Annual Report and Consolidated Financial Statements 2023

impresoft

impresoft

COMPANY INFORMATION

REGISTERED OFFICE OF THE CONSOLIDATING ENTITY
Impresoft S.p.A.
76 Bisceglie Street, 20152
Milan (MI), Italy
ADMINISTRATIVE DETAILS OF THE CONSOLIDATING ENTITY
Share capital of EUR 5,000,000 (subscribed and paid-in)
Milan, Monza-Brianza & Lodi Companies Registration No. 12691580968
Milan Economic and Administrative Index No. 2678945
Tax ID (Italy) 12691580968
VAT No. (Italy) 12691580968

Group website: **www.impresoftgroup.com**

CORPORATE BOARDS

Board of Directors

Name and Surname	Position
Enrico Maggi	Presidente del Consiglio
Marco Carotenuto	Vicepresidente del Consiglio
Alessandro Geraldi	Amministratore Delegato
Roberta Cocco	Consigliere
Emiliano Nitti	Consigliere
Christian Parmigiani	Consigliere

Board of Statutory Auditors

Name and Surname	Position
Piero Alonzo	Presidente del Collegio
Cristiano Proserpio	Sindaco effettivo
Pietro Michele Villa	Sindaco effettivo

Independent Auditor

Deloitte & Touche S.p.A. 25 Tortona Street, 20144 Milan (MI), Italy

REGISTERED OFFICES AND HEADQUARTERS IN ITALY

Company	Headquarters	Province	Region
Impresoft S.p.A.	Via Bisceglie 76, 20152 Milan (MI)	MI	Lombardy
4Ward S.r.l.	Via Lombardia, 2A - 20068 Peschiera Borromeo (MI)	MI	Lombardy
4Ward S.r.l.	Via Del Vigneto, 31 - 39100 Bozen-Bolzano (BZ)	BZ	Trentino-Alto Adige/Südtirol
4Ward S.r.l.	Via Antonio Gramsci, 54L - 42124 Reggio Emilia (RE)	RE	Emilia-Romagna
4Ward S.r.l.	Via Due Ponti, 2 - 40050 Argelato (BO)	BO	Emilia-Romagna
Cooder S.r.l.	Via Dell'Industria, 25 - 63821 Porto Sant'Elpidio (FM)	FM	The Marche
Cooder S.r.l.	Via Mar Egeo, 97 - 63821 Porto Sant'Elpidio (FM)	FM	The Marche
Formula S.p.A.	Corso Tazzoli, 235/3 - 10137 Turin (TO)	TO	Piedmont
Formula S.p.A.	L.argo Caleotto, 29/30 - 23900 Lecco (LC)	LC	Lombardy
Formula S.p.A.	Via Bisceglie 76, 20152 Milan (MI)	MI	Lombardy
Formula S.p.A.	Via Breda, 29 - 35010 Limena (PD)	PD	Veneto
Formula S.p.A.	Via E.Torricelli,24 - 31020 Villorba (TV)	TV	Veneto
Formula S.p.A.	Via Angelelli, 14/A - 40013 Castel Maggiore (BO)	BO	Emilia-Romagna
Formula S.p.A.	Via V. Pareto,125 - 47521 Cesena (FC)	FC	Emilia-Romagna
Formula S.p.A.	Via S.Totti,3 - 60131 Ancona (AN)	AN	The Marche
Formula S.p.A.	Via Cristoforo Colombo 112, 00147 Rome (RM)	RM	Lazio
GN Techonomy S.r.l.	Via G. Marconi N.,1670 - Calusco D'Adda (BG)	BG	Lombardy
Hiteco S.p.A.	Via Botticelli, 18 - 65124 - Pescara (PE)	PE	Abruzzo
Hiteco S.p.A.	Via Saletti 2/B - 66041 - Atessa (CH)	CH	Abruzzo
Impresoft Engage S.r.l.	Corso Sempione 270, 20028 San Vittore Olona (MI)	MI	Lombardy
Impresoft Engage S.r.l.	Piazza San Nicolò 15, 30034 Mira (VE)	VE	Veneto
Impresoft Engage S.r.l.	Via Riva Del Grappa 18, 35013 Cittadella (PD)	PD	Veneto
Impresoft Engage S.r.l.	Via Vecchia Ferriera N. 5, 36100 Vicenza (VI)	VI	Veneto
Kipcast S.r.l.	Via Spagnole, 2B, 37015- Sant'Ambrogio Di Valpolicella (VR)	VR	Veneto
NextCRM S.r.l.	Via Vecchia Ferriera N. 5, 36100 Vicenza (VI)	VI	Veneto
Open-co S.r.l.	Via Corte Ronchi, 81C, 37015 S. Ambrogio Di Valpolicella (VR)	VR	Veneto
Qinet S.p.A.	Via Torino N. 166 10093 Collegno (TO)	TO	Piedmont
Qualitas Informatica S.p.A.	Via Vecchia Ferriera N. 5, 36100 Vicenza (VI)	VI	Veneto
Qualitas Informatica S.p.A.	Via Tolosano, 60 ,48018 Faenza (RA)	RA	Emilia-Romagna
Qualitas Informatica S.p.A.	Via Andrea Vici , 20 ,06034 Foligno (PG)	PG	Umbria
Qualitas Informatica S.p.A.	Via Poggioreale 11 ,80143 Naples (NA)	NA	Campania
Ribes Solutions S.r.l.	Via Jervis, 11 - 10015 Ivrea (TO)	TO	Piedmont
Ribes Solutions S.r.l.	Corso Telesio, 29 10146 - Turin (TO)	TO	Piedmont
Ribes Solutions S.r.l.	Via Diomede Carafa, 58, 80124 Naples (NA)	NA	Campania
Upgrade S.r.l.	Strada Statale 36 Km 36,10 – 23846 Garbagnate Monastero (LC)	LC	Lombardy
Upgrade S.r.l.	Via S: Clemente 53 – 24036 Ponte San Pietro (BG)	BG	Lombardy
Upgrade S.r.l.	Via Buccari, 29 – 16121 Genoa (GE)	GE	Liguria
Webformat S.r.l.	Corte Europa, 12 - 33097 Spilimbergo (PN)	PN	Friuli-Venezia Giulia

