the liquidation procedure for the Company’s shares for which the right of withdrawal was exercised pursuant to Article 2437-quarter, paragraph 5 of the Italian Civil Code was completed. In particular, the settlement of the 20,908 withdrawn shares in relation to which the pre-emption and pre-emption rights was exercised was completed, against the payment of a unit price of €2.19. The Company also repurchased a total of 394,340 shares (the “Residual Shares”), at a liquidation value of €2.19 each, for a total amount of €863,604.60. As a result of the repurchase of the Residual Shares, taking into account the shares already held in the Company’s portfolio, Relatech held a total of 1,506,747 treasury shares, equal to 3.48% of the Company’s share capital.

On 18<sup>th</sup> April 2023, Relatech announced that it is further strengthening its partnership with Oracle Netsuite, a market leader in the world of ERP systems, for the implementation of Oracle Netsuite ERP business applications in the Cloud capable of supporting companies and organizations in the process of digitizing processes.

On 27<sup>th</sup> April 2023, the Ordinary Shareholders’ Meeting of Relatech S.p.A., held on first call, approved the financial statements for the year ended 31<sup>st</sup> December 2022 and also resolved to grant the Board of Directors a new authorisation to purchase and dispose of treasury shares up to the amount of Euro 1,000,000.

On 18<sup>th</sup> May 2023, the Company announced that it was taking part in the Agri-tech project – National Centre for the Development of New Technologies in Agriculture to ensure sustainable agri-food production with the aim of promoting adaptation to climate change, reduction of environmental impact, development of marginal areas, safety, traceability and typicality of supply chains. A consortium of Made in Italy excellences involving 28 universities, 5 research centers and 18 expert companies in the agrifood sector with proven skills in research and development, and with high expertise in innovative digital technologies as in the case of Relatech.

On 16<sup>th</sup> June 2023, binding agreements were finalised for the acquisition of the remaining 40% of the share capital of Gruppo SIGLA S.r.l., which specialises in the design and development of ICT and automation solutions and services for large national and foreign customers, as well as for public bodies. Today Relatech S.p.A. holds 100% of the share capital of Gruppo SIGLA.

On 26<sup>th</sup> June 2023, Relatech announced that it had signed a strategic agreement with CREDEMTEL S.p.A., a company of the CREDEM GROUP, for the management of its customers’ cybersecurity services through ReSOC, the proprietary asset of cybersecurity services and solutions of the Relatech ecosystem.

On 27<sup>th</sup> June 2023, the 2022 ESG Report was made public, a report that highlights the company’s continuous commitment and important results in pursuing sustainability in various key aspects, such as Human Value, Environment, Research Projects, Strategic Ecosystem, without neglecting the importance of having responsible Governance and Business. On the same date, the Company’s Board of Directors verified the achievement of certain objectives set out in the “Stock Grant Plan 2021 – 2023” with reference to the year ended 31<sup>st</sup> December 2022 and assigned to the Chairman and Chief Executive Officer Pasquale Lambardi no. 258,109 treasury shares held by Relatech and to the Deputy Chairman, Gianni Franco Papa, no. 60,000 treasury shares held by Relatech. In addition, following the announcement made on 28<sup>th</sup> October 2022 in relation to the acquisition of 80% of the share capital of BTO S.p.A., the company announces that on that date an agreement was reached for the



determination of the consideration in kind which provides for the payment, to a non-operating shareholder and within thirty days from today's date, of a total of 270,000 Relatech treasury shares valued at a price of €5 each. As part of the agreement, Relatech has agreed to waive the lock-up commitments initially agreed in relation to the aforementioned shares on the condition that the aforementioned non-operating shareholder completes a sale of the same to be carried out outside the market, with the aim of benefiting from a consequent increase in the Company's free float. Finally, it should be noted that net of the shares allocated pursuant to the aforementioned stock grant plan, and those that will be attributed to the non-operating shareholder as consideration in kind as part of the acquisition of BTO, the Company would hold 749,131 treasury shares.

On 6<sup>th</sup> July 2023, Relatech completed the acquisition of the remaining 40% of the share capital of Gruppo SIGLA S.r.l. ("Gruppo SIGLA"), which specialises in the design and development of ICT and automation solutions and services for large domestic and foreign customers, as well as for public bodies.

On 20<sup>th</sup> July 2023, together with Stormshield, the leading European cybersecurity vendor owned by the Airbus Group, the strategic partnership aimed at offering advanced security solutions in the critical infrastructure sector (utilities, healthcare, public administration) and Smart Industry was announced.

On 24<sup>th</sup> July 2023, Relatech announced that, through Gruppo SIGLA, it participated in the Realter Open Lab, organized by the Chiossone Foundation. The workshop dedicated to the Realter biomedical project took place on Friday 21<sup>st</sup> July at the Department of Architecture and Design of the University of Genoa, as part of the Omero Project Final Event

On 27<sup>th</sup> July 2023, the launch of the share buyback and disposal program and the payment of the cash component of the earnout price to the shareholders of IoT Catalyst (formerly Fair Winds Digital S.r.l.) was approved.

On 3<sup>rd</sup> August 2023, Relatech, pursuant to art. 17 of the Issuers' Regulations

Euronext Growth Milan, has announced the consensual termination of the appointment of Euronext Growth Advisor with BPER Banca S.p.A. (in office until 6<sup>th</sup> August 2023 inclusive), and the assignment of the new appointment of Euronext Growth Advisor to illimity Bank S.p.A (which took over on 7<sup>th</sup> August 2023 inclusive).

On 7<sup>th</sup> September 2023, Relatech and Autotrasporti De Girolami S.p.A. (hereinafter De Girolami) announced that they are starting a strategic collaboration that positions Relatech as a technological partner to support the customer in the path of digitization and innovation of its business model through the Re-Platform platform, at the heart of the Relatech offer and designed precisely to systematize cutting-edge technologies, methodologies and know-how and respond in the best possible way to the customer's needs.

On 12<sup>th</sup> September 2023, Relatech announced that it has actively contributed to the InMOTO research project, dedicated to the development of home care and rehabilitation systems for patients suffering from neuromotor and neurocognitive diseases. Relatech is responsible for the design and development of an AI and IoT-based platform for the provision of services and processes based on 4.0 technologies, aimed at identifying ad hoc rehabilitation strategies for each patient.

On 2<sup>nd</sup> October 2023, Relatech participated in the second edition of NOVAS, the equity conference promoted by illimity, a new paradigm bank created to enhance the potential of Italian SMEs.

On 6<sup>th</sup> November 2023, the company participated in the International Conference of the Italian Association for Artificial Intelligence, which this year addressed the theme "Artificial intelligence as a lever for energy, economic and social sustainability". The event, held annually since 1991, is now in its 22<sup>nd</sup> edition, and this year it is hosted by the main public universities of the capital, "La Sapienza", "Tor Vergata" and "Roma Tre", on the occasion of the centenary of the foundation of the National Research Council (CNR).

On 16<sup>th</sup> November 2023, Relatech was recognized as an EGM listed compa-

ny with a significant acquisition path, receiving the “Best M&A 2021 -2023” award at the second edition of the AssoNext Awards promoted by the Italian Association of Listed SMEs.

On 28<sup>th</sup> November 2023, Relatech started the activities related to an important tender project, awarded in 2023, for a leading international company, a leader in the industrial automation sector. The project, worth €1.8 million on a three-year basis, involves the execution of Design, Engineering, Application Implementation and Commissioning of Industrial Automation systems based on the PLC/DCS and SCADA platforms of the main market vendors. For the project, launched in October 2023, Relatech has systematized the experience gained in the construction and implementation of technological subsystems for the supervision and remote control of mechanical, electrical, safety systems for infrastructures and construction sites both nationally and internationally.

## 7. Main risks and uncertainties to which the Group is exposed

Pursuant to and for the purposes of the first paragraph of art. 2428 of the Italian Civil Code, a description of the main risks and uncertainties to which the Group is exposed is provided below.

### Risks related to general economic and market conditions

The international economy continued to grow in 2023, with a moderate deceleration compared to the previous year. The most recent forecasts of the European Commission show a further slowdown in world GDP in both years of the forecast horizon (+3.1% and +2.9% for 2023 and 2024 respectively). The international economic outlook remains characterised by high uncertainty and downside risks, mainly linked to the escalation and spread of geo-political tensions and less favourable financial conditions.

Inflation moderated across the board during the year as a result of a tighter monetary policy stance and a decline in energy commodity prices from last year's peaks. Core inflation has shown a more gradual path of decline. Against

this backdrop, the main central banks' rate hikes are expected to come to an end. The major economies, according to the latest available data, recorded a heterogeneous dynamism: in the face of a strong acceleration in GDP in China and the United States in the third quarter, growth in the euro area remained stagnant. China's and U.S.'s GDP increased by 1.3% between July and September; while in the euro area GDP showed a marginal contraction on a quarterly basis (-0.1% after +0.2% in the previous three months).

In Italy, in the third quarter of this year, after the decline of the previous three months (-0.4%), GDP recorded a slight growth in quarterly terms (+0.1%), and is expected to grow by 0.7% in both 2023 and 2024. In the two-year forecast, GDP growth would be supported mainly by the contribution of domestic demand, driven mainly by private consumption supported by the deceleration of inflation, a gradual (albeit partial) recovery in wages and employment growth. Investments are expected to slow down sharply compared to the previous two years (+0.6% in both years), while employment, measured in terms of work units (AWU), will mark an increase in line with that of GDP (+0.6% in 2023 and +0.8% in 2024), which will be accompanied by a decline in the unemployment rate (7.6% this year and 7.5% next year). Inflation will be reduced as a result of lower energy prices and the consequences of the ECB's restrictive monetary policies. The forecast scenario assumes the continuation of the decline in consumer prices and the prices of imported raw materials, a gradual recovery in world trade and the gradual implementation of the investment plan envisaged in the PNRR. (Source: ISTAT. The outlook for the Italian economy in 2023-2024. 5 December 2023).

Compared to an economic context in which uncertainty and downside risks characterize the international scenario, the characteristics of the Relatech Group's corporate business, mainly based on the skills related to the proprietary Replatform platform, an expansion of the offer and presence in various reference markets, which has taken place over the years also through acquisitions, as well as various collaborations with several international technological partnerships that place the Group Relatech, as a neutral technology vendor, offer the opportunity to limit significant impacts due to the economic and market situation in which it operates, but cannot exclude any negative implications

on its business attributable to the occurrence of adverse international economic events, the continuing slowdown in economic activity in a context characterized by a contraction in global demand and inflation levels that are still at high levels. Not only because of the rigorous interventions on monetary and financial policies that have not yet reversed their restrictive trend.

### Liquidity risk

Liquidity risk occurs when you are not in a position to find the financial resources to cope with short-term operations. At the moment, the balance sheet indicators, in addition to reflecting situations that make the liquidity risk not material, guarantee the opportunity for sufficient financial availability to support the company's strategic activities.

### Risks associated with the concentration of turnover on a few customers

The growth path that has characterized the Group in recent years, also through acquisitions, has led to the expansion and diversification of the customer base, giving positive evidence in containing the risk factor on the concentration of the customer base, which currently stands at approximately 30% of the top ten. Although the Group's companies can count on long-lasting relationships with their main customers, it cannot be ruled out that any change in relationships due to unforeseeable circumstances related to customers' strategic business choices may change the customer base. or macro-economic events could have a negative impact on the Group's results of operations, financial position and balance sheet.

### Credit risks

Credit risk is represented by the Group's exposure to potential losses that may arise from the non-fulfilment of customer obligations. The credit risk deriving from normal business with customers is being monitored, however, although the Group companies can count on long-term relationships with the main customers, it cannot be ruled out that any change in relationships due to unforeseeable circumstances related to corporate strategic choices or macro-economic events could have negative repercussions on the economic results, financial and equity of the Group, with a deterioration in the creditworthiness of custom-

ers that is currently unexpected.

### Risks associated with external unlawful acts

With reference to the category in question, the main potential risks could include fraudulent events related to *cyber* and *malware* attacks and cause the possible interruption of production and sales support activities or the compromise of the confidentiality of personal data managed by the Group.

The Group's rapid technological evolution and growing organizational complexity, together with the increasing sophistication and frequency of cyber-attacks, could expose the Group to the potential risk of new *cyber*-attacks. In this regard, Relatech is further strengthening the cyber risk management model adopted, which includes procedural, training, risk assessment and periodic review aspects, also in relation to third parties. The ultimate purpose of this model is to ensure the implementation of robust protection and *business continuity* tools and processes, which include the adoption of better technologies and methodologies for identifying and protecting the Group from cyber threats.

## 8. Relatech on the Stock Exchange

The Shares and Warrants of Relatech S.p.A. were admitted to the Euronext Growth Milan market (formerly AIM Italia - Alternative Capital Market) organised and managed by Borsa Italiana S.p.A. on 26<sup>th</sup> June 2019 with the start of trading as of 28<sup>th</sup> June 2019. On 20<sup>th</sup> May 2022, the third and final exercise period of the "Relatech 2019-2022 Warrants", ISIN code IT0005373292, came to an end, the following table shows the situation of Relatech ordinary shares as of 31<sup>st</sup> December 2023.

Relatech Ordinary Shares	
Ticker:	RLT
ISIN Code:	IT0005433740
Bloomberg:	RLT:IM
Reuters	RLT.MI
Specialist:	MIT Sim S.p.A.
NOMAD:	illimity Bank S.p.A.
Number of shares: *	43.352.973
Price of admission:	€ 2.15
Capitalisation on the date of admission:	€ 20.070.035
Capitalisation as of 31.12.2023	€ 91.474.773

\* On 30<sup>th</sup> December 2020, the Shareholders' Meeting resolved to split the total ordinary shares of Relatech S.p.a. from 10,922,507 to 32,767,521. The split was carried out through the assignment of 3 new ordinary shares (new ISIN code IT0005433740 - regular dividend rights - coupon no. 1 et seq.) for each old ordinary share held (old ISIN code IT0005371874 - regular dividend rights coupon no. 1 et seq.), which was simultaneously withdrawn and cancelled. It should be noted that 22<sup>nd</sup> January 2021 was the last trading day of the pre-split stock and that since 25<sup>th</sup> January 2021 the stock has been traded post-split.

The table below shows the composition of the shareholders of Relatech S.p.A. as of 31<sup>st</sup> December 2023:

Shareholders	Shares Number	% of Capital
Pasquale Lambardi	22.708.478	52,38%
Of which through Gaxder Srl*	20.098.868	
Other shareholders**	415.335	0,96%
Treasury Shares	1.109.089	2,56%
Market	19.120.071	44,10%
Total	43.352.973	100,00%

\* Gaxder Srl, a company 100% owned by Pasquale Lambardi

\*\*Non-significant shareholders with a lock-up on shares.

## 9. Statement of Operations, Balance Sheet and Financial Position

In order to better understand the Company's equity, financial position and income statement, the reclassified Balance Sheet and Income Statement are provided below in order to allow the determination of the Main Performance Indicators (IAPs).

IAPs refer to measures used by *management* to analyze *performance*. These indicators are intended to provide additional information of the data included in the financial statements. It should be noted that IAPs, as defined, may not be comparable to similarly named measures used by other companies. The main IAPs used in this Annual Report are defined below:

**EBITDA:** represents an alternative performance indicator not defined by ac-

counting standards used by the company's management to monitor and evaluate the company's operating performance, as it is not influenced by tax elements, the amount and characteristics of the capital employed as well as the depreciation and amortization policies adopted by the company. This indicator measures the profit or loss for the period before depreciation, amortization, write-downs of property, plant and equipment and intangible assets and provisions, financial income and expenses, and income taxes.

**ADJUSTED EBITDA:** this is an indicator used to remove EBITDA from the effect of extraordinary economic components (costs or revenues) recorded during the reference period.

**EBIT:** represents an alternative performance indicator not defined by accounting standards used to monitor and evaluate the result of the company's operations before the financial and tax components.