The Group is present throughout Italy with 43 headquarters across 24 provinces. The Group also has offices in three other countries: Canada, Romania and Switzerland.

Letter to Shareholders

Milan, 28 May 2024

Dear Shareholders,

We are pleased to present our Annual Report for the year ended 31 December 2023. It was a year of significant development and growth for our Company, achieved through a combination of organic growth and acquisitions.

The IT services and software market is booming, with our Group positioning itself as one of the market leaders that is helping to drive companies' digital transformation processes.

In 2023, the Group made a consolidated turnover of EUR 119 million. The Group's EBITDA was EUR 25 million with a 21% margin, demonstrating our ability to generate sustainable value. The Group recorded a consolidated net loss of EUR 21 million after depreciation, amortisation, write-downs, taxes and borrowing costs. Amortisation of goodwill and the revaluation of software particularly impacted profits by around EUR 30 million.

If we expand the scope of consolidation to include the companies that joined our Group during 2023 and in the early months of 2024, the Group's turnover climbs to around EUR 200 million. This represents a doubling of the Group's size since 2022, when sales volume was around EUR 100 million.

M&A activities continued to be taken forward in 2023, with some of them completed in Q1 2024, allowing for a strategic consolidation of the Group that will lay the foundations for further growth in the coming years.

This growth was underpinned by our continued investment in developing proprietary solutions and in the skills of our personnel.

Our ongoing integration activities continue to be focused on enhancing the Group's structure, increasing the ability to generate and harvest cost and revenue synergies, and proactive risk management.

We successfully continued these integration efforts throughout 2023. Notable examples include: (i) the rolling out of a Strategic Plan, (ii) organisational strengthening of the holding and the competence centres, with the creation of shared platforms in key areas such as governance, finance

and supervision, marketing and IT; (iii) investment in a new brand identity and the updating of our channels for customer and market interaction.

We continued to roll out sustainable practices by reducing the environmental impact of our operations, by promoting social initiatives and through good governance. We are committed to ESG, through targeted efforts that are constantly monitored and reported on our website and elsewhere.

Looking ahead to 2024, we remain confident in our ability to continue to grow and innovate. The market might be challenging, but we are convinced that our customer-first strategy combined with our ongoing investment in technology and human capital will enable us to reach new heights and create value for our investors.

On a final note, we would like to thank all of our investors for your continued trust and support. We are excited about the opportunities the future has in store and we are committed to pursuing our strategic objectives with energy and determination.

Yours sincerely,

Enrico Maggi
Chair

Alessandro Geraldi
Chief Executive Officer

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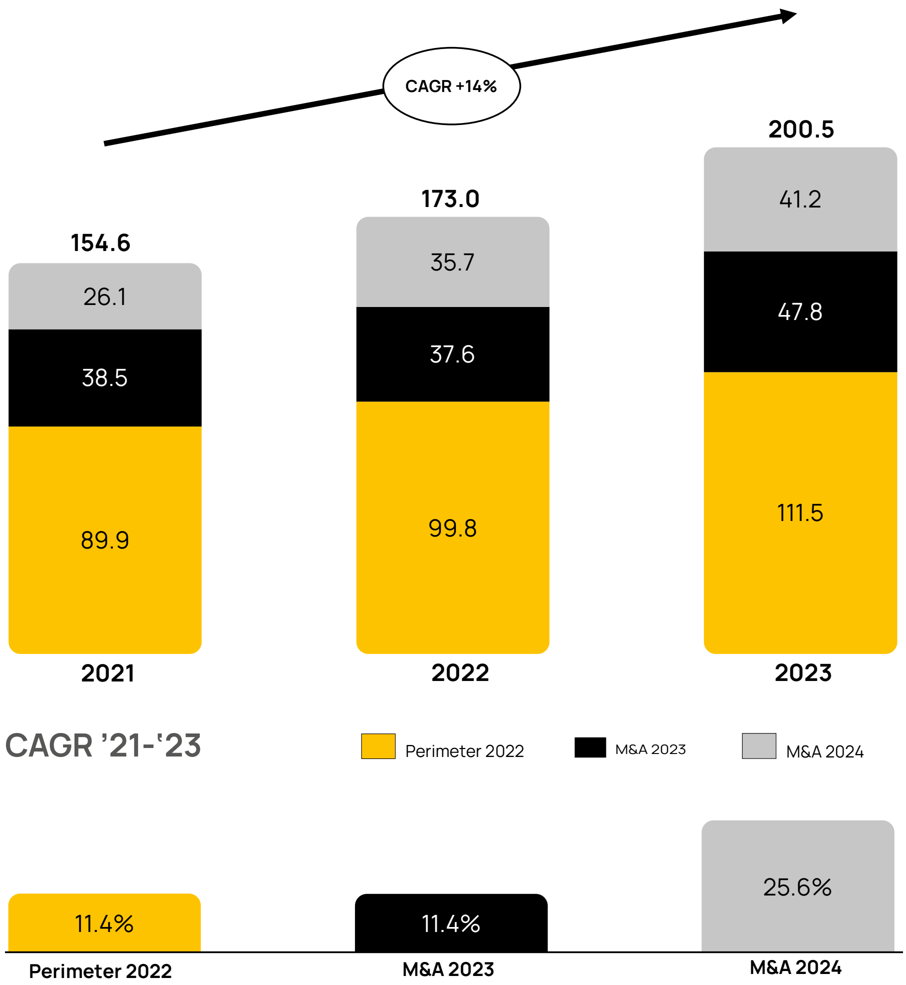
Directors' Report on Operations

ADDITIONAL FINANCIAL INFORMATION ABOUT THE GROUP – Appendix

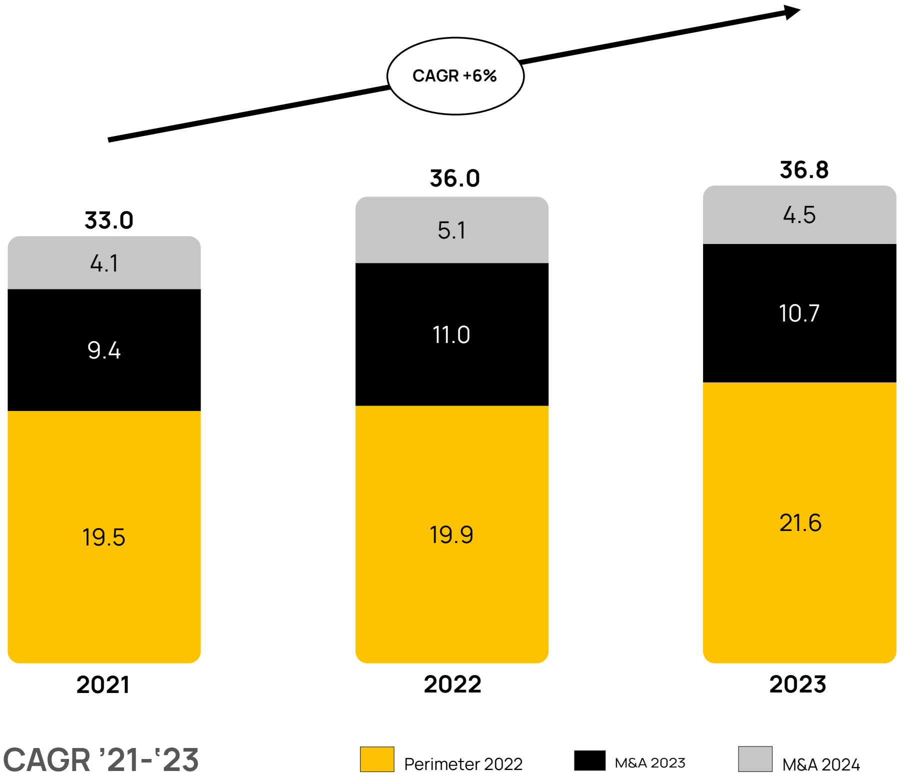
Group Financial Highlights [abc]