**ADJUSTED EBIT:** represents an alternative performance indicator not defined by accounting standards used to monitor and evaluate the result of the company's operations before the financial and tax components, obtained by adjusting EBIT for the effect of the extraordinary cost and revenue components recorded during the reference period.

The considerations made for EBITDA and EBIT can be extended to the result before and after taxes, arriving at the determination of the result before or after the Adjusted taxes.

**NET INVESTED CAPITAL:** derives from the sum of non-current and current assets net of financial assets, minus non-current and current liabilities net of those of a financial nature.

**NET FINANCIAL DEBT:** the figure shown is in line with the value of net financial debt determined in accordance with the Guidelines on disclosure obligations pursuant to EU Regulation 2017/1129 (the so-called "Prospectus Regulation") issued by ESMA and implemented by Consob with the Attention

Notice no. 5/21 of 29<sup>th</sup> April 2021.

**COST OF SALES:** includes the costs of personnel, materials, services and the use of third-party assets directly employed in the provision of services to customers.

## Consolidated Income Statement of the Group

The table below shows the data of the reclassified income statement for the years ended 31st December 2023 and 31st December 2022, highlighting the changes that occurred as well as the impact on the value of production of each item.

Consolidated Income Statement	31 Dec. 2023	% inc. VdP	31 Dec. 2022	% inc. VdP	ΔYoY	Δ%
Revenues	91.023.833	92%	60.662.879	87%	30.360.954	50%
Changes in work-in-progress, semi-finished, and finished goods Inventory	215.685	0%	1.683.777	2%	(1.468.092)	-87%
Increases in fixed assets for internal works	4.509.251	5%	4.877.554	7%	(368.303)	-8%
Other Revenues and Income	2.729.430	3%	2.775.160	4%	(45.730)	-2%
<b>Value of Production</b>	<b>98.478.199</b>	<b>100%</b>	<b>69.999.370</b>	<b>100%</b>	<b>28.478.829</b>	<b>41%</b>
Costs for materials	22.090.390	22%	18.606.573	27%	3.483.817	19%
Costs for services	22.973.211	23%	17.318.546	25%	5.654.665	33%
Costs for the use of third-party assets	600.790	1%	428.104	1%	172.686	40%
Personnel Costs	32.017.289	33%	17.103.045	24%	14.914.244	87%
Changes in inventories of raw materials	187.164	0%	(434.641)	-1%	621.804	-143%
Miscellaneous operating costs	859.906	1%	373.853	1%	486.053	130%
COGS Costs	78.728.750	80%	53.395.482	76%	25.333.268	47%
<b>Gross Profit</b>	<b>19.749.448</b>	<b>20%</b>	<b>16.603.888</b>	<b>24%</b>	<b>3.145.561</b>	<b>19%</b>
<b>Total other R&amp;D operating costs</b>	<b>5.648.888</b>	<b>6%</b>	<b>6.338.560</b>	<b>9%</b>	<b>(689.672)</b>	<b>-11%</b>
Extraordinary costs	902.745	1%	1.542.682	2%	(639.937)	-41%
Extraordinary remuneration of directors	1.078.405	1%	1.374.750	2%	(296.345)	-22%
<b>Adjustments for extraordinary costs</b>	<b>1.981.150</b>	<b>2%</b>	<b>2.917.432</b>	<b>4%</b>	<b>(936.282)</b>	<b>-32%</b>
<b>EBITDA</b>	<b>14.100.560</b>	<b>14%</b>	<b>10.265.327</b>	<b>15%</b>	<b>3.835.233</b>	<b>37%</b>
<b>EBITDA ADJUSTED</b>	<b>16.081.710</b>	<b>16%</b>	<b>13.182.759</b>	<b>19%</b>	<b>2.898.950</b>	<b>22%</b>
Depreciation of intangible assets	4.324.413	4%	3.258.610	5%	1.065.803	33%
Amortization of Rights of Use	1.280.547	1%	889.679	1%	390.868	44%
Depreciation of tangible fixed assets	459.483	0%	294.500	0%	164.983	56%

Consolidated Income Statement	31 Dec. 2023	% inc. VdP	31 Dec. 2022	% inc. VdP	ΔYoY	Δ%
Total Depreciation & Amortization	6.064.443	6%	4.442.789	6%	1.621.654	37%
Provision for Risks and Charges	521.512	1%	39.859	0%	481.653	>1000%
<b>Depreciation &amp; Provision</b>	<b>6.585.955</b>	<b>7%</b>	<b>4.482.648</b>	<b>6%</b>	<b>2.103.307</b>	<b>47%</b>
<b>EBIT</b>	<b>7.514.605</b>	<b>8%</b>	<b>5.782.679</b>	<b>8%</b>	<b>1.731.926</b>	<b>30%</b>
<b>EBIT ADJUSTED</b>	<b>9.495.755</b>	<b>10%</b>	<b>8.700.111</b>	<b>12%</b>	<b>795.644</b>	<b>9%</b>
Financial income from other	191.540		94.367		97.172	103%
Other financial charges	(1.590.360)		(1.325.892)		(264.469)	20%
Profits (Losses) on exchange rates	44.123		(5.742)		49.865	-868%
<b>Financial management</b>	<b>(1.354.697)</b>	<b>1%</b>	<b>(1.237.266)</b>	<b>2%</b>	<b>(117.431)</b>	<b>9%</b>
<b>EBT</b>	<b>6.159.908</b>	<b>6%</b>	<b>4.545.413</b>	<b>6%</b>	<b>1.614.495</b>	<b>36%</b>
<b>EBT ADJUSTED</b>	<b>8.141.058</b>	<b>8%</b>	<b>7.462.845</b>	<b>11%</b>	<b>678.213</b>	<b>9%</b>
Current Taxes	2.311.523	2%	1.848.926	3%	462.597	25%
Prepaid taxes	340.632	0%	203.206	0%	137.427	68%
Taxes relating to previous years	-	0%	800.000	1%	(800.000)	-100%
<b>Profit (Loss) Adjusted of the financial year</b>	<b>5.488.903</b>	<b>6%</b>	<b>4.610.714</b>	<b>7%</b>	<b>878.189</b>	<b>19%</b>
Profit (Loss) for the year of third parties	(49.840)		34.272		(84.112)	-245%
<b>Profit (Loss) Adjustef of the year</b>	<b>5.538.743</b>	<b>6%</b>	<b>5.376.442</b>	<b>8%</b>	<b>162.301</b>	<b>3%</b>

Consolidated revenues for 2023 amounted to €91 million, up 50% compared to approximately €61 million in the previous year. A reading of the table above shows a Value of Production that reaches approximately 98.5 million Euros, an increase compared to 31st December 2022, while Adjusted EBITDA is equal to 16 million Euros, with an incidence of 16% of the Value of Production and 17% of consolidated revenues. There was an increase in production costs, in particular relating to personnel costs, which overall had a greater impact of 4% on the value of production than in the previous year. As for the EBITDA adjustment, amounting to €1.7 million, it should be noted that this is attributable to the extraordinary costs incurred for the execution of the 2021-2023 Stock Grant plan, as well as to the extraordinary costs incurred for consultancy relating to M&A transactions.

## Consolidated Balance Sheet of the Group

The following table shows the summary reclassified Balance Sheet as of 31<sup>st</sup> December 2023 and 31<sup>st</sup> December 2022.

Consolidated Balance Sheet	31 December 2023	31 December 2022	Δ
Intangible assets	13.571.178	12.184.641	1.386.537
Goodwill	28.763.884	28.763.884	-
Rights of use activities	3.112.190	3.046.803	65.387
Tangible assets	1.328.496	977.485	351.012
Financial assets	391.044	618.609	(227.565)
<b>Fixed assets</b>	<b>47.166.792</b>	<b>45.591.421</b>	<b>1.575.371</b>
Inventories	2.818.337	3.432.881	(614.544)
Receivables from customers	29.626.425	28.394.450	1.231.975
Payables to suppliers	(10.915.191)	(11.765.203)	850.012
<b>Trade Working Capital</b>	<b>21.529.572</b>	<b>20.062.128</b>	<b>1.467.443</b>
Tax receivables and payables	306.930	(1.385.006)	1.691.936
Accruals and deferrals	11.770	(1.704.234)	1.716.004
Other receivables and payables	(5.476.985)	(5.500.865)	23.880
<b>Other current assets and liabilities</b>	<b>(5.158.285)</b>	<b>(8.590.105)</b>	<b>3.431.820</b>
<b>Net Working Capital</b>	<b>16.371.287</b>	<b>11.472.023</b>	<b>4.899.263</b>
Other non-current assets and liabilities	2.812.675	2.793.754	18.921
Provisions for risks and charges	(2.445.333)	(11.238.473)	8.793.140
Provisions for employee and director benefits	(5.524.919)	(4.739.031)	(785.888)
<b>Other non-current assets and liabilities</b>	<b>(5.157.577)</b>	<b>(13.183.750)</b>	<b>8.026.173</b>
<b>Net Invested Capital</b>	<b>58.380.502</b>	<b>43.879.695</b>	<b>14.500.807</b>
<b>Share capital</b>	<b>215.080</b>	<b>215.080</b>	<b>-</b>
Reserves	30.614.699	30.024.661	590.038
Negative reserve for treasury shares in portfolio	(2.664.057)	(2.584.420)	(79.637)
Profit (loss) carried forward	4.089.234	3.777.928	311.306



<b>Consolidated Balance Sheet</b>	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>Δ</b>
Group profit (loss) for the year	3.557.593	1.659.010	1.898.583
<b>Group Shareholders' Equity</b>	<b>35.812.548</b>	<b>33.092.258</b>	<b>2.720.290</b>
<b>Minorities Equity</b>	<b>629.847</b>	<b>1.283.023</b>	<b>(653.176)</b>
<b>Net Equity</b>	<b>36.442.395</b>	<b>34.375.282</b>	<b>2.067.114</b>
Short-term payables/(cash)	(1.373.951)	(21.156.012)	19.782.061
Payables to MLT	23.312.058	30.660.425	(7.348.368)
Net Financial Position	21.938.107	9.504.413	12.433.694
<b>Total Sources</b>	<b>58.380.502</b>	<b>43.879.695</b>	<b>14.500.807</b>

<b>Balance sheet</b>	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>Δ</b>
Net fixed assets	47.166.792	45.591.421	1.575.371
Net working capital	16.371.287	11.472.023	4.899.263
Other non-current assets and liabilities	(5.157.577)	(13.183.750)	8.026.173
<b>Net Invested Capital</b>	<b>58.380.502</b>	<b>43.879.695</b>	<b>14.500.807</b>
Net Equity	36.442.395	34.375.282	2.067.114
Net Financial Position	21.938.107	9.504.413	12.433.694
<b>Total Sources of Net Funding</b>	<b>58.380.502</b>	<b>43.879.695</b>	<b>14.500.807</b>

## Net Financial Position

The Group's Net Financial Position as of 31<sup>st</sup> December 2023 and 31<sup>st</sup> December 2022 is summarized in the following table:

NET FINANCIAL POSITION	31 December 2023	31 December 2022	Δ
A Cash	(11.193.281)	(22.066.392)	10.873.111
B Cash Equivalents	(150.992)	(150.992)	-
C Other current financial assets	-	(5.800.000)	5.800.000
<b>D Liquidity (A + B + C)</b>	<b>(11.344.273)</b>	<b>(28.017.384)</b>	<b>16.673.111</b>
E Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	1.277.782	1.128.239	149.543
F Current portion of non-current financial debt	8.692.540	5.733.133	2.959.407
<b>G Current financial debt (E + F)</b>	<b>9.970.322</b>	<b>6.861.372</b>	<b>3.108.950</b>
<b>H Net current financial debt (G + D)</b>	<b>(1.373.951)</b>	<b>(21.156.012)</b>	<b>19.782.061</b>
I Non-current financial debt (excluding current portion and debt instruments)	19.284.007	25.580.073	(6.296.067)
J Debt instruments	-	-	-
K Trade payables and other non-current payables	245.307	403.609	(158.302)
<b>L Non-current financial debt (I)+(J)+(K)</b>	<b>19.529.314</b>	<b>25.983.683</b>	<b>(6.454.369)</b>
<b>M Net financial debt (H)+(L) including IFRS 16 effects</b>	<b>18.155.363</b>	<b>4.827.671</b>	<b>13.327.692</b>
<b>N Effects IFRS 3 options</b>	<b>3.782.744</b>	<b>4.676.742</b>	<b>(893.998)</b>
<b>O NFP including IFRS 3 (M)+(N)</b>	<b>21.938.107</b>	<b>9.504.413</b>	<b>12.433.694</b>

The Net Financial Position as of 31<sup>st</sup> December 2023 amounted to approximately Euro 22 million (excess debt), compared to a Net Financial Position as of 31<sup>st</sup> December 2022 of approximately Euro 9.5 million (excess debt). The NFP for the period was impacted, in terms of extraordinary exits, by the purchase of treasury shares for a total of approximately Euro 1.8 million (as a result of the repurchase of the shares subject to withdrawal and the buy-back plan), by extraordinary expenses and for M&A for approximately Euro 12 million. As of 31<sup>st</sup> December 2023, liquidity decreased by approximately EUR 11 million compared to 31<sup>st</sup> December 2022.

## 10. Key non-financial indicators

Pursuant to the second paragraph of art. 2428 of the Italian Civil Code, it is hereby certified that, for the specific activity carried out and for a better understanding of the Company's situation, performance and operating result, the presentation of non-financial indicators is not considered relevant.

## 11. Environmental and Sustainability Disclosure

The Company has not undertaken any particular environmental impact policies because they are not necessary in relation to the activities carried out and that as part of the assessment of risks related to climate change, the Group has not currently identified these related risks as relevant. It should be noted, in this regard, that there are no ongoing lawsuits, nor has the Company been convicted or has been definitively found guilty of damage caused to the environment. No penalties or fines were imposed for administrative violations, offences or environmental damage.

It should also be noted that the Relatech Group believes in and is committed to a sustainable future, our commitment to sustainability draws inspiration and foundation from the 2030 Agenda for Sustainable Development and finds its expression in the three pillars Open Innovation, Human Value and Strategic Ecosystem. In addition to the publication of the Sustainability Manifesto, starting from 2020 the Group will prepare the reporting and publication of the ESG Report with which to illustrate and measure our ability to manage the business with regard to issues of interest to the community, demonstrating the continuity of our commitment to ESG factors that have gradually become part of our daily actions, substantial basis of our work and business processes, transparent assumption of responsibility towards our Stakeholders, towards the entire Ecosystem of territorial reference and people.

## 12. Personnel Management Information

No significant information regarding personnel management is reported. It should be noted, however, that during the period under review there were no accidents or serious illnesses of employees. There were also no charges against the company in relation to occupational diseases of employees or former employees. The Company has no pending lawsuits, nor has it been convicted of, nor has it been finally found guilty of disputes of any nature with employees.

## 13. Significant events

### 13.1 Russia-Ukraine conflict

The conflict between Russia and Ukraine, which began on 24<sup>th</sup> February 2022, is having important consequences globally not only because of the serious humanitarian crisis that has ensued, but also because of the possible economic effects on global markets, which have been immediately reflected not only in increases in the costs of some raw materials such as gas and oil, but also in sharp reductions in the share values of the world's major stock exchanges. To date, the Relatech Group does not have direct commercial relations with customers and suppliers in the areas affected by the conflict, moreover the presence of collaborations with several international technological partnerships places the Relatech Group in a situation of *technological vendor neutral*, thus being able to try to limit significant impacts due to the ongoing geopolitical situation.

## 14. Treasury Shares

The share capital of Relatech S.p.A. as of 31<sup>st</sup> December 2023 is equal to Euro 215,079.59 fully paid-up and divided into 43,352,973 ordinary shares with no par value. Also as of 31<sup>st</sup> December 2023, the Company held 1,109,089 treasury shares, equal to 2.56% of the share capital.