Aggregate revenue (EUR million)



[a] Please note that the information in this section has not been audited by the independent auditor.
[b] Revenues and EBITDA are shown for Impresoft and all subsidiaries held at 31 March 2024 over a 12-month period. Companies have been grouped by the period in which they were acquired. Specifically, (i) Perimeter 2022 companies are those that were part of the Group at 31 December 2022; (ii) M&A 2023 companies are those acquired in 2023; and (iii) M&A 2024 companies are those acquired in early 2024.
[c] For a definition of EBITDA, see the "Management overview" section.

EBITDA (EUR million)



CAGR '21-'23

Reconciled Income Statement (Reported and Pro-Forma)

The profit reconciliation presented below compares the financial information for the different Group perimeters, including the M&A transactions completed in 2023 and those up to March 2024.

Profit reconciliation	Reported		Pro-forma		Total perimeter	
EUR million	**Dec 22**	**Dec 23**	**Dec 22**	**Dec 23**	**Dec 22**	**Dec 23**
Recurring revenue	42.7	54.1	56.8	64.4		
Licences	8.0	8.8	9.4	9.6		
HW/SW	2.5	4.2	10.7	18.6		
Services	45.0	53.3	58.3	64.6		
Other	1.6	2.1	2.3	2.2		
Aggregate revenues	**99.8**	**122.6**	**137.3**	**159.3**	**173.0**	**200.5**
Intercompany eliminations	(1.7)	(3.6)	(1.7)	(3.6)		
Consolidated revenues	**98.1**	**119.0**	**135.7**	**155.8**	**171.3**	**197.0**
Direct costs	(58.1)	(69.9)	(78.9)	(94.2)		
of which COGS	(20.2)	(23.0)	(31.1)	(39.1)		
of which direct staff costs	(37.9)	(46.9)	(47.8)	(55.2)		
Gross margin	**40.0**	**49.1**	**56.8**	**61.5**		
Other operating costs	(20.1)	(23.9)	(25.9)	(29.2)		
EBITDA	**19.9**	**25.0**	**30.9**	**32.2**	**36.0**	**36.8**
EBITDA margin %	*20%*	*21%*	*23%*	*21%*	*21%*	*19%*
Allowance for expected credit loss and provisions	(0.3)	(1.7)	(0.4)	(1.9)		
Depreciation and amortisation	(26.4)	(30.8)	(27.3)	(31.4)		
Non-recurring income/ (expense)	(4.7)	(2.2)	(5.0)	(2.3)		
EBIT	**(11.5)**	**(9.6)**	**(1.8)**	**(3.4)**		
Net finance income/(charges)	(6.4)	(9.0)	(6.7)	(9.2)		
Income taxes	(1.3)	(2.4)	(4.1)	(4.1)		
Profit/(loss) for the year	**(19.2)**	**(21.0)**	**(12.6)**	**(16.6)**		

The “Reported” results represent the consolidation perimeter for the 2022 and 2023 financial years. As described in the “Management overview” section, in 2023 the consolidating company Impresoft was the transferee in a business transfer from parent company Pitagora. For this reason, the consolidating entity in 2023 is different from that of the previous year. The companies included in the consolidation were as follows:

2022 Reported	Months consolidated	2023 Reported	Months consolidated
Pitagora S.p.A. (Consolidating entity)	12		
		Impresoft S.p.A. (Consolidating entity)	12
4Ward S.r.l.	12	4Ward S.r.l.	12
Aiseek S.r.l.	12	Aiseek S.r.l.	12
		Cloudnova S.r.l.	12
		Cooder S.r.l.	0
		Develon Digital S.r.l.	6
Esprime Scarl	12	Esprime Scarl	12
Formula S.p.A.	12	Formula S.p.A.	12
Gn Techonomy S.r.l.	12	Gn Techonomy S.r.l.	12
		Hiteco S.p.A.	9
Kipcast Corp.	12	Kipcast Corp.	12
Kipcast S.r.l.	12	Kipcast S.r.l.	12
Nextcrm S.r.l.	12	Nextcrm S.r.l.	12
Nexttech S.r.l.	12	Nexttech S.r.l.	12
		Open-co S.r.l.	7
Opensymbol S.r.l.	12	Opensymbol S.r.l.	12
		Qinet S.p.A.	0
Qrmes S.r.l. (Romania)	12	Qrmes S.r.l. (Romania)	12
Qualitas Informatica S.p.A.	12	Qualitas Informatica S.p.A.	12
Starty Italia S.r.l.	12	Starty Italia S.r.l.	12
		Tech1 S.r.l.	0
		Upgrade Sa	0
		Upgrade S.r.l.	0
		Webformat S.r.l.	0

As required by the applicable reporting standards, the companies acquired during the year were consolidated pro quota according to the month acquired.

The "Pro-forma results" represent all companies within the consolidation perimeter at 31 December 2023, over a 12-month period.

The "Total perimeter" results represent Impresoft and all of its subsidiaries held at 31 March 2024, over a 12-month period. In addition to the companies included in the pro-forma results, these are Brainsystem S.r.l., Syscons Group, Tecnosoft S.r.l. and Ribes Solutions S.r.l.

Comments on profit reconciliation

Taking the total perimeter of companies as at 31 March 2024, the 2023 financial year saw aggregate revenues increase by approximately EUR 27.5 million (approx +15.9%).

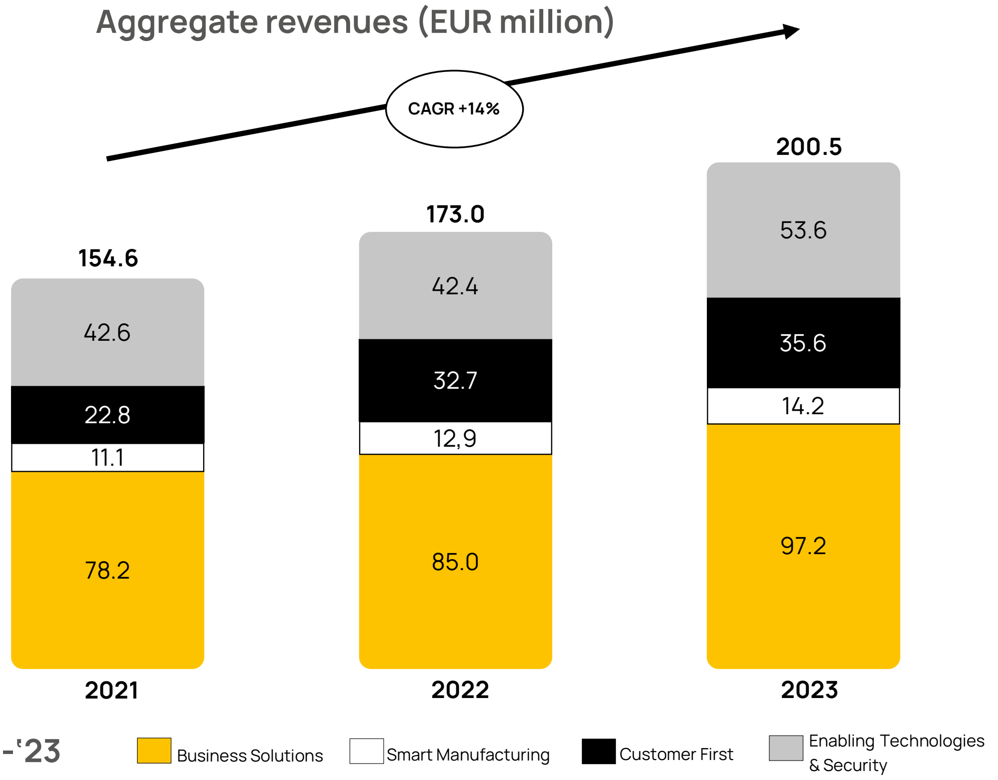
The growth in aggregate revenues was greater than market expectations in every Group perimeter assessed (Perimeter 2022 +11.8%; M&A 2023 +27.3%; M&A 2024 +15.6%).