## 15. Significant events occurring after the end of the financial year

Significant events that occurred after the end of the financial year ended 31<sup>st</sup> December 2023 include:

On 25<sup>th</sup> January 2024, Relatech, together with Ithea and UNICAL, presented the results of the Cybersecurity project “Emphasis Evolution”, carried out in collaboration between Ithea and the DIMES Department (Computer Engineering, Modelling, Electronics and Systems Engineering) of the University of Calabria. EMPHASis - Effective Malware Prevention through Honeypot Assisted Analysis, is a project carried out in collaboration between Ithea, a Relatech company, and the DIMES Department of the University of Calabria to create an industrial cybersecurity solution to support companies and institutions.

On 30<sup>th</sup> January 2024, the Board of Directors of Relatech approved, pursuant to art. 17 of the Euronext Growth Milan Regulations, the calendar of corporate events for the year 2024.

In February, continuing the process of group integration, a process of centralised treasury management (so-called cash pooling) was launched, which includes Relatech Spa and the subsidiary EFA Automazione Spa.

On March 4<sup>th</sup>, Relatech welcomed Nieco - Nuove Iniziative Ecologiche S.p.A. to the DESK Membership, a long-term partnership that, in the name of innovation and digital evolution, provides a suite of services guaranteed by the Relatech ecosystem. The DESK Membership offers members the opportunity to take advantage of a wide range of services. In particular, for Nieco, an emerging entity in the digital sector with important growth aspirations, Relatech, through the DESK membership, makes its end-to-end offer available for complete support in the digital transformation process. This includes the optimization of business processes with the integration of advanced ERP systems, the strengthening of IT security with ReSOC (the Security Operation Center of the Relatech Group), the development of a modern IT infrastructure with Cloud technology, change and advisory management services and much more.

On March 7<sup>th</sup>, Relatech announces that through EFA Automazione SpA, a company that has been active for over thirty years in the field of connectivity, industrial communication solutions and software platforms for system integration, part of the Relatech group, it has signed a commercial collaboration agreement for the distribution in Italy of the IO-Link Master Fastus modules produced by the Japanese Optex FA Co., Ltd. Optex FA has forty years of experience in the automation market, with particular reference to the world of optoelectronics, a technological field that has seen it operate for many years in a joint-venture with a European company that is a world leader in the field of sensors. Today, with the IO-Link Master Fastus modules of the UR series, Optex FA continues in the wake of innovation, offering solutions for the interconnection of IO-Link devices that, unique in their kind, now land in Italy thanks to the sales network and technical support offered by EFA Automazione.

## 16. Business outlook

Pursuant to and for the purposes of what is indicated in point 6) of the third paragraph of art. 2428 of the Italian Civil Code, a macroeconomic context is noted, which also includes our country, which is still subject to the strong uncertainty associated with the evolution of the various geopolitical scenarios, the persistence of high levels of inflation and the consequent restrictive orientation of the most restrictive monetary and credit policies for businesses and households. In this context, Italian GDP is expected to grow by 0.7% in 2023 and there are equal expectations for 2024, mainly supported by the contribution of domestic demand from private consumption also supported by the deceleration of inflation, as a result of the fall in energy prices and the consequences of the restrictive monetary policies implemented by the ECB, with a gradual (albeit partial) recovery in employment. The forecast scenario is based on the assumption of the progressive implementation of the investment plan envisaged in the PNRR, with reference to the development prospects of the Italian digital market, thanks to the many digital transformation initiatives that will continue to arise in companies and also involve the public sector. The issues of digitalization and innovation continue to be very much felt through

investments also by the Digital Europe program, which will focus above all on thematic areas such as: Cloud, artificial intelligence (AI), Cybersecurity, Digital Skills (skills) and Digital Transformation (processes and methodologies), and for the continuation of the Horizon Europe program for the period 2021-27 (H21-27). In this context, the Relatech Group is well positioned to seize the opportunities offered by the evolution of the market, in terms of services and solutions related to digital transformation.

## 17. Other Information

Finally, it should be noted that Relatech S.p.A., as of 31<sup>st</sup> December 2023, was not subject to the control of another company and therefore, pursuant to paragraph 5 of art. 2497-bis of the Italian Civil Code, it is hereby certified that the company is not subject to the management and coordination activities of others.

## 18. Conclusions

This Annual Financial Report as of 31<sup>st</sup> December 2023 was approved by the Board of Directors on 28<sup>th</sup> March 2024.

**Mr. Pasquale Lambardi**  
**Chairman of the Board of Directors**



# CONSOLIDATED FINANCIAL STATEMENTS

Parent company: Relatech S.p.A.  
Share capital Euro 215.079,59 fully paid  
Registered office in Milan, via S. Anguissola, 23  
Registered in the Business Register of MILAN  
Fiscal Code and registration number 03267710964  
REA MI-1662226



# Consolidated Balance Sheet

Consolidated Balance Sheet	Note	31 December 2023	31 December 2022
Intangible assets	1	13.571.178	12.184.641
Goodwill	2	28.763.884	28.763.883
Rights of use activities	3	3.112.190	3.046.803
Tangible Assets	4	1.328.496	977.485
Financial Assets	5	391.044	618.609
Other non-current assets		126.180	92.032
Deferred tax assets	6	2.766.495	2.701.722
<b>Fixed assets</b>		<b>50.059.467</b>	<b>48.385.175</b>
Inventories	7	2.818.337	3.432.881
Trade receivables	8	29.626.425	28.394.450
Other current assets	9	7.523.081	11.343.067
Non-fixed financial assets		44.342	82.028
Cash	10	11.344.273	22.217.384
<b>Current Assets</b>		<b>51.356.459</b>	<b>65.469.810</b>
<b>Total Assets</b>		<b>101.415.926</b>	<b>113.854.985</b>
<b>Net Equity</b>			
Share capital		215.080	215.080
Share premium reserve		16.385.972	16.385.972
Reserves from FTA		(219.331)	(219.331)
Legal Reserve		43.015	31.809
Statutory reserves		503.155	503.155
OCI Reserve		272.614	486.170
Other reserves		13.629.273	12.836.886
Negative reserve for treasury shares held in portfolio		(2.664.057)	(2.584.420)
Profit (loss) carried forward		4.089.234	3.777.928

continue

Consolidated Balance Sheet	Note	31 December 2023	31 December 2022
<b>Group profit (loss) for the year</b>		<b>3.557.593</b>	<b>1.659.010</b>
<b>Group Net Equity</b>		<b>35.812.548</b>	<b>33.092.258</b>
Third party capital and reserves		679.687	1.248.752
Third-party results		(49.840)	34.272
<b>Minorities Equity</b>		<b>629.847</b>	<b>1.283.023</b>
<b>Total Equity</b>	<b>11</b>	<b>36.442.395</b>	<b>34.375.282</b>
Provisions for risks and charges	12	557.419	783.000
Deferred tax liabilities	6	1.887.914	10.455.473
Employee & Director Benefits Funds	13	5.524.919	4.739.031
Financial liabilities for rights of use	14	1.972.895	1.947.417
Non-current financial liabilities	15	21.419.163	28.713.008
<b>Non-current liabilities</b>		<b>31.362.309</b>	<b>46.637.929</b>
Trade payables	16	10.915.191	11.765.203
Current tax liabilities	17	4.045.590	4.916.936
Financial liabilities for rights of use	14	1.174.508	1.128.239
Current financial liabilities	15	8.795.815	5.733.133
Other current liabilities	18	8.680.118	9.298.263
<b>Current Liabilities</b>		<b>33.611.221</b>	<b>32.841.774</b>
<b>Total Liabilities</b>		<b>101.415.926</b>	<b>113.854.985</b>



## Consolidated Income Statement

Consolidated Income Statement	Note	31 December 2023	31 December 2022
Sales Revenue	19	91.023.833	60.662.879
Changes in work-in-progress, semi-finished, and finished goods Inventory		215.685	1.683.777
Increases in fixed assets for internal works	20	4.509.251	4.877.554
Other revenues and income	21	2.729.430	2.775.160
<b>Value of Production</b>		<b>98.478.199</b>	<b>69.999.370</b>
Costs for materials	22	22.090.390	18.606.573
Costs for services	23	23.143.211	17.795.562
Costs for the use of third-party assets	24	600.790	428.104
Personnel costs	25	37.496.178	22.964.590
Changes in inventories of raw materials		187.164	(434.641)
Miscellaneous operating costs	26	859.906	373.853
<b>Total Costs</b>		<b>84.377.639</b>	<b>59.734.043</b>
<b>EBITDA</b>		<b>14.100.560</b>	<b>10.265.327</b>
Depreciation of Intangible Assets		4.324.413	3.258.610
Amortization of tangible fixed assets		459.483	294.500
Depreciation of the right of use		1.280.547	889.679
Provisions and Write-downs		521.512	39.859
<b>Depreciation and provisions</b>	<b>27</b>	<b>6.585.955</b>	<b>4.482.648</b>
<b>EBIT</b>		<b>7.514.605</b>	<b>5.782.679</b>
Financial income		191.540	94.367
Financial charges		(1.590.360)	(1.325.892)
Exchange Gains (Losses)		44.123	(5.742)
<b>Financial management</b>	<b>28</b>	<b>(1.354.697)</b>	<b>(1.237.266)</b>
<b>EBT</b>		<b>6.159.908</b>	<b>4.545.413</b>
Current taxes	29	2.311.523	1.848.926
Deferred/prepaid taxes		340.632	203.206
Taxes relating to previous years		-	800.000
<b>Profit (loss) of the year</b>		<b>3.507.753</b>	<b>1.693.281</b>

continue

<b>Consolidated Income Statement</b>	<b>Note</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Third parties profit (Loss) of the year		(49.840)	34.272
<b>Group profit (loss) of the year</b>		<b>3.557.593</b>	<b>1.659.010</b>
Check		-	
<b>Earnings per share</b>	<b>30</b>		
base		0,09	0,04
diluted		0,09	0,04
<b>Effects that will not have a future impact on the income statement:</b>			
Actuarial gains/losses from plans to benefits net of tax effect		(213.556)	761.716
<b>Total other components of the Comprehensive Income Statement</b>		<b>(213.556)</b>	<b>761.716</b>
<b>Overall net result for the year</b>		<b>3.294.197</b>	<b>2.454.998</b>

## CASH FLOW STATEMENT

CASH FLOW STATEMENT	31 December 2023	31 December 2022
<b>A) Cash flows from operating activities (indirect method)</b>		
Profit (loss) of the year	3.557.593	1.693.281
Income taxes	2.652.155	2.852.131
Interest expense/(income)	1.354.697	479.143
(Capital gains)/Losses from the sale of assets	-	758.123
<b>1) Profit (loss) of the year before income taxes, interest, dividends and capital gains/losses on disposals</b>	<b>7.564.445</b>	<b>5.782.680</b>
Adjustments for non-cash items that were not offset in net working capital		
Provisions to funds	988.890	816.184
Depreciation of fixed assets	6.064.443	4.442.789
<b>Total adjustments for non-cash items that were not offset in net working capital</b>	<b>7.053.333</b>	<b>5.258.973</b>
<b>2) Cash flow before changes in net working capital</b>	<b>14.617.779</b>	<b>11.041.653</b>
Decrease/(Increase) in inventories	614.544	(1.331.117)
Decrease/(Increase) in receivables from customers	(1.231.975)	(3.462.701)
Increase/(decrease) in payables to suppliers	(850.012)	1.915.645
Decrease/(Increase) in accrued income and deferred income	(1.086.215)	299.276
Increase/(decrease) in accrued expenses and deferred income	(629.790)	617.856
Other decreases/(Other Increases) in net working capital	4.654.854	(5.845.324)
<b>Total changes in net working capital</b>	<b>1.471.406</b>	<b>(7.806.364)</b>
<b>3) Cash flow after changes in net working capital</b>	<b>16.089.185</b>	<b>3.235.289</b>
Interest Collected/(Paid)	(1.354.697)	(479.143)
(Income taxes paid)	(3.523.502)	(1.457.736)
Use of Funds	(8.996.142)	7.672.599
<b>Total other corrections</b>	<b>(13.874.341)</b>	<b>5.735.720</b>
<b>Cash flow from operating activities (A)</b>	<b>2.214.844</b>	<b>8.971.008</b>
<b>B) Cash flows from investment activities</b>		
(Investments)/Disinvestments in Tangible Assets	(810.495)	(431.503)
(Investments)/Divestments in rights of use	(1.345.934)	(2.503.918)
(Investments)/Divestments in intangible assets	(5.710.950)	(25.868.296)
(Investments) / Cash inherited from acquisitions	-	7.254.168

continue

<b>CASH FLOW STATEMENT</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Adjustment to intangible assets / contingent liabilities IFRS 3	(893.998)	4.670.642
(Investments)/Divestments in financial assets	149.263	978.502
(Investments) /Divestments not fixed Financial Assets	376.777	(82.028)
<b>Cash flow from investing activities (B)</b>	<b>(8.235.337)</b>	<b>(15.982.433)</b>
<b>C) Cash flows from financing activities</b>		
Third-Party Funds		
Increase/(decrease) in short-term payables to banks	2.959.407	652.297
Increase/(decrease) of short-term payables from other lenders	-	1.513.294
New opened (Reimbursed) loans	(6.321.545)	13.801.321
Own Funds		
Paid capital increase	-	2.859.855
Other changes in equity	(1.490.480)	(610.077)
<b>Cash flow from financing activities (C)</b>	<b>(4.852.617)</b>	<b>18.216.689</b>
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>(10.873.111)</b>	<b>11.205.265</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>22.217.383</b>	<b>11.012.119</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>11.344.273</b>	<b>22.217.383</b>

## STATEMENT OF CHANGES IN EQUITY

Net Equity	Balances as of 31 Dec 2022	Destination of the result	Other Changes	Profit for the year	Balances as of 31 Dec 2023
Share Capital	215.080				215.080
Reserve Surcharge	16.385.972				16.385.972
Reserve from FTA	(219.331)				(219.331)
Legal Reserve	31.809	11.206			43.015
Statutory Reserves	503.155				503.155
OCI Reserve	486.170		(213.556)		272.614
Other Reserves					
- Consolidation Reserve	3.811.580		(443.359)		3.368.221
- Merger Surplus	195.378				195.378
- Other Reserves	2.922.344	1.647.804	1.240.306		5.810.455
- Extraordinary reserve	5.012.062		(1.904.111)		3.107.951
- Stock Grant Reserve	895.521		251.748		1.147.269
Reserve for treasury shares in portfolio	(2.584.420)		(79.637)		(2.664.057)
Profits (losses) carried forward	3.777.928		311.306		4.089.234
Net Result of the year	1.659.010	(1.659.010)		3.557.593	3.557.593
<b>Net Equity of the Group</b>	<b>33.092.258</b>	<b>-</b>	<b>(837.303)</b>	<b>3.557.593</b>	<b>35.812.548</b>
Capital and Reserves of Third Parties	1.248.752	34.272	(603.336)		679.687
Third-party results	34.272	(34.272)		(49.840)	(49.840)
<b>Total Minorities Equity</b>	<b>1.283.023</b>	<b>-</b>	<b>(603.336)</b>	<b>(49.840)</b>	<b>629.847</b>
<b>Total Net Equity</b>	<b>34.375.282</b>	<b>-</b>	<b>(1.440.639)</b>	<b>3.507.753</b>	<b>36.442.395</b>

## Premises

Dear Shareholders,  
these Explanatory Notes have been prepared in support of the Consolidated Financial Statements as at 31 December 2023 and, together with the Directors' Report, constitute the Financial Report prepared for the purposes of the due disclosure required by the Euronext Growth Milan Issuers' Regulation.

## Introduction to the Explanatory Notes

### Preparation Base

Pursuant to Legislative Decree no. 38 of 28 February 2005 "Exercise of the options provided for in Article 5 of European Regulation no. 1606/2002 on international accounting standards", the Company has prepared these consolidated financial statements as at 31 December 2023 in accordance with the International Financial Reporting Standards (hereinafter also IFRS), as issued by the International Accounting Standard Board (IASB) and approved by the European Union on the date of approval of the this budget.