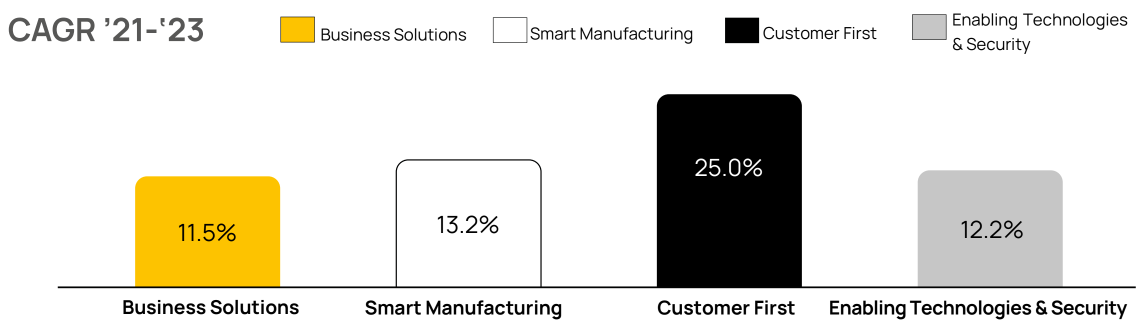
EBITDA was broadly in line with the previous year (approx +2.0%), with the margin above the market average at around 19% of revenue. Major competitors usually record an EBITDA margin of between 10% and 15%.

The main factors that influenced the Group's operating margin were as follows:

- **Non-recurring resale of SW (contributed to revenue and COGS)**. During the year, there was a significant non-recurring sale of CyberSecurity software (EUR 6.7 million) at a below-average margin. However, this sale was made under a contract that will see customer services bring in higher margins in the coming years.
- **Investment in staff.** Several investments were made in the workforce during the year to increase the direct headcount and broaden the underlying structures with a view to supporting anticipated future growth.
- The effect has been an **unfavourable mixture** of higher growth in low-margin products, which is partly explained by the points in the bullets above.

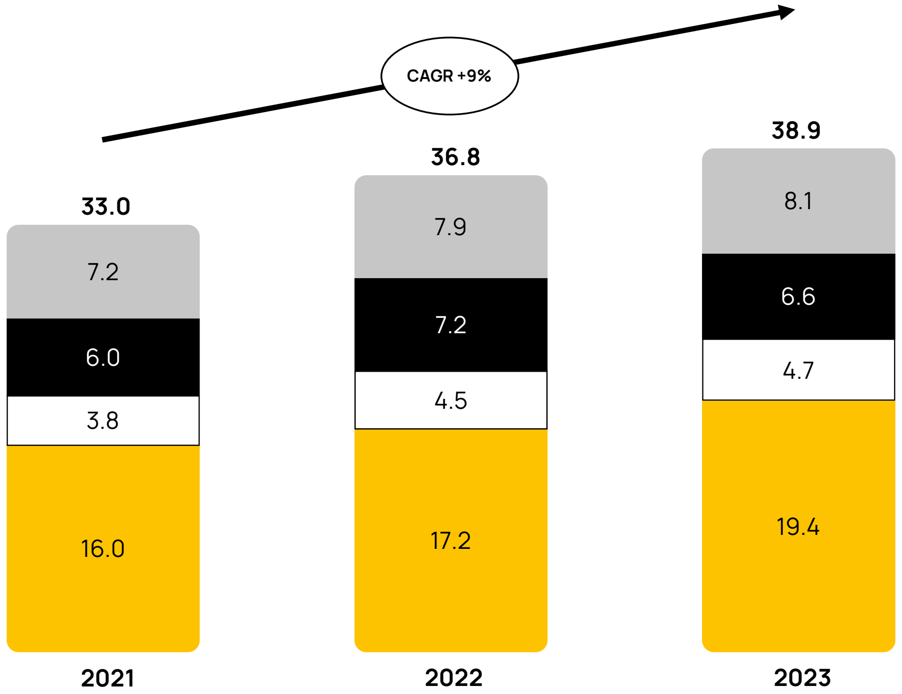
Revenue indicators and EBITDA by segment [acd]