IFRS also refers to all International Accounting Standards (IAS) and all interpretations of the *International Financial Reporting Interpretations Committee* (IFRIC), formerly referred to as the "*Standing Interpretations Committee*" (SIC). The Consolidated Financial Statements reflect the results of the accounting records regularly kept by the Parent Company and its subsidiaries, adjusted for the eliminations of the consolidation process.

The Group's financial position and results of operations are presented in a clear, truthful and correct manner in accordance with the provisions of Legislative Decree 127/91 and, if necessary, the additional information required by paragraph 3 of art. 29 of the aforementioned decree.

In addition to the consolidation criteria, these Explanatory Notes also illustrate the valuation principles followed for the preparation of the Consolidated Financial Statements, in compliance with the relevant civil law.

For the purposes of preparing the financial statements, priority is given to the economic substance of the transactions rather than to their legal form.

With reference to IAS 1 paragraphs 25 and 26, the Directors of the Parent Company confirm that, in view of the Company's economic outlook, capital position and financial position, there are no uncertainties about the Group's going concern and that, consequently, in the preparation of the financial statements as at 31 December 2023, the accounting principles of a going concern are adopted.

These Consolidated Financial Statements as at 31 December 2023 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union. "IFRS" also refers to the International Accounting Standards ("IAS") still in force, as well as all interpretative documents issued by the Interpretation Committee, formerly known as the International Financial Reporting Interpretations Committee ("IFRIC") and before that the Standing Interpretations Committee ("SIC"). In the preparation of these Condensed Half-Year Financial Statements, prepared in accordance with IAS 34 – Interim Financial Statements, the same accounting principles adopted in the preparation of the Consolidated Financial Statements as at 31 December 2022 are applied, except for the new standards and interpretations in force as of 1 January 2023. The new standards that have led to a change in the group's accounting policies since the current year are described in paragraph 5.1.

It should also be noted that the contents of these condensed half-year financial statements are not comparable to those of a complete financial statement prepared in accordance with IAS 1, with particular reference to the lower information provided on financial assets and liabilities.

With regard to the performance for 2023, reference should be made to the Directors' Report on Operations.

It should be noted that Relatech S.p.A. is required to prepare the consolidated financial statements in compliance with the provisions of the Euronext Growth Italia (formerly AIM Italia) issuers' regulation.

These consolidated financial statements will be audited by BDO Italia S.p.A., by virtue of the mandate conferred on it for the period 2021-2023.

## Information on the composition of the corporate group

As of December 31, 2023, the Relatech Group is composed of the following companies:

Denomination	Registered Office	Share capital	Participation Fee	Principle of Consolidation
RELATECH S.P.A.	Italy	Euro 215,079.59	Group leader	-
ITHEA SRL	Italy	Euro 40,000.00	100,00%	Integral
OKT SRL	Italy	Euro 96,000.00	51,04%	Integral
DTOK LAB SRL	Italy	Euro 11,136.00	51,00%	Integral
DIALOG SISTEMI SRL	Italy	Euro 50,000.00	60,00%	Integral
GRUPPO SIGLA SRL	Italy	Euro 81,600.00	100,00%	Integral
MEDIATECH SRL	Italy	Euro 46,800.00	100,00%	Integral
EFA AUTOMAZIONE SPA	Italy	Euro 120,000.00	89,66%	Integral
VENTICENTO SRL	Italy	Euro 50,000.00	51,00%	Integral
IOT CATALYST SRL	Italy	Euro 200,000.00	100,00%	Integral
BTO RESEARCH SPA	Italy	Euro 2,465.313.00	80,00%	Integral

## General criteria and principles for the preparation of consolidated financial statements

The Consolidated Financial Statements as at 31 December 2023 include the financial statements of Relatech S.p.A. and those of the companies in which it has, directly or indirectly, the majority of the votes exercisable at the ordinary shareholders' meeting, the companies in which it has sufficient votes to exercise a dominant influence in the ordinary shareholders' meeting, the companies over which it has a dominant influence by virtue of a contract or a clause

in the articles of association.

The financial statements used for the consolidation of companies are prepared by the competent corporate bodies of the respective companies. The values shown in the Explanatory Notes, unless otherwise specified, are expressed in units of euro.

It is hereby certified that, in order to provide a true and fair representation of the balance sheet, financial position and profit or loss, it was not necessary to derogate from the application of any provision of Legislative Decree 127/91.

## Area and principles of consolidation

The table below shows the composition of the group and the scope of consolidation referring to the consolidated financial statements for the year ended 31 December 2023

### Area and principles of consolidation as at 31 December 2023

Denomination	Registered Office	Share capital	Participation Fee	Principle of Consolidation
RELATECH S.P.A.	Italy	Euro 215,079.59	Group leader	-
ITHEA SRL	Italy	Euro 40,000.00	100,00%	Integral
OKT SRL	Italy	Euro 96,000.00	51,04%	Integral
DTOK LAB SRL	Italy	Euro 11,136.00	51,00%	Integral
DIALOG SISTEMI SRL	Italy	Euro 50,000.00	60,00%	Integral
GRUPPO SIGLA SRL	Italy	Euro 81,600.00	100,00%	Integral
MEDIATECH SRL	Italy	Euro 46,800.00	100,00%	Integral
EFA AUTOMAZIONE SPA	Italy	Euro 120,000.00	89,66%	Integral
VENTICENTO SRL	Italy	Euro 50,000.00	51,00%	Integral
IOT CATALYST SRL	Italy	Euro 200,000.00	100,00%	Integral
BTO RESEARCH SPA	Italy	Euro 2,465.313.00	80,00%	Integral

The consolidation of subsidiaries is carried out using the global integration method. The main criteria adopted for the application of this method include:

- d. the carrying amount of the equity investments held by the parent company and the other companies included in the scope of consolidation is eliminated against the related shareholders' equity against the assumption of the assets, liabilities, costs and revenues of the subsidiaries in their total amount, regardless of the size of the investment held;
- e. Transactions that give rise to debit and credit, cost and revenue items between companies consolidated using the global integration method



are eliminated. In particular, unrealised gains deriving from transactions between group companies included at the balance sheet date in the valuation of inventories are eliminated;

- f. The difference between the acquisition cost and the shareholders' equity of the investee companies, at the date of the first consolidation, is allocated, where possible, to their assets and liabilities, up to their fair value. Any residual portion, if negative, is recorded in an item of shareholders' equity called "Consolidation reserve"; if positive, it is recognised in an asset item called "Goodwill", unless it is to be fully or partially recognised in the income statement;
- g. dividends from consolidated investments accounted for as income from investments in the income statement of the parent company or other companies holding such investments are eliminated against "Retained earnings and losses";
- h. any minority interests, any shares of shareholders' equity and profit for the period are shown in specific items in the consolidated Balance Sheet and Income Statement;
- i. companies acquired during the period are consolidated from the date on which control was acquired;
- j. Capital goods acquired on the basis of finance lease contracts are reflected in the consolidated financial statements in accordance with the financial methodology, which provides for the asset to be accounted for under property, plant and equipment, its consequent depreciation, the recognition of the payable to the lessor and the recognition in the income statement of the financial charges recognised on an accrual basis. These assets have been recorded at their initial value and depreciated as of the date of signing of the finance lease agreement;
- k. the excess of the purchase price over the shareholders' equity attributable to the acquired companies is allocated, where possible, to the assets and liabilities of these companies and, for the part of which is goodwill, to the item "Goodwill".
- l. the portion of shareholders' equity attributable to minority interests of the consolidated companies is recorded separately in a special item of shareholders' equity called "Minority interests and reserves", while the share of minority interests in the net result of these companies is shown separately in the consolidated income statement under "Profit for the year attributable to minority interests".
- m. Per quanto concerne le operazioni effettuate con le parti correlate, si precisa che le stesse non sono qualificabili né come atipiche né come

inusuali, rientrando nel normale corso di attività delle Società del Gruppo. Dette operazioni sono regolate a condizioni di mercato, tenuto conto delle caratteristiche dei beni e dei servizi prestati.

## Investments in related entities

A related entity is an investee in which the investee has significant influence, i.e. the power to participate in the determination of the investee's financial and management policies, but does not have joint control or control of it. The participant shall be presumed to have significant influence (unless the contrary can be demonstrated) if it holds, directly or indirectly through subsidiaries, at least 20% of the exercisable voting rights.

Investments in related entities were accounted for using the equity method.

## Assessment criteria

### Cash equivalents

The item consists of cash, current account deposits and an insurance policy with a guaranteed minimum return. Cash and cash equivalents are recorded at nominal value, corresponding to fair *value*. They are short-term, highly liquid and readily convertible investments into cash, and are subject to a non-significant risk of change in value.

### Trade receivables and other receivables

Trade receivables and other receivables are accounted for using the cost method. Credit losses are measured as the difference between the carrying amount of the receivable, equal to the *fair value* including transaction costs, and the present value of the estimated future cash flows, discounted at the effective interest rate calculated at the date the receivable is recognised.

Losses on receivables are recognised in the consolidated income statement under "Selling expenses" as well as any receipts on receivables written off.

## Property, plant and equipment

Capital goods are recorded under “Property, plant and equipment”.

In the financial statements, they are recorded at the cost of purchase, production or contribution, including any ancillary charges and direct costs necessary to make the asset available for use and net of any capital grants. Costs incurred after purchase are capitalized only if they increase the future economic benefits deriving from the use of the asset itself.

All other costs are recognised in the income statement when incurred. In particular, ordinary maintenance costs are charged in full to the income statement in the year in which they are incurred.

Individual components of a plant that have a different service life are recorded separately in order to be depreciated according to their service life according to a component-based approach. In particular, according to this principle, the value of the land and that of the buildings on it are separated and only the building is subject to depreciation.

Any costs of dismantling and rehabilitation of industrial sites that are estimated to be incurred are also recorded as a component subject to depreciation; The value at which these costs are recorded is equal to the present value of the future charge that is estimated to be incurred.

Ordinary maintenance costs are charged in full to the income statement in the year in which they are incurred.

The costs incurred for maintenance carried out at regular intervals are attributed to the assets to which they refer and are depreciated in relation to the specific residual possibility of using them.

The estimated realisable value that is expected to be recovered at the end of the useful life is not depreciated. Fixed assets are systematically depreciated in each year on a straight-line basis on the basis of economic and technical rates determined in relation to the remaining possibilities of use of the assets.

The *range* of rates is shown in the table below:

Intangible assets	Rate %
Plant & Machinery	15 / 20
Industrial & Commercial Equipment	12 / 15 / 20
Other Assets	12 / 15 / 20

## Intangible assets

Only identifiable assets, controlled by the company, that are capable of producing future economic benefits can be defined as intangible assets. They also include goodwill when acquired for consideration.

These assets are recorded in the financial statements at purchase or production cost, including ancillary charges in accordance with the criteria already indicated for property, plant and equipment. Development costs are also capitalized provided that the cost can be reliably determined and that it can be demonstrated that the activity is capable of producing future economic benefits.

### a) Development Costs

Development costs are capitalizable when it is demonstrable (i) that they relate to a project for the realization of a clearly defined and technically feasible product or process, (ii) the economic and financial capacity to complete the intangible asset so as to make it available for use or sale, (iii) the ability to use or sell the intangible asset and the way in which the intangible asset will contribute to generating future economic benefits.

### b) Concessions, licences, trademarks and other intangible assets

Only identifiable assets, controlled by the company, that are capable of producing future economic benefits can be defined as intangible assets.

Concessions, trademarks, licences and other intangible assets with a defined useful life are recorded in the financial statements at purchase or production cost, including ancillary charges in accordance with the criteria already indi-

cated for tangible fixed assets, net of the related accumulated depreciation and impairment. Depreciation is calculated using a linear method in order to allocate the cost of trademarks and licenses over their useful life.

Intangible assets with a finite useful life are systematically depreciated from the time the asset is available for use over the expected utility period.

### Leases

In accordance with IFRS 16, passive lease contracts (which do not constitute the provision of services) are accounted for through the recognition in the statement of financial position of a financial liability, represented by the present value of future rents, against the recognition in the assets of the “right of use of the leased asset”.

The contracts entered into by the Group companies, which fall within the scope of IFRS 16, mainly refer to:

- office buildings and apartments used by employees;
- equipment;
- office machines;
- Cars.

With reference to the options and exemptions provided for by IFRS 16, the Group has adopted the following choices:

- IFRS 16 is generally not applied to short-term contracts (i.e. less than 12 months) and low unit value;
- rights of use and financial liabilities relating to leasing contracts are classified under specific items in the statement of financial position;
- any component relating to the provision of services included in the lease payments is measured, similarly, in accordance with IFRS 16;
- contracts with similar characteristics are valued using a single discount rate; lease contracts previously recognised as finance leases pursuant to IAS 17 retain the amounts previously recognised.

## Starting

Goodwill and other assets with an indefinite useful life are not subject to systematic depreciation, but are subject to at least annual recovery checks (so-called “recoverability”). *impairment testing*) conducted at the level of the individual *Cash Generating Unit* (CGU) or sets of CGUs to which indefinite life assets can reasonably be allocated. For Goodwill, any write-downs made in one year are not subject to subsequent reversals.

At the time of the sale of part or all of the previously acquired business and the acquisition of which goodwill was revealed, the corresponding residual value of the goodwill shall be taken into account in determining the capital gain or loss on disposal.

## Business Combinations

Acquisitions of subsidiaries are accounted for in accordance with the acquisition method (IFRS 3).

Acquired assets and identifiable assumed liabilities are measured at their *fair value* at the acquisition date. The consideration transferred in a business combination includes the *fair value*, at the date of acquisition, of the assets and liabilities transferred and the interests issued by the Group, as well as the *fair value* of any contingent consideration and incentives recognized in share-based payments recognized by the acquiree. If the business combination results in the termination of a pre-existing relationship between the Group and the acquiree, the lesser of the extinguishment amount, as stipulated in the contract, and the off-market value of the item is deducted from the consideration transferred and recognised among other costs.

A contingent liability of the acquiree is assumed in a business combination only if this liability represents a current obligation arising from past events and when its *fair value* can be reliably determined.

In the case of non-full acquisition, the share of shareholders’ equity of minority interests is determined on the basis of the share of the fair values attributed to assets and liabilities at the date of acquisition of control, excluding any *goodwill*

attributable to them (the so-called “*partial goodwill method*”); alternatively, the full amount of *goodwill* generated by the acquisition is recognised, thus also considering the portion attributable to minority interests (the so-called “*full goodwill method*”). In the latter case, minority interests are expressed at their total *fair value*, including the *goodwill* attributable to them.

Goodwill, which arises from the acquisition, is recognised as an asset and initially measured as the excess between the consideration transferred and the net value at the acquisition date of the identifiable assets acquired and the identifiable liabilities assumed.

Acquisition-related costs are recognised in the consolidated statement of profit or loss/loss during the periods in which such costs are incurred and services are received, with the sole exception of the costs of issuing debt securities or equity securities.

## Equity investments accounted for using the equity method

On the basis of the equity method, equity investments are recorded in the balance sheet at cost, increased by post-acquisition changes, in the Group’s share of the investee’s net assets.

The goodwill pertaining to the associate is included in the carrying amount of the investment and is not subject to amortization. After the equity method has been applied, the Group determines whether any additional impairment losses should be recognised with reference to the Group’s net shareholding in the investee. The income statement reflects the Group’s share of the investee’s profit for the year.

## Impairment of fixed assets

Intangible assets with an indefinite useful life, such as goodwill, are not subject to depreciation, but are subject to impairment tests at least annually. All other assets falling within the scope of IAS 36 are subject to impairment tests whenever impairment indicators exist. In this case, the net value of that asset

is compared to its estimated recoverable amount and, if higher, a loss is accounted for.

Tangible and intangible assets with a finite useful life are depreciated and analysed for impairment losses in the event that events or changes in circumstances indicate that their carrying amount may not be recoverable. Impairment is equal to the amount by which the carrying amount of the intangible asset is greater than its recoverable amount. The recoverable amount is the greater of the *fair value* of the asset net of costs to sell and its value in use.