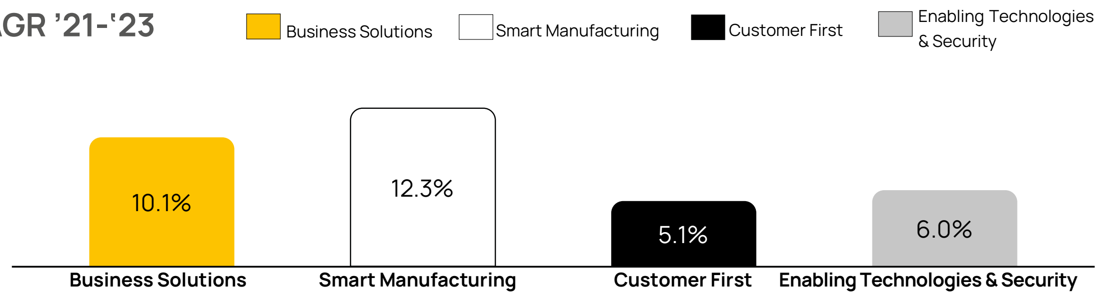


[a] Please note that the information in this section has not been audited by the independent auditor.
[c] For a definition of EBITDA, see the "Management overview" section.
[d] Revenues and EBITDA are shown for Impresoft and all subsidiaries held at 31 March 2024 over a 12-month period. Companies have been grouped by competence centre. The Impresoft holding is therefore excluded. For a description of the competence centres, see the note on "Group structure".

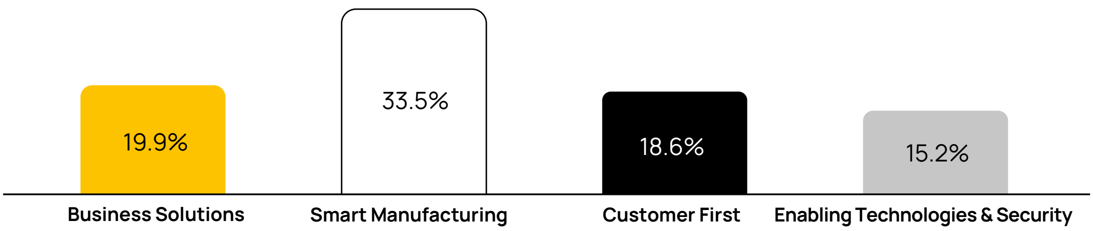
EBITDA by segment (EUR million)



CAGR '21-'23



EBITDA Margin % 2023 Pro-Forma



GROUP STRUCTURE

The Group is one of the Italian IT market's largest operators specialising in driving the digital transformation of companies.

More specifically, the Group operates in the field of the design, production and sale of automation and data processing systems, both in terms of their material and logical components (programs), as well as in all services, consulting and support activities in any way related to data processing and business organisation.

The Group is active in the market under the Impresoft brand and under the distinctive brands of each Group company.

The Group's model harmonises our Vison, Mission and Values.

Our Vision To become a European-level player in driving the sustainable digital transformation of companies by inspiring and enabling them to embrace technology and sustainability as the main drivers of their success so as to improve quality of work and life.

Our Mission To generate sustainable value and to be a lifelong partner of medium-to-large companies when it comes to digitally transforming their key processes and adopting the most modern technological enablers. We do this by leveraging the skills, passion and in-depth knowledge of our talent in terms of our processes, our ecosystem of incredible technological and distribution partners, and our unique and distinctive offering through which we make the complex simple.

Our values

Generate sustainable impact

- Create **sustainable value** for people, customer, company and society in general
- **Guide companies** towards the generation of sustainable value through digital
- Maintain **high** professional and ethical **standards**
- Work **passionately** for the success of our **customers**, always putting them **at the center**

Foster an excellent enviroment to attract and enhance talent

- Enhance everyone's **talent**
- Be **inclusive** and recognize diversity as a strength
- Constantly set **new ambitious goals**
- **Actively listen** and maintain an objective point of view

Play as a team with method and rhytm, to win

- Build lasting relationships based on **trust**
- Embrace and **respect different perspectives**
- Build a work method for the best effective and functional team play
- Increase our skills and codified knowledge for the benefit of colleagues

Be passionate about innovation and generators of enthusiasm

- Always maintain a **positive attitude** even in challenging conditions
- Be innovative, hungry, passionate, and **have fun**
- Be a positive role model that **inspires other people** and organizations
- Combine **passions, skills, and experiences** to bring digitalization to a higher level

To offer our customers the best possible service, the Group is organised into **four competence centres** each specialised in the key processes of companies and adopting the best technological platforms.

Our competence centers

Business Solutions

We support companies in selecting the **best ERP solution** by rolling out information digitalisation technologies, simulating scenarios and optimising processes to reduce errors.

Smart Manufacturing

We help companies **improve their processes, optimise their production and ensure quality**, thanks to our proprietary MES and LIMS software, which ensures efficiency and competitiveness.

Customer First

We create digital environments that **integrate people, processes and data for a unique experience.** We connect businesses with the best **CRM, Marketing & Sales Force Automation** and **eCommerce** technologies

Enabling Technologies & Security

We guide businesses along an integrated path using **Artificial Intelligence, Cloud services and Cybersecurity**. We use the best technologies to accomplish today what others will do tomorrow.