In order to check for impairment, tangible and intangible assets are grouped together at the level of the smallest separately identifiable cash generating unit. Intangible assets with a finite useful life are analysed at each balance sheet date to assess whether impairment losses recognised in previous periods no longer exist or have been reduced. If such an indication exists, the loss is reversed and the carrying amount of the asset is reinstated in an amount not exceeding its recoverable amount, which may not be higher than the carrying amount that would have been the case if the loss had not been recognised.

The reversal of an impairment loss is recognised immediately in the income statement.

At the end of each financial year, the Group reviews the carrying amount of its property, plant and equipment and intangible assets to determine whether there are indications that these assets have been impaired. If such indications exist, the recoverable amount of these assets is estimated to determine the amount of the impairment, if any. Where it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the CGU to which the asset belongs. Intangible assets with an indefinite useful life, referable exclusively to goodwill, are subject to the impairment test annually and whenever there is an indication of a possible impairment loss. The recoverable amount of an asset is the greater of its *fair value* less costs to sell and its value in use. In determining value in use, estimated future cash flows are discounted to their present value using an after-tax rate that reflects current market valuations of the value of money and asset-specific risks.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, it is reduced to the lower recoverable amount. An impairment loss is recognised in the income statement immediately, unless the asset is

represented by fixed assets recognised at the transition to IFRS at revalued cost as a substitute for cost, in which case the loss is recognised in the respective revaluation reserve.

When an impairment loss is no longer justifiable, the carrying amount of the asset (or CGU), with the exception of goodwill, is increased to the new value resulting from the estimate of its recoverable amount, but not to the carrying amount at the time the asset was recognised. The reversal of impairment is recognised in the income statement immediately, unless the asset is represented by fixed assets recognised at the transition to IFRS at revalued cost as a substitute for cost, in which case the reversal is recognised in the respective revaluation reserve.

## Shares

The treasury shares repurchased are recognised at cost and reduced to shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the purchase value and the consideration, in the event of reissue, is recognised in the share premium reserve. In the event of the exercise of stock options during the period, these are fulfilled with treasury shares.

## Financial assets

### Initial Detection and Evaluation

At initial recognition, financial assets are classified, as appropriate, according to the subsequent methods of measurement, i.e. amortised cost, *fair value* through OCI comprehensive income and *fair value* through profit or loss. The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of financial assets and the business model that the Group uses to manage them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its *fair value* plus, in the case of a financial asset not at *fair*

*value* through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined in accordance with IFRS 15. In order for a financial asset to be classified and measured at amortised cost or *fair value* through OCI, it must generate cash flows that depend solely on principal and interest on the principal amount to be repaid. The Group's business model for managing financial assets refers to the way it manages its financial assets in order to generate cash flows. The business model determines whether the cash flows will result from the collection of contractual cash flows, the sale of financial assets, or both. The purchase or sale of a financial asset that requires its delivery within a period of time generally established by regulations or market conventions is recognised on the trading date, i.e. the date on which the Group has committed to buy or sell the asset.

## Follow-up assessment

For the purposes of subsequent valuation, financial assets are classified into four categories:

- Financial assets at amortised cost;
- Financial assets at *fair value* through comprehensive income with reclassification of cumulative gains and losses;
- Financial assets at *fair value* through comprehensive income without reversal of accumulated gains and losses at the time of elimination;
- Financial assets at *fair value* through profit or loss.

### **Financial assets at amortised cost**

The Group measures financial assets at amortised cost if both of the following requirements are met:

- the financial asset is held within the framework of a business model whose objective is the possession of financial assets for the purpose of collecting contractual cash flows, and
- The contractual terms of the financial activity provide for cash flows on

certain dates consisting only of payments of principal and interest on the amount of principal to be repaid.

- Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is eliminated, modified or revalued.

### **Financial assets at fair value through OCI**

The Group measures assets at *fair value* through comprehensive income if both of the following conditions are met:

- the financial asset is held within the framework of a business model the objective of which is achieved both through the collection of contractual cash flows and through the sale of financial assets, and
- The contractual terms of the financial activity provide for cash flows on certain dates represented only by payments of principal and interest determined on the amount of principal to be repaid.

For assets measured at *fair value* through OCI, interest income, exchange rate changes and impairment losses, together with reversals, are recognised in the income statement and are calculated in the same way as financial assets measured at amortised cost. The remaining changes in *fair value* are recognised in OCI. At the time of elimination, the cumulative change in *fair value* recognised in OCI is reclassified in the income statement.

### **Investments in equity instruments**

At initial recognition, the Group may irrevocably elect to classify its equity investments as equity instruments recognised at *fair value* recognised in OCI when they meet the definition of equity instruments pursuant to IAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined for each individual instrument. Gains and losses on these financial assets are never reversed in the income statement. Dividends are recognised as other income in the income statement when the right to payment has been approved, except when the Group benefits from such income as a recovery of part of the cost of the financial activity, in which case such profits are recognised in OCI. Equity instruments recognised at *fair value* through OCI are not subject to impairment testing.

### **Financial assets at fair value through profit or loss**

This category includes assets held for trading, assets designated at first recognition as financial assets at *fair value* with changes recognised in the income statement, or financial assets that must be measured at *fair value*. Assets held for trading are all those assets acquired for sale or repurchase in the short term. Financial assets with cash flows that are not represented solely by principal and interest payments are classified and measured at *fair value* through profit or loss, regardless of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or *fair value* through account in OCI, as described above, debt instruments may be accounted for at *fair value* through profit or loss at initial recognition if this results in the elimination or significant reduction of an accounting mismatch. Financial instruments at *fair value* with changes recognised in the income statement are recognised in the statement of financial position at *fair value* and the net changes in *fair value* recognised in the statement of profit or loss.

### **Cancellation**

A financial asset is written off in the first instance when the rights to receive cash flows from the asset are extinguished, or the Group has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and has transferred substantially all the risks and rewards of ownership of the financial asset, or has not transferred or retained substantially all of the risks and rewards of the business, but has transferred control of the business. In cases where the Group has transferred the rights to receive cash flows from an asset or has entered into an agreement under which it retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more beneficiaries, it assesses whether and to what extent it has retained the risks and rewards inherent in the possession. In the event that the asset has not transferred or retained substantially all of the risks and rewards or has not lost control over it, the asset continues to be recognised in the Group's financial statements to the extent of its residual involvement in the business. In this case, the Group also recognises an associated liability. The transferred

asset and associated liability are measured to reflect the rights and obligations that remain with the Group. Where the entity's residual involvement is collateral on the transferred asset, the engagement shall be measured on the basis of the lesser of the amount of the asset and the maximum amount of consideration received that the entity may have to repay.

### Impairment of financial assets

The Group recognises an expected *credit loss* ('ECL') for all financial assets represented by debt instruments not held at *fair value* through profit or loss. ECLs are based on the difference between the contractual cash flows due under the contract and all cash flows that the Group expects to receive, discounted to an approximation of the original effective interest rate. Expected cash flows will include cash flows from the enforcement of collateral held or other credit guarantees that are an integral part of the contractual terms. Expected losses are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, credit losses arising from the estimation of default events that are possible within the next 12 months shall be recognised. For credit exposures for which there has been a significant increase in credit risk since initial recognition, expected losses relating to the remaining duration of the exposure shall be recognised in full, regardless of when the default event is expected to occur. For trade receivables and contracted assets, the Group applies a simplified approach to the calculation of expected losses. Therefore, the Group does not monitor changes in credit risk, but fully recognises the expected loss at each reference date. For assets represented by debt instruments measured at *fair value* through OCI, the Group applies the simplified approach permitted for assets with low credit risk. At each balance sheet date, the Group assesses whether the debt instrument is deemed to have a low credit risk using all available information that can be obtained without excessive cost or effort. In carrying out this assessment, the Group monitors the creditworthiness of the debt instrument. A financial asset is eliminated when there is no reasonable expectation of recovery of contractual cash flows.

## Financial liabilities

### Initial Detection and Evaluation

Financial liabilities are classified, at initial recognition, as financial liabilities at *fair value* through profit or loss, as loans and loans, or as derivatives designated as hedging instruments. All financial liabilities are initially recognised at *fair value*, plus transaction costs directly attributable to them in the case of loans, loans and payables. The Group's financial liabilities include trade payables and other payables, mortgages and loans, including overdrafts.

### Follow-up assessment

The valuation of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at *fair value* with changes recognised in the income statement include liabilities held for trading and financial liabilities initially recognised at *fair value* with changes recognised in the income statement. Liabilities held for trading are all those assumed with the intent to extinguish or transfer them in the short term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities are designated at *fair value* with changes recognised in the income statement from the date of first recognition, only if the criteria of IFRS 9 are met. At the time of initial recognition, the Group did not designate financial liabilities at *fair value* with changes recognised in the income statement.

### Funding

Loans are recognised at the fair value of the consideration received, net of ancillary costs for the acquisition of the loan.

### Cancellation

A financial liability is written off when the obligation underlying the liability is extinguished, cancelled or discharged. Where an existing financial liability is replaced by another of the same lender, under substantially different con-

ditions, or the terms of an existing liability are substantially modified, 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 recorded in the statement of profit or loss.

### Trade and other payables

Trade payables are obligations to pay against goods or services acquired from suppliers as part of ordinary business activities. Payables to suppliers are classified as current liabilities if payment is made within one year of the balance sheet date. Otherwise, these payables are classified as non-current liabilities. Trade payables and other payables are initially recognised at *fair value* and subsequently measured using the amortised cost method.

### Employee Benefits

Severance pay (TFR) and retirement provisions are determined by applying an actuarial methodology (mortality, foreseeable salary changes, etc.) to express the present value of the benefit, payable at the end of the employment relationship, that employees have accrued at the balance sheet date. This amount is charged to the income statement under the item "labour costs", while the imputed financial expense that the company would incur if a loan equal to the severance pay were requested from the market is allocated to net financial income (expense). Actuarial gains and losses that reflect the effects of changes in the actuarial assumptions used are recognised in the comprehensive income statement, taking into account the remaining average working life of employees. In programs with benefits defined in accordance with IAS 19, which also includes the severance pay due to employees pursuant to Article 2120 of the Italian Civil Code, the amount of the benefit to be paid to employees can only be quantified after the termination of the employment relationship, and is linked to one or more factors such as age, years of service and salary. Therefore, the related expense is charged to the accrued income statement on the basis of an actuarial calculation. The liability recorded in the balance sheet for defined benefit plans is the present value of the obligation at the balance sheet date. Requirements for defined benefit plans are determined annually by an independent actuary using the projected *unit credit method*. The present value of

the defined benefit plan is determined by discounting future cash flows at an interest rate equal to that of bonds (*high-quality corporate*) issued in euros and taking into account the duration of the relevant pension plan. Actuarial gains and losses arising from these adjustments and changes in actuarial assumptions are recognised in the comprehensive income statement.

### Provisions for risks and charges

Provisions for risks are recognised when:

- there is a current obligation, legal or implied, arising out of a past event;
- the fulfilment of the obligation is likely to be onerous;
- The amount of the bond can be reliably estimated.

Provisions for risks are recognised at the present value of expected future disbursements to settle the dispute, using a pre-tax rate that reflects current market valuations of the value of the money and the specific risks associated with the bond. The increase in liabilities due to the passage of time is recognised under financial charges. For possible risks, only information is provided in the commentary notes.

On the other hand, no information is provided for remote risks and no provision is made.

### Revenue and cost recognition

Revenues and income, costs and charges are recorded net of returns, discounts, rebates and premiums as well as taxes directly related to the sale of goods and the provision of services.

Revenues are recognised to the extent that it is probable that the economic benefits will be achieved by the company and the relevant amount can be determined reliably and on the basis of the contractually *defined performance obligations*, as defined by IFRS 15.

Revenues from the provision of services are recognised by reference to the stage of completion of the transaction at the balance sheet date when the result of the transaction can be reliably estimated. In particular, all of the following conditions are met:



- the amount of revenue can be reliably estimated;
- it is likely that the economic benefits deriving from the transaction will flow to the Group;
- the stage of completion of the transaction at the balance sheet date can be reliably measured;

The costs incurred for the operation and the costs to be incurred to complete it can be reliably calculated.

Financial income and expenses are recognized on an accrual basis.

### Income taxes

Taxes for the year include current, deferred and deferred taxes, as well as taxes relating to previous years.

Current income taxes are recognised on the basis of the estimated taxable income in accordance with the rates and provisions in force, or substantially approved at the end of the financial year, taking into account applicable exemptions and tax credits that may be due.

Deferred tax assets and liabilities are calculated on the temporary differences between the value attributed to assets and liabilities in the balance sheet and the corresponding amounts recognised for tax purposes, based on the rates in force at the time the temporary differences are reversed. Deferred tax assets are recognised to the extent that they are likely to be recovered in the future. In the valuation of deferred tax assets, the taxable income provided for in the business plans approved by the company is taken into account. When results are recognised directly in equity, in particular in the “Reserve for other components of comprehensive income”, deferred tax assets and deferred tax liabilities are also recognised directly in equity.

### Foreign exchange transactions

The functional presentation currency adopted by the company is the Euro. Monetary assets and liabilities in other currencies, with the exception of fixed assets, are recorded at the exchange rate prevailing at the end of the year and the related foreign exchange gains and losses are recognised in the income statement and any net profit is set aside in a special reserve that cannot be distributed until realised. Revenues and income, costs and expenses relating to

foreign exchange transactions are recorded at the exchange rate prevailing on the date on which the relevant transaction is carried out.

### Earnings/Losses per share

The Company determines earnings per share and diluted earnings per share in accordance with IAS 33 - *Earnings per Share*. Earnings per share are determined by dividing the Company's profit or loss by the weighted average number of shares outstanding during the reporting period, excluding treasury shares. Diluted earnings per share are calculated by dividing the Company's profit or loss, adjusted to take into account the effects on earnings, net of tax for the year, of the conversion into shares of any rights with diluted effects, by the weighted average number of shares outstanding during the reporting period, excluding treasury shares and equivalent securities (options) with dilutive effect.

### Using Estimates

The preparation of the financial statements required the making of estimates and assumptions that have an effect on the values of the assets and liabilities in the financial statements and on the information relating to contingent assets and liabilities at the balance sheet date. The final results of the items in the financial statements for which the above estimates and assumptions have been used may differ from those reported in the financial statements due to the uncertainty surrounding the assumptions and the conditions on which the estimates are based. Estimates are used to recognize provisions for credit risks, obsolescence and slow inventory movements, depreciation and amortization, asset write-downs, employee benefits, taxes, as well as other provisions for risks and charges. Estimates and assumptions are reviewed periodically and the effects of any changes are immediately reflected in the financial statements. The following is a summary of the critical valuation processes and key assumptions used in the process of applying GAAP with respect to the future and which may have a material effect on the amounts recognised in the financial statements or where there is a risk that significant impairment losses may arise to the carrying amount of assets and liabilities in the period following the reporting period.

- **Valuation of receivables:** receivables from customers are adjusted by the related provision for impairment losses to take account of their recoverable amount. The determination of the amount of write-downs requires the directors to exercise subjective evaluations determined on the basis of past experience for similar receivables or current and historical past dues, closing rates, losses and collections, and careful monitoring of credit quality;
- **Deferred tax assessment:** deferred tax assets are valued on the basis of expected taxable income expectations in future years. The measurement of such expected taxable income depends on factors that could change over time and have a material effect on the valuation of deferred tax assets.
- **Income taxes:** The determination of the Company's tax liability requires management to use valuations with respect to transactions whose tax implications are uncertain at the balance sheet date.
- **Valuation of intangible assets with an indefinite useful life** (including goodwill): in particular, intangible assets (including goodwill) are included among non-current assets. The Company periodically reviews the carrying amount of non-current assets held and used and assets that need to be disposed of, when facts and circumstances require such review. This activity is normally carried out using the Impairment Test and making estimates of the expected cash flows from the use or sale of the asset and appropriate discount rates for the calculation of the present value. When the carrying amount of a non-current asset has suffered an impairment loss, the Company recognises an impairment loss for the value of the excess between the carrying amount of the asset and its recoverable amount through the use or sale of the asset, also determined with reference to the Company's most recent plans. It should also be noted that, without prejudice to the uncertainty inherent in the business plans, both as regards the materialisation of the events envisaged therein and as regards the year and the quantum of their occurrence, the recovery of the assets recorded in the financial statements are subject to the implementation of the plans themselves.
- **Valuation of intangible assets with a finite useful life** (trademarks

and other fixed assets): the useful life and depreciation of these fixed assets are subject to annual review.

- **Valuation of risk provisions:** in the normal course of business, the Company is assisted by legal and tax advisors. A liability to the provision for risks and charges is established in respect of such litigation when it considers that a financial disbursement is likely to occur and when the amount of losses resulting from it can be reasonably estimated. In the event that a financial disbursement becomes possible but the amount cannot be determined, this fact is reported in the notes to the financial statements.

## Accounting standards, interpretations and amendments applicable from 1 January 2023 or later

Several amendments and interpretations apply for the first time in 2023, which, however, did not have any significant impact on the Group's Consolidated Financial Statements. The table below also lists the pronouncements with mandatory effective dates in future accounting years.

IFRS	Effective Date
IFRS 17 Insurance Contracts	Fiscal years starting on or after January 1, 2023
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Amendment – Disclosure of Accounting Policies)	Fiscal years starting on or after January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Accounting Estimates)	Fiscal years starting on or after January 1, 2023
IAS 12 Income Taxes (Amendment – Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction)	Fiscal years starting on or after January 1, 2023
IAS 12 Income taxes (Amendment – <i>Pillar Two Model Rules</i> )	Fiscal years starting on or after January 1, 2023
IFRS 16 leasing (Amendment - passivity in sale and leaseback)	Fiscal years starting on or after January 1, 2024
IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)	Fiscal years starting on or after January 1, 2024
IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)	Fiscal years starting on or after January 1, 2024
IAS 7 Cash Flow Statement (Amendments)	Fiscal years starting on or after January 1, 2024
IFRS 7 Financial Instruments: Disclosures (Amendments)	Fiscal years starting on or after January 1, 2024

# Comments on the main items in the statement of financial position

## 1. Intangible assets

After the recognition in the income statement of the depreciation and amortisation for the year, amounting to 4,324,413 euros, intangible assets, net of depreciation and amortization, amounted to 13,571,178 euros.

The table below shows in detail the changes in the items that make up intangible assets.

Analysis of movements of intangible assets

	Development Costs	Industrial patent rights and intellectual property rights	Grants, Licenses, Trademarks and Similar Rights	Other intangible assets	Total intangible assets
<b>Beginning of financial year 1/1/2023</b>					
Cost	21.119.881	1.644.839	22.409	1.299.043	24.086.173
Depreciation and amortization (Accumulated depreciation)	9.908.156	1.613.061	13.247	367.068	11.901.532
Book value	11.211.725	31.778	9.162	931.975	12.184.640
<b>Changes in the year</b>					
Increases due to acquisitions	5.291.574	49.342	-	370.035	5.710.951
Decreases due to disposals and disposals (of book value)					
Depreciation and amortisation of the year	4.067.859	49.240	1.053	206.261	4.324.413
Other changes (increase in Accumulated Depreciation)					
Total changes	1.223.715	102	-1.053	163.774	1.386.538
<b>Value as of 31/12/2023</b>					
Cost	26.411.454	1.694.181	22.409	1.669.078	29.797.123
Depreciation and amortization (Accumulated depreciation)	13.976.015	1.662.301	14.300	573.329	16.225.945
Balance Sheet value	12.435.440	31.880	8.110	1.095.749	13.571.178

With reference to Research and Development activities, during the 2023 financial year the Group made investments in Research and Development that mainly include development costs relating to projects that comply with the requirements of IAS 38 as detailed below:

- AGRITECH
- InMOTO
- DIGITAL BRAND
- EMPHASIS
- ZHENIT
- CityScape
- REALTER
- RePaaS
- GReMS
- GIGA
- MEGA

## 2. Goodwill

“Goodwill” as of December 31, 2023 amounted to Euro 28,763,883.

Goodwill and other assets with an indefinite useful life are not subject to systematic depreciation, but are subject to at least annual recovery checks (so-called “recoverability”). *impairment test*). For goodwill, any write-downs are not subject to subsequent reversals.

The following table shows in detail the movement of this item:

	31/12/2022	Increases	Decrease	31/12/2023
Goodwill	28.763.884	-	-	28.763.884
<b>Total</b>	<b>28.763.884</b>	-	-	<b>28.763.884</b>

During the second half of 2023, no new acquisitions of company shares were recorded; only the acquisition of all the shares of the subsidiary Gruppo Sigla is noted, which allowed Relatech SpA to reach a percentage of ownership equal to 100% of the company’s capital.

The details of the goodwill item are shown below:

	31/12/2023	31/12/2022	Changes
Goodwill Mediatech	2.944.811	2.944.811	-
Goodwill Xonne	1.391.635	1.391.635	-
Goodwill Relatech Consulting	1.330.101	1.330.101	-
Goodwill OKT	22.719	22.719	-
Goodwill Gruppo Sigla	1.795.853	1.795.853	-

Goodwill Dialog Sistemi	752.965	752.965	-
Goodwill DtokLab	67.269	67.269	-
Goodwill Efa Automazioni	7.116.038	7.116.038	-
Goodwill Venticento	452.755	452.755	-
Goodwill IOT Catalyst	1.448.140	1.448.140	-
Goodwill BTO	11.441.598	11.441.598	-
<b>Total</b>	<b>28.763.884</b>	<b>28.763.884</b>	<b>-</b>

Some contracts for the purchase of shares of subsidiaries provide for specific contractual clauses (*cross call* and *put* options ), as well as the possibility for Relatech S.p.A. to obtain, in future years, 100% of the share capital of the same and against which a potential consideration must be paid, sometimes determined according to the achievement of specific parameters. For this reason, at the date of acquisition, business combinations with these contractual characteristics were accounted for as if Relatech had acquired 100% control, without recognising, therefore, any interest of third party shareholders (*full goodwill method*).

The contractual provision concerning the recognition of a potential consideration for the purchase of minority stakes led to the recognition among other non-current financial liabilities of a financial debt of Euro 3,782,744, determined on the basis of the application of IFRS 3 and 9.

### 3. Activities for Rights of Use

In accordance with IFRS 16, tangible fixed assets are considered assets owned by companies and used in production, sale, for administrative purposes or for durable use. It should be noted, therefore, that what qualifies the tangible asset as fixed assets, to be included in the assets of the balance sheet, is not the mere possession of the asset but, vice versa, it is the use of the asset that makes it qualify as an asset.

The application of IFRS 16 resulted in the recognition of “Assets for Right of

Use” for a total of Euro 3,112,190 net of depreciation and amortisation and the recognition of the debt recorded in the Balance Sheet under the item “Liabilities for Rights of Use”.

#### Analysis of the movements of activities for Rights of Use.

Financial year start value 1/1/2023	Rights of use
Cost	4.969.313
Depreciation and amortization (Accumulated depreciation)	(1.922.510)
<b>Balance Sheet value</b>	<b>3.046.803</b>
Changes during the year	
Increases due to acquisitions	1.344.866
Decreases due to disposals, disposals (of book value)	(28.119)
Historical Cost Reclassifications	-
Depreciation and amortisation of the year	(1.254.772)
Other changes Accumulated depreciation and amortization	3.411
Fund reclassifications	-
Value as of 31/12/2023	
<b>Cost</b>	<b>6.286.060</b>
Depreciation and amortization (Accumulated depreciation)	(3.173.870)
<b>Balance Sheet Value</b>	<b>3.112.190</b>

## 4. Property, plant and equipment

Property, plant and equipment, net of accumulated depreciation and amortization, amounted to 1,328,496 euros (977,485 euros in the previous year). The following table shows in detail the changes in the items that make up property, plant and equipment and their respective depreciation and amortisation provisions

Analysis of movements of property, plant and equipment

	Plant & Machinery	Ind. & Commercial Equipment	Other Assets	Total property, plant and equipment
<b>Value at 1/1/23</b>				
Cost	486.087	772.886	1.676.114	2.935.088
Depreciation and amortization (Accumulated depreciation)	432.654	530.065	994.884	1.957.603
Balance Sheet Value	53.433	242.821	681.230	977.485
<b>Changes of the year</b>				
Increases due to acquisitions	26.752	102.149	686.343	815.244
Decreases due to disposals and disposals (of book value)	4.749			
Depreciation and amortisation of the year	37.468	96.078	325.938	459.483
Other changes (decrease in accumulated depreciation)				
Total changes	213.287	120.450	299.542	633.279
<b>Value as of 31/12/2023</b>				
Cost	508.090	875.035	2.362.458	3.745.583
Depreciation and amortization (Accumulated depreciation)	470.122	626.143	1.320.822	2.417.086
<b>Balance Sheet Value</b>	<b>37.968</b>	<b>248.893</b>	<b>1.041.636</b>	<b>1.328.496</b>

### Plant & Machinery

The item “Plant and Machinery” mainly refers to the general plants present at the operating offices of the Group companies.

### Industrial Equipment

“Industrial and Commercial Equipment” consists mainly of IT equipment and equipment.

### Other Goods

“Other assets” includes costs relating to tangible assets which, by their nature, have not been included in other items of property, plant and equipment; in particular, this item includes the furniture and furnishings of the companies’ operating offices and personal computers used by the Group’s employees.

It should be noted that there are no tangible assets for which monetary revaluations have been made.

## 5. Financial assets

The table below shows in detail the breakdown of financial assets and the changes in the amount compared to the previous year.

### Financial assets

Description	31/12/2023	31/12/2022	Changes
Investments in other companies	189.976	189.976	-
Other Financial Assets	201.068	428.633	(227.565)
<b>Total</b>	<b>391.044</b>	<b>618.609</b>	<b>(227.565)</b>

The item “Investments in other companies” refers to investments held indirectly in Centro Di Competenze Sud (ICT SUD) consortium company, in the company Bigtech Srl, in the company HIG, in the company 7Cento HK Limited based in Hong Kong (China) and 20100US Inc based in New York (USA). “Other financial assets” refers to shares measured at *fair value*.



## 6. Deferred tax assets and liabilities

### Deferred tax assets

The Group's deferred tax assets amounted to Euro 2,766,495. The change compared to the previous year is mainly attributable to changes in the income statement during the year due to the application of IAS/IFRS. The table below shows the details of the changes that occurred during the year as well as the difference that gave rise to the recognition of deferred tax assets.

Description	31/12/2022	Incrementi	Decrementi	31/12/2023
Employee Benefits	1.213	110.670	(2.774)	109.109
Differences on Depreciation	323.644	22.756	(140.896)	205.504
Reversal of depreciation on revalued intangible assets	2.255.526	-	(115.171)	2.140.355
Reversal of nondeductible trademark amortization	(25.110)	-	(25.110)	(50.220)
Other	146.448	215.299	-	361.747
<b>Total</b>	<b>2.701.721</b>	<b>348.725</b>	<b>(283.951)</b>	<b>2.766.495</b>

### Deferred tax assets

The Group's deferred tax assets amount to Euro 1,887,914. The change compared to the previous year is mainly attributable to changes in the income statement due to the application of IAS/IFRS. The table below shows a breakdown of the changes that occurred during the year.

Description	31/12/2022	Increments	Decrements	31/12/2023
Employee Benefits	99.286	41.211	-	140.497
Differences on Depreciation	1.506.115	718.497	(511.342)	1.713.270
Other financial assets valued at fair value	32.672	1.283	(27.849)	6.106
Other	-	28.041	-	28.041
<b>Total</b>	<b>1.638.073</b>	<b>789.032</b>	<b>(539.191)</b>	<b>1.887.914</b>

## 7. Inventories

Inventories refer to finished products intended for sale. The table shows the change during the year.

Description	31/12/2023	31/12/2022	Variation
Inventories of finished products and goods	2.602.652	3.210.411	(607.759)
Custom work in progress	215.685	222.470	(6.785)
<b>Total</b>	<b>2.818.337</b>	<b>3.432.881</b>	<b>(614.544)</b>

## 8. Trade receivables

Trade receivables, amounting to Euro 29,626,425, are shown net of the provision for doubtful accounts which, as of December 31, 2023, amounted to Euro 327,132. The following table shows the breakdown by geographical area.

Breakdown of receivables from customers by geographical area	31/12/2023	31/12/2022	Variation
Italy	27.593.153	25.405.247	2.187.906
UE (excluding Italy)	142.911	908.745	(765.834)
Extra UE	1.890.361	2.080.457	(190.096)
<b>Total</b>	<b>29.626.425</b>	<b>28.394.450</b>	<b>1.231.975</b>

The provision for doubtful accounts changed compared to the previous year as shown in the following table:

Provision for doubtful accounts	31/12/2023	31/12/2022	Variation
Opening Balance	103.556	148.681	(45.125)
Provision for the financial year	223.576	32.270	191.306
Uses in the financial year	-	29.695	(29.695)
<b>Total</b>	<b>327.132</b>	<b>151.256</b>	<b>175.876</b>

## 9. Other current assets

“Other Current Assets” totalled Euro 7,523,081 compared to Euro 11,343,068 at December 31, 2022. The table below shows in detail the breakdown of the item as well as the changes compared to the previous year.

### Other current assets

Description	31/12/2023	31/12/2022	Variation
Tax receivables	4.352.520	3.531.931	820.589
Other receivables	682.017	6.408.807	(5.726.789)
Accrued and deferred income	2.488.544	1.402.330	1.086.214
<b>Total</b>	<b>7.523.081</b>	<b>11.343.068</b>	<b>(3.819.985)</b>

Below are the detailed tables showing the breakdown of the individual items that make up the tax receivables.

### Tax receivables

Description	31/12/2023	31/12/2022	Variation
Inland Revenue c / VAT	557.190	626.224	(69.034)
Inland Revenue c / various tax credits	128.831	82.151	46.680
Tax Credits from Special Laws	943.252	1.114.414	(171.162)
Inland Revenue c / IRES advances	2.312.015	1.363.139	948.876
Inland Revenue c / IRAP advances	411.232	346.002	65.230
<b>Total</b>	<b>4.352.520</b>	<b>3.531.930</b>	<b>820.590</b>

“Tax receivables”, amounting to Euro 4,352,520 compared to Euro 3,531,931 in the previous year, includes all tax receivables mainly attributable to the Parent Company.

**Other receivables**

Description	31/12/2023	31/12/2022	Absolute variation
Security deposits	117.227	92.032	25.195
Other receivables	564.790	6.408.807	(6.035.092)
<b>Total</b>	<b>682.017</b>	<b>6.500.839</b>	<b>(6.009.897)</b>

“Other receivables” amounted to Euro 682,017 compared to Euro 6,500,839 at December 31, 2022.

**Accrued income and deferred income**

Accrued income and deferred income, calculated on an accrual basis, through the breakdown of costs and/or revenues common to two years, amounted to Euro 2,488,544 compared to Euro 1,402,330 in the previous year. The following table shows the composition of this item.

**Accrued income and deferred income**

Description	31/12/2023	31/12/2022	Absolute variation
Accrued income	2.021.038	1.028.893	992.144
Project PON Relatech - Truedetective	233.697	369.477	(135.780)
Project PON Relatech - Agritech	797.628	62.528	735.100
Project PON – Nextshop	4.265	33.946	(29.681)
Project PON – Ingegno	137.849	91.807	46.042
Project PON – Catch 4.0	128.024	304.183	(176.159)
Project PON – Digital Brand	77.524	-	77.524

Project PON – In Moto	153.004	-	153.004
Projects OKT	112.398	124.067	(11.669)
Projects Gruppo Sigla	180.561	-	180.561
Customer Orders	165.358	42.886	122.472
Interest income on current account	30.731	-	30.731
Deferred income	467.506	373.436	94.070
<b>Services and services provided by third parties</b>	<b>21.922</b>	<b>47.913</b>	<b>(25.991)</b>
Software Licensing	192.564	31.949	160.614
Equipment leasing	-	32.284	(32.284)
Insurance	57.521	62.164	(4.643)
Financial charges	91.220	108.180	(16.960)
Rental fees	14.635	11.873	2.762
Rental fees Rental fees	6.809	26.731	(19.922)
marketing Expense	35.000	20.833	14.167
Consulting	39.587	15.801	23.786
Other expenses	8.249	15.708	(7.459)
<b>Total</b>	<b>2.488.544</b>	<b>1.402.330</b>	<b>1.086.214</b>

## 10. Cash and cash equivalents

The balance of the Group's Cash and Cash equivalents as of December 31, 2023 amounted to Euro 11,344,273 compared to Euro 22,217,383 in the year ended December 31, 2022. The table below shows in detail the changes in balances compared to the previous year.

### Liquid assets

Description	31/12/2023	31/12/2022	Variation Absolute
Bank and postal deposits	11.340.266	22.213.918	(10.873.652)
Cash and cash equivalents	4.007	3.465	542
<b>Total</b>	<b>11.344.273</b>	<b>22.217.383</b>	<b>(10.873.110)</b>

## 11. Net Assets

Moving on to the examination of the Balance Sheet liabilities, the items constituting the Consolidated Shareholders' Equity are highlighted in detail.

The table below shows the changes in equity compared to the previous year.

Net assets	balances as of December 31, 2022	Destination of the result	Other Variations	Result of the exercise	balances as of December 31, 2023
Share Capital	215.080				215.080
Surcharge reserve	16.385.972				16.385.972
Reserve from FTA	(219.331)				(219.331)
Legal reserve	31.809	11.206			43.015
Statutory Reserves	503.155				503.155
OCI reserve	486.170		(213.556)		272.614
Other reserves					
- Consolidation Reserve	3.811.580		(443.359)		3.368.221
- Merger surplus	195.378				195.378
- Other reserves	2.922.344	1.647.804	1.240.306		5.810.455
- Extraordinary reserve	5.012.062		(1.904.111)		3.107.951
- Reserve Stock Grant	895.521		251.748		1.147.269
Reserve for treasury shares in portfolio	(2.584.420)		(79.637)		(2.664.057)
Profits (losses) carried forward	3.777.928		311.306		4.089.234
Net result of the year	1.659.010	(1.659.010)		3.557.593	3.557.593
<b>Group net equity</b>	<b>33.092.258</b>	-	<b>(837.303)</b>	<b>3.557.593</b>	<b>35.812.548</b>
Third party capital and reserves	1.248.752	34.272	(603.336)		679.687
Third party result	34.272	(34.272)		(49.840)	(49.840)
<b>Total third party equity</b>	<b>1.283.023</b>	-	<b>(603.336)</b>	<b>(49.840)</b>	<b>629.847</b>
<b>Total Equity</b>	<b>34.375.282</b>	-	<b>(1.440.639)</b>	<b>3.507.753</b>	<b>36.442.395</b>

The Group's shareholders' equity as of December 31, 2023 amounted to Euro 36,442,395 compared to Euro 34,375,282 in the year ended December 31, 2022.

It should be noted that on 30 December 2020, the Shareholders' Meeting resolved to split the total ordinary shares of Relatech S.p.A. from 10,922,507 to 32,767,521 ordinary shares, through the assignment of 3 new ordinary shares (new ISIN code IT0005433740 - regular dividend rights - coupon no. 1 et seq.) for each old ordinary share held (old ISIN code IT0005371874 - regular dividend rights coupon no. 1 et seq.), which was simultaneously withdrawn and cancelled. With reference to this transaction, 22 January 2021 was the last trading day of the pre-split stock and that since 25 January 2021 the stock has been traded post-split.

Finally, the value at 31/12/2023, equal to euro 2,664,057, relating to the purchase of treasury shares net of disposals during the period, is allocated to the Negative reserve for treasury shares in portfolio.

## 12. Provisions for risks and charges

The following table shows the composition of the item in question, as it appears in the financial statements.

Description	31/12/2023	12/31/2022	Variation
Provision for risks	557.419	783.000	(225.581)
<b>Total</b>	<b>557.419</b>	<b>783.000</b>	<b>(225.581)</b>

The item "Provision for Risks and Charges" as at 31 December 2023 includes the provision for variable bonuses and liabilities of a determined nature and probable existence relating to newly acquired companies.

## 13. Provisions for Employee and Director Benefits

### Employee benefits – Severance pay – TFM

The severance indemnity (TFR) is determined by applying an actuarial methodology assessed for the purposes of IAS 19; the amount of rights accrued during the year by employees is allocated to the income statement under labour costs, while the imputed financial expense that the company would incur if a loan equal to severance pay were requested from the market is allocated to net financial income (expense). Actuarial gains and losses that reflect the effects of changes in the actuarial assumptions used are recognised in the comprehensive income statement, taking into account the remaining average working life of employees.

Employee Benefits	31/12/2022	31/12/2023	TFR	TFM
Current value of the bond at the beginning of the financial year	4.231.215	4.550.144	4.470.899	79.244
Change in the initial value of the bond following the change in the scope of consolidation	1.313.878	-	-	-
Service Cost	826.663	1.222.405	1.210.848	11.557
Interest Cost	90.935	167.807	164.648	3.159
Advances and Liquidations	(778.603)	(741.382)	(741.382)	-
Other movements (reclassifications)	(36.953)	22.564	22.564	-
Actuarial (Profits) losses	(1.096.991)	303.381	293.316	10.065
<b>Total</b>	<b>4.550.144</b>	<b>5.524.919</b>	<b>5.420.894</b>	<b>104.025</b>

The actuarial model of reference for the valuation of severance pay is based on various assumptions, both demographic and economic. For some of the hypotheses used, where possible, explicit reference was made to the Company's direct experience, for the others the *reference best practice* was taken into account. The technical and economic bases used are reported below.

	31/12/2023	31/12/2022
Annual discount rate	3.17%	3.77%
Annual inflation rate	2.00%	2.30%
Annual rate of severance pay increase	3.00%	3.22%
Annual rate of salary increase	1.00%	1.00%

- the annual discount rate used to determine the present value of the bond was derived, in accordance with paragraph 83 of IAS 19, from the Iboxx Corporate AA index with duration 10+ recorded at the valuation date. To this end, the yield with a duration comparable to the duration of the collective of workers subject to the assessment was chosen;
- the annual rate of increase in severance pay as provided for by art. 2120 of the Italian Civil Code is equal to 75% of inflation plus 1.5 percentage points;
- the annual rate of salary increase applied exclusively for companies with an average of less than 50 employees was determined on the basis of what was communicated by the Company's Managers.

The following are the demographic technical bases used:

#### SUMMARY OF THE TECHNICAL DEMOGRAPHIC BASIS

Death	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables divided by age and sex
Retirement	100% upon reaching the AGO requirements

ANNUAL TURNOVER FREQUENCY AND TFR ADVANCES	31/12/2023
Frequency Previews	0.50%
Turnover Frequency	5.00%

## 14. Financial Liabilities for Rights of Use

In accordance with IFRS 16, tangible fixed assets are assets owned by the entity and are used in production, sale, administrative or durable use. It should be noted, therefore, that what qualifies the tangible asset as fixed assets, to be included in the assets of the balance sheet, is not the mere possession of the asset but, vice versa, it is the use of the asset that makes it qualify as an asset. The application of IFRS 16 resulted in the recognition of liabilities for rights of use for a total of Euro 3,147,402, of which Euro 1,174,508 maturing within the twelve months following December 31, 2023 and Euro 1,972,895 maturing beyond the twelve months following December 31, 2023.

## 15. Financial liabilities

Financial liabilities amounted to a total of €33,282,380 compared to €37,521,797 at 31 December 2022.

Descrizione	31/12/2023	31/12/2022	Variazione
Current financial liabilities	9.970.322	6.861.372	3.108.950
Non-current financial liabilities	23.392.058	30.660.425	(7.268.367)
<b>Total</b>	<b>33.362.380</b>	<b>37.521.797</b>	<b>(4.159.417)</b>

The amount of financial liabilities, in addition to the liabilities for rights of use indicated in the previous point, includes bank payables of Euro 26,003,652, of which Euro 8,692,540 as a short-term portion and Euro 17,311,112 in the medium to long term. In addition, there is the payable for the payment of the



deferred price of Euro 245,307 relating to the completion of the acquisition of 60% of the share capital of the company Dialog Sistemi S.r.l., the debt for Euro 183,274 refers, mainly, to loans from former shareholders of acquired companies. Finally, financial payables relating to the application of IFRS 9 are also included, attributable to the potential consideration deriving from the probable financial outlay resulting from the fulfilment of the contractual conditions that will allow Relatech to complete the purchase of the remaining shareholdings relating to the acquisitions made in the past:

€1,685,418 for the acquisition of EFA Automazione S.p.A.;  
 €404,991 for the acquisition of Venticento Srl;  
 €551,587 for the acquisition of IOT Catalyst Srl;  
 €1,140,748 for the acquisition of EXEO Holding from BTO Spa.

With regard to debt to credit institutions, the table below shows the Group's overall exposure to the credit system.

Description	Parent Company	Subsidiaries	Total
INTESA - Fin. 60 Months - n.0IR1046065373 - Relatech	380.195		380.195
BPER Banca - Fin. 66 Months - n.421 4868499	406.603		406.603
MCC Sustainable Growth Fund - Project TrueDetective	158.632		158.632
INTESA - Fin. 60 Months - n.OIC1012107993 - Relatech	1.259.355		1.259.355
BPER Banca - Fin. 60 Months - n.5035865	754.198		754.198
INTESA - Fin. 94 Months n. 105068	6.000.000		6.000.000
BNL - Fin. 60 Months	1.406.250		1.406.250
UNICREDIT - Fin. 60 Months	5.000.000		5.000.000
BPER Fin. 48 Months n.3186610	4.000.000		4.000.000
Financing INTESA - Relatech Consulting (Post Merge)	121.458		121.458
MPS - Fin. POLINICE		56.765	56.765
MCC Fin. facilitated n.374 - Horizon Call 2020 PON Pr. Nextshop		91.361	91.361
MCC Fin. facilitated n.374 - Horizon Call 2020 PON Pr. CATCH		286.687	286.687
OKT - MCC Fin. facilitated - Horizon Call 2020 PON		99.858	99.858
Sustainable Growth Fund - Smart Factory Desk DM 5/3/2018 - VQA		49.133	49.133
BPER - Fin. 48 Months - n. 421/04867952		15.286	15.286

	84.252	84.252
Banca Intesa San Paolo Financing Covid19 months - n. 12	560.010	560.010
Unicredit - Loan No. 0FC1022270623 - 18 months	432.964	432.964
Fin. short term - CREDEM - various durations max 4 months	390.385	390.385
Fin. m/l MCC guarantee - Banco BPM - quota within 12 months	913.562	913.562
Fin. m/l MCC Covid guarantee - Intesa Sanpaolo - quota within 12 months	135.034	135.034
Fin. m/l MCC Covid guarantee - BCC Carate Brianza - fee within 12 months	419.062	419.062
Fin. m/l MCC Covid guarantee - BPER Banca - quota within 12 months	811.356	811.356
Fin. m/l MCC Covid guarantee - Banca di Piacenza - amount within 12 months	2.171.246	2.171.246
<b>Banks c/ec/advance invoices</b>	<b>19.486.691</b>	<b>6.516.961</b>
		<b>26.003.652</b>

## 16. Trade payables

The following table highlights in detail the breakdown by geographical area of the item "Trade payables".

Breakdown of debts to suppliers by geographical area	31/12/2023	31/12/2022	Variation Absolute
Italy	10.736.326	11.572.437	(836.111)
Eu (excluding Italy)	178.865	127.784	51.081
Extra-EU	-	64.982	(64.982)
<b>Total</b>	<b>10.915.191</b>	<b>11.765.203</b>	<b>(850.012)</b>

The item "Trade payables", equal to Euro 10,915,191 and Euro 11,765,203 respectively at 31 December 2023 and 31 December 2022, mainly includes trade payables to third parties.

## 17. Current tax liabilities

The breakdown of current tax liabilities is shown below.

Description	31/12/2023	31/12/2022	Variation
Inland Revenue VAT	655.391	588.014	67.377
Inland Revenue c / withholding tax on employee income	914.042	852.709	61.333
Revenue c/withholdings on labor income. autonomous	53.854	89.904	(36.050)
Inland Revenue c / substitute taxes	(8.381)	189.018	(197.399)
Inland Revenue c/IRES	2.212.695	2.525.317	(312.622)
Inland Revenue c / IRAP	217.989	671.974	(453.985)
<b>Total</b>	<b>4.045.590</b>	<b>4.916.936</b>	<b>(871.346)</b>

## 18. Other current liabilities

Other current liabilities amount to Euro 8,680,118 compared to Euro 9,298,263 at 31 December 2022. The following table highlights the composition of this item in detail

### Other current liabilities

Other Current Liabilities	31/12/2023	31/12/2022	Variation Absolute
Payables social security institutions	1.351.042	1.484.360	(133.318)
Other Debts	4.852.302	4.707.339	144.963
Accruals and deferred income	2.476.774	3.106.564	(629.790)
<b>Total</b>	<b>8.680.118</b>	<b>9.298.263</b>	<b>(618.145)</b>

### Debts to social security and social security institutions

Payables to social security institutions, equal to Euro 1,352,042, represent the contributions payable by Group companies to be paid to social security and social security institutions.

### Other debts

Description	31/12/2023	31/12/2022	Variation Absolute
Payables to directors	114.914	216.801	(101.887)
Various payables to third parties	585.027	970.651	(385.623)
Personnel salaries	1.745.794	1.860.561	(114.767)
Employees deferred salaries	2.406.567	1.659.326	747.241
<b>Total</b>	<b>4.852.302</b>	<b>4.707.338</b>	<b>144.963</b>

“Other payables” amounting to Euro 4,852,302 mainly refer to payables for salaries of employees and deferred payables to employees relating to holidays and leave accrued but not yet taken and additional monthly payments.

### Debts secured by real guarantees

There are no debts backed by real guarantees.

### Accruals and deferred income

Accrued expenses and deferred income for a total of Euro 3,132,445 are determined on the basis of the accrual criterion and refer to positive income components.

## 19. Revenues

In detail, revenues from sales and services amount to Euro 91,023,833 compared to Euro 60,662,879 in the previous year. Below is the breakdown of revenues by geographical area.

### Geographical breakdown of revenues

Description	31/12/2023	31/12/2022	Variation
Italy	65.426.642	43.142.715	22.283.927
Eu (excluding Italy)	6.289.849	1.297.465	4.992.384
Extra Eu	19.307.342	16.222.699	3.084.643
<b>Total</b>	<b>91.023.833</b>	<b>60.662.879</b>	<b>30.360.954</b>

## 20. Increases in fixed assets for internal works

During the year 2023, the Group incurred Research and Development costs amounting to Euro 5,648,888 of which Euro 5,478,888 related to personnel costs and Euro 170,000 to costs for external consultancy. These costs contributed to the increase in fixed assets for internal works recorded in the balance sheet for Euro 4,509,251.

## 21. Other Revenues

“Other Revenues” at 31 December 2023 amounted to Euro 2,729,430 compared to Euro 2,775,160 in the previous year. This item is made up of operating contributions relating to projects conducted with universities and research centres.

The following table highlights the composition of this item in detail.

Description	31/12/2023	31/12/2022	Variation	Inc. %
Operating grants	2.729.430	830.717	1.898.713	229%
Other revenues	-	1.944.443	(1.944.443)	-100%
<b>Total</b>	<b>2.729.430</b>	<b>2.775.160</b>	<b>(45.730)</b>	<b>-2%</b>

## 22. Material costs

Purchase costs at 31 December 2023 amount to Euro 22,090,390 compared to Euro 18,606,573 in the previous year.

Description	31/12/2023	31/12/2022	Variation	%
Costs for materials	22.090.390	18.606.573	3.483.817	19%
<b>Total Costs</b>	<b>22.090.390</b>	<b>18.606.573</b>	<b>3.483.817</b>	<b>19%</b>

The increase is attributable, in particular, to the entire inclusion of the company EFA Automazione e Venticento Srl in relation to the consolidation period.

## 23. Costs for services

The “Costs for services” at 31 December 2023 amount to Euro 23,157,264 compared to Euro 17,795,562 of the previous financial year. The following table highlights the composition of this item in detail.

Description	31/12/2023	31/12/2022	Variation
Third party services	12.978.190	7.394.526	5.583.664
Consulting	807.435	586.887	220.549
R&D consultancy and specific projects	74.450	477.016	(402.566)
Marketing and advertising consultancy	836.104	799.235	36.869
Consultant professional costs	1.086.857	831.699	255.158
Directors' fees co.co.co.	3.330.626	3.285.986	44.640
Other expenses for directors	34.860	54.042	(19.183)
Auditors' fees, Board of Auditors, ODV 231	163.071	106.688	56.383
Other personnel expenses	1.284.445	724.525	559.919
Other production services	1.037.505	540.965	498.594
Insurance	186.045	135.102	50.943
Research, education and training	208.732	248.603	(39.871)
Overheads	492.127	1.054.816	(562.689)
Bank fees and charges	214.734	115.789	98.945
Transaction cost	408.031	1.439.682	(1.031.651)
<b>Total</b>	<b>23.143.211</b>	<b>17.795.562</b>	<b>5.347.649</b>

The item “Costs for services” mainly includes the costs of third party processing, consultancy costs, directors’ fees, general expenses and *transaction costs* incurred for the acquisition of the new companies.

In detail:

- the “costs for third party” mainly refer to the costs incurred for the purchase of services provided by third parties and necessary for the provision of the service to end customers and amount to a total of Euro 12,978,190;
- the item “consulting” refers to consultancy costs relating to the Euronext Growth Milan market, financial consultancy, due diligence, consultancy relating to Group compliance and amount to a total of Euro 807,435;
- the item “R&D consultancy and specific projects” refers to the costs of external consultants for specific activities connected to research and development projects and amounts to Euro 74,450;
- the item “costs for marketing activities” mainly includes the costs incurred for communication campaigns aimed at increasing brand awareness , digital activities, internal events within the Group and participation in external events as sponsors and amount to a total of Euro 836,104;
- the item “professional consultants” refers to the costs incurred for tax, administrative, legal and notary consultancy for the Group and amount to a total of Euro 1,086,857;
- the item “directors’ fees” equal to Euro 3,330,626 contains the emoluments paid to the Group’s directors as of 31 December 2023. Furthermore, this item includes the provision in the Stock Grant reserve relating to the 2021-2023 plan for Euro 999,305;
- the item “other personnel expenses” equal to Euro 1,284,445 includes company meal vouchers, travel and business expenses and vehicle expenses. The increase of 559,919 euros is attributable in particular to the resumption of post-Covid travel and business trips;
- the item “other production services” refers to other miscellaneous costs for the production of services and amounts to Euro 1,037,505;
- the item “Overheads” mainly refers to costs for various utilities, clea-

ning of premises, various maintenance and fees for Group services and amounts to a total of Euro 492,127;

- the “ transaction cost” item contains the impact of the ancillary costs for the acquisition of the new companies and amount to Euro 408,031.

## 24. Costs for the use of third party assets

This item mainly refers to the “ *non-lease component* ” of costs for the use of third-party assets and amounts to Euro 600,790. Of these, the most significant component relates to the costs for the use of third-party software licenses.

## 25. Personnel Costs

The item “Personnel Costs” equal to Euro 37,496,178 includes all costs incurred up to 31 December 2023 relating to employees including the cost for additional monthly payments and accrued but untaken holidays.

Description	31/12/2023	31/12/2022	Variation Absolute
Wages and payrolls	32.020.770	18.626.671	13.394.099
Social charges	4.523.839	3.462.322	1.061.517
Severance indemnity	948.555	816.184	132.371
Other costs	3.014	59.414	(56.400)
<b>Total</b>	<b>37.496.178</b>	<b>22.964.591</b>	<b>14.531.587</b>

The following table reports information on the number of managers, managers, employees and apprentices, trainees and interns present in the group as of 31 December 2023 compared to 31 December 2022.

	31/12/2023	31/12/2022	Variation
Executives	10	10	0
Managers	49	48	1
Employees	542	540	2
Apprentices	76	91	-15
Trainee / Interns	10	32	-22
<b>Total</b>	<b>687</b>	<b>721</b>	<b>-34</b>

## 26. Other management costs

Other operating expenses at 31 December 2023 amounted to Euro 859,906 compared to Euro 373,853 at 31 December 2022.

## 27. Depreciation and write-downs

The item shown in the income statement equal to Euro 6.885.955 is represented by amortization of intangible and tangible assets.

For details of depreciation, please refer to the comments on the balance sheet items.

Description	31/12/2023	31/12/2022	Variation
Amortization of Intangible Assets	4.324.413	3.258.610	1.065.803
Depreciation of tangible fixed assets	459.483	294.500	164.983
Right of Use Amortization	1.280.547	889.679	390.868
Provisions and write-downs	521.512	39.859	481.653
<b>Total</b>	<b>6.885.955</b>	<b>4.482.648</b>	<b>2.103.307</b>

The increase in the amortization item is attributable to the introduction of amortization on rights of use in application of the accounting standard IFRS 16 Leases for a total of Euro 1,280,547.

Amortization of intangible assets amounted to Euro 4,324,413 and Euro

3,258,610, respectively at 31 December 2023 and 30 December 2022. Depreciation on tangible fixed assets amounted to Euro 459,483 and Euro 294,500, respectively at 31 December 2023 and 31 December 2022.

## 28. Financial Income and Expenses

The details of financial income and expenses are shown in the following table. The table highlights the effect on financial charges resulting from the application of IAS/IFRS 16 and 19.

Description	31/12/2023	31/12/2022	Variation
Financial income	191.540	94.367	97.172
Various financial charges	(93.294)	(776.329)	683.035
Bank financial charges	(1.264.454)	(415.298)	(849.157)
Financial charges (IAS 19)	(167.807)	(90.935)	(76.872)
Financial charges (IFRS 16)	(64.804)	(43.330)	(21.474)
Gains/losses on exchange rates	46.176	(5.742)	51.918
<b>Total</b>	<b>(1.352.644)</b>	<b>(1.237.266)</b>	<b>(115.378)</b>

Financial income as at 31 December 2023 amounted to Euro 191,540, while financial charges amounted to Euro 1,590,360 and mainly include:

- bank interest expense equal to Euro 1,264,454 referring to current account advances and interest expense on loans outstanding at the same dates;
- various financial charges amounting to Euro 93,294;
- TFR discounting charges, equal to Euro 167,807 deriving from the application of the accounting standard IAS 19 relating to the adjustment to the *fair value* of provisions for employee benefits;
- interest on right-of-use liabilities for Euro 64,804 as required by IFRS 16 Leases;

- It follows, in light of the above, that bank interest expenses have influenced the operating result before taxes in a highly negative way, even more so when compared to the results portrayed in the previous reference period.

## 29. Taxes

Below is the composition of the income tax item as at 31 December 2023 and 31 December 2022, specifying that the deferred taxation is mainly attributable to changes in the income statement due to the application of IAS/IFRS accounting principles.

Please refer to paragraph 6 for information in relation to “Deferred tax assets and liabilities”.

	31/12/2023	31/12/2022	Variation
Current taxes	2.311.523	1.848.926	462.597
Prepaid taxes	152.652	(24.327)	176.979
Deferred tax liabilities	121.249	150.412	(29.163)
Deferred taxes	66.731	77.121	(10.390)
<b>Total income taxes</b>	<b>2.652.155</b>	<b>2.852.131</b>	<b>(199.976)</b>

### 30. Earnings per share

The basic profit per share is calculated by dividing the result for the year attributable to the ordinary shareholders of the Parent Company by the weighted average number of ordinary shares in circulation during the year, net of the weighted average number of treasury shares held during the year.

The diluted result per share is calculated by dividing the result attributable to the ordinary shareholders of the Parent Company by the weighted average number of ordinary shares in circulation during the financial year (always net of the weighted average number of treasury shares held during the financial year) and those that could potentially be issued to service *stock grant* plans .

The result and information on the shares used for the calculation of the basic and diluted earnings per share are shown below:

Net profit attributable to shareholders	3.602.793
Weighted number of shares in circulation 01/01 – 31/12/2023	42.337.272
Basic earnings per share	0.085
Weighted number of shares in circulation 01/01 – 31/12/2023 (including those potentially issued to service the stock grant plans )	42.337.272
Diluted earnings per share	0.085

### Transactions with related parties

Pursuant to IAS 24, related parties of the Group are companies and people who are able to exercise control, joint control or significant influence over the Group and its subsidiaries.

The relationships between the companies have a commercial and financial nature and are formalized by contracts. These relationships are carried out at market value and carefully monitored by the Board of Directors. Transactions relating to the normal operations of the individual entities were carried out with the counterparties in question; no operations of an atypical or unusual nature were highlighted.

Below are the main economic, equity and financial items of the Relatech Group relating to transactions with related parties, specifying that the company L. Partners Srl is related as it is a company controlled by the President of the Board of Directors.

CAPITAL REPORTS	31/12/2023	L.Partners Srl	Nature of the operation
Trade and other credits	–	–	Credits relating to cost chargebacks
Trade and other payables	–	–	Debts relating to cost chargebacks

ECONOMIC REPORTS	31/12/2023	L.Partners Srl	Nature of the operation
Other revenues	–	–	Revenues for cost chargebacks
Cost for use of third party assets	74.653	74.653	Property rental fees



## More information

Below is the other information required by the civil code or in any case useful for better understanding the Group's equity, financial and economic situation.

### Information on significant events that occurred after the end of the financial year

Pursuant to art. 2427 point 22-quater and art. 2428 paragraph 3, n. 5 of the civil code, it should be noted that the significant events subsequent to the end of the reference period were set out in the specific paragraph of the Management Report to which reference should be made.

### Remuneration of directors, auditors and auditing firms

It is specified that there are no advances or credits in favor of the administrative body. Furthermore, it has not undertaken any commitments on behalf of this body as a result of guarantees of any kind given.

The Group companies have approved compensation for the administrative and control bodies. The amount of such compensation as of 31 December 2023, calculated according to the accrual criterion, is indicated in the following table:

Compensation	Amount as of December 31, 2023
Administrative Body	3.342.626
Board of Statutory Auditors	51.710
Auditing firm	91.561
Supervisory Body (231)	19.800

### Details on other financial instruments issued by the Company

The company has not issued other financial instruments pursuant to article 2346, paragraph 6, of the civil code.

### Information relating to derivative financial instruments pursuant to art. 2427-bis of the Civil Code

In compliance with the requirements of the art. 2427-bis of the civil code, we certify that the company has not signed contracts relating to derivative financial instruments.

### Commitments, guarantees and potential liabilities not shown in the balance sheet

There are no existing commitments or guarantees issued to the group companies.

No potential liabilities have been identified in addition to those which led to the allocation of risk provisions in the balance sheet, such as to be mentioned in these explanatory notes.

### Information relating to the book value of financial instruments

In order to provide information capable of illustrating the exposure to financial risks, the information provided by companies regarding the *fair value measurement* of financial instruments as required by the accounting standard IFRS 7 is of considerable importance.

The " *Fair Value hierarchy* " includes three levels:

- level 1: if the financial instrument is listed on an active market;
- level 2: if the *fair value* is measured on the basis of valuation techniques that take as reference parameters observable on the market, other than the prices of the financial instrument;
- level 3: if the *fair value* is calculated on the basis of valuation techniques that take as reference parameters that are not observable on the market.

Below is the information relating to the book value of the financial instruments as of 31 December 2023 :

Description	Balance sheet value	Fair value	Fair value hierarchy
Participations	166.043	189.976	Level 3
Other financial assets	89.804	115.817	Level 1
Trade credits	29.817.500	29.817.500	Level 3
Cash and cash equivalents	11.344.273	11.344.273	Level 1

Description	Balance sheet value	Fair value	Fair value hierarchy
<b>Non-current financial debts and liabilities</b>			
Debts to banks and other financiers	20.027.853	20.027.853	Level 3
Other financial liabilities	245.307	4.028.051	Level 3
Financial liabilities for rights of use	-	1.972.895	Level 3
<b>Current financial debts and liabilities</b>			
Debts to banks and other financiers	6.466.664	6.466.664	Level 3
Financial liabilities for rights of use	-	1.174.508	Level 3
Trade debts	10.259.520	10.259.520	Level 3

### Transactions resulting from atypical and/or unusual operations

In compliance with the provisions of the Consob Communication of 28 July 2006, it is noted that in the financial year ended 31 December 2023, no atypical and/or unusual transactions were carried out as defined by the Communication itself.

## Final Consideration

Dear Shareholders,

We confirm that this Annual Financial Report, consisting of the Consolidated Financial Statements, Balance Sheet, Income Statement, Explanatory Notes and Management Report, truthfully and correctly represents the equity and financial situation of the Relatech SpA group as well as the consolidated economic result as of 31 December 2023

Milan, 28 March 2024

**Chairman of the Board of Directors  
Mr. Pasquale Lambardi**



# ATTACHEMENTS

**Relatech S.p.A.**

Independent Auditors' report  
in accordance with article 14 of legislative decree  
n. 39 of January 27, 2010

Consolidated financial statements as of December 31, 2023

*This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.*

MCP/GNC/cpo - RC082252023BD1636




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Viale Abruzzi, 94  
20131 Milano

**Independent auditors' report**

in accordance with article 14 of legislative decree n. 39 of January 27, 2010

To the Shareholders of  
Relatech S.p.A.

**Report on the consolidated financial statements****Opinion**

We have audited the consolidated financial statements of Relatech Group (the "Group"), which comprise the Consolidated Balance Sheet as at December 31, 2023, the consolidated income statement, the consolidated statement of comprehensive income, the cash flows statement for the year then ended, the statement of changes in equity and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Relatech Group as of December 31, 2023, of the result of its operations and its cash flow for the year 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 Consolidated Financial Statements* section of this report. We are independent of the company in accordance with ethical requirements and standards applicable in Italy that are relevant to the audit of consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Directors and Those Charged with Governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible, within the terms provided by the law, 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.  
Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 0722780967 - R.E.A. Milano 1977842

Iscritta al Registro dei Revisori Legali al n. 167911 con D.M. del 15/03/2013 G.U. n. 28 del 02/04/2013

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#### Auditor's Responsibilities for the Audit of the Consolidated financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



#### Report on other legal and regulatory requirements

##### Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/10.

The Directors of Relatech S.p.A. are responsible for the preparation of the report on operations of the Group as of December 31, 2023, including its consistency with the consolidated financial statements and the compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations, with the consolidated financial statements of Relatech Group as of December 31, 2023, and on its compliance with the applicable laws and regulations, and in order to assess whether its contain material misstatements.

In our opinion, the report on operations is consistent with the consolidated financial statements of Relatech Group as of December 31, 2023 and is compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, April 12, 2024

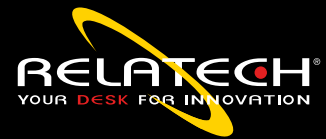
BDO Italia S.p.A.

(signed in the original)  
Manuel Coppola  
Partner

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**RELATECH S.p.A.**

Parent company: Relatech S.p.A.  
Share capital Euro 215.079,59 fully paid  
Registered office in Milan, via S. Anguissola, 23  
Registered in the Business Register of MILAN  
Fiscal Code and registration number 03267710964  
REA MI-1662226



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