The Group has a distinctive offering called UniQa. With our solutions portfolio, we help companies to digitise their processes, create efficiency and stay competitive.

UniQa

The solution for your digital acceleration

Governance	Controlling	Financial Planning	Treasury Management	Performance Management	Credit Management	Advanced Analytics
ERP Core	Finance & Administration	Order to Cash	Purchase to Payment	Production Management	Logistic & Inventory	Distribution
Digital SupplyChain	Demand & Forecasting	Production Optimization	Smart Factory & IoT	Quality & Maintenance	Warehouse Management	New Product Design & Formulation
Customer First	Digital Strategy Design	Digital Marketing Automation	CRM	E-Commerce	Customer Analytics	Customer Service
Business Technology	Enterprise Integration	Modern Application Development	Hyperautomation & Artificial Intelligence	Data Platform	Document Management	
Enabling Technologies & Security	Artificial Intelligence	Cloud Infrastructure	Managed Services	Cybersecurity	Modern Workplace	

Offers end-to-end solutions to support companies on the path towards digital transformation

Orchestrates your business

Enables responsive processes to encourage you to implement straightforward actions and dynamics while minimising risks to make your ambitions come true.

Integrates the best technologies

We invest in technological innovation with the aim of always giving you the very best and being more competitive

Reduces complexity

We have shaped our technology to evolve alongside your business and to help you plan your transformation

All-in-one partner

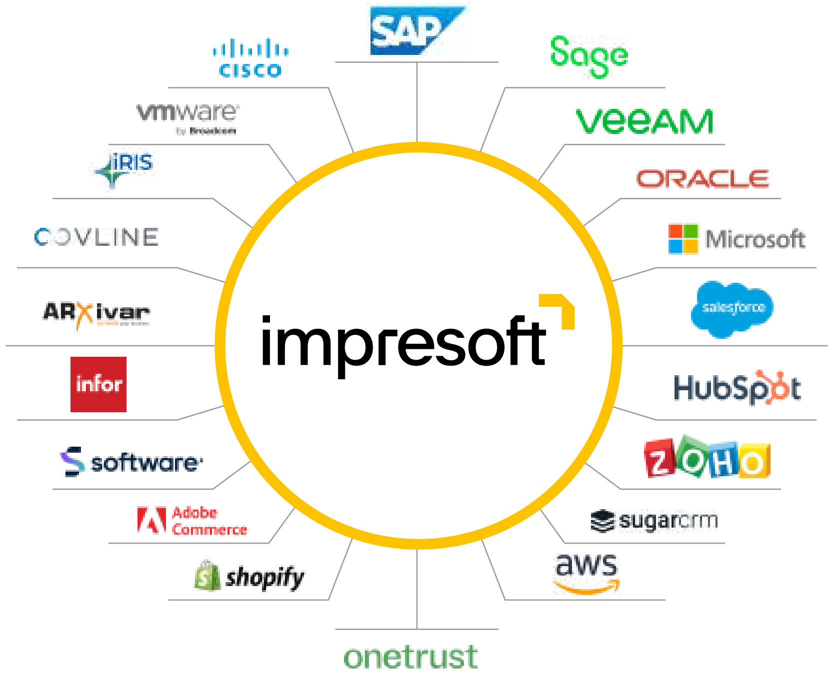
We build targeted strategies for implementing projects methodically and tangibly thanks to our many years of experience and our specific skills required by each sector.

The Group is supported by a partnership ecosystem made up of world-leading technology companies, the strength of our proven reliability and our ability to generate success stories with our clients.

In the table below, we list some of the main partnerships we have in place.

We work with the world's most innovative technology partners.

We select the best certified partners and the most advanced technologies to safeguard your performance and innovation.



Below are just some of the awards and recognitions received by our Group.

The Group is also supported by our suite of proprietary products grounded in:

- Profound knowledge of business processes;
- Design of highly specific solutions for specialist sectors;
- Talent boasting multidisciplinary skills who are dedicated to the innovation process;
- Continuous investment in the process of improving our solutions.

Below are just some of our proprietary solutions:

DUE

Comprehensive ERP that provides a consistent, hassle-free user experience, allowing you to monitor your business anywhere and at any time.

forSales

Comprehensive sales force and customer management suite using B2B eCommerce.

SAFE

Improves security posture and continuous cybersecurity management.

Powngo

Powngo is the ideal omnichannel sales management solution: a tool that simplifies, organises and maximizes business potential.

NET@PRO

MES4.0 industrial production management system, which collects data from machines and operators, processes KPIs in real time and plans production.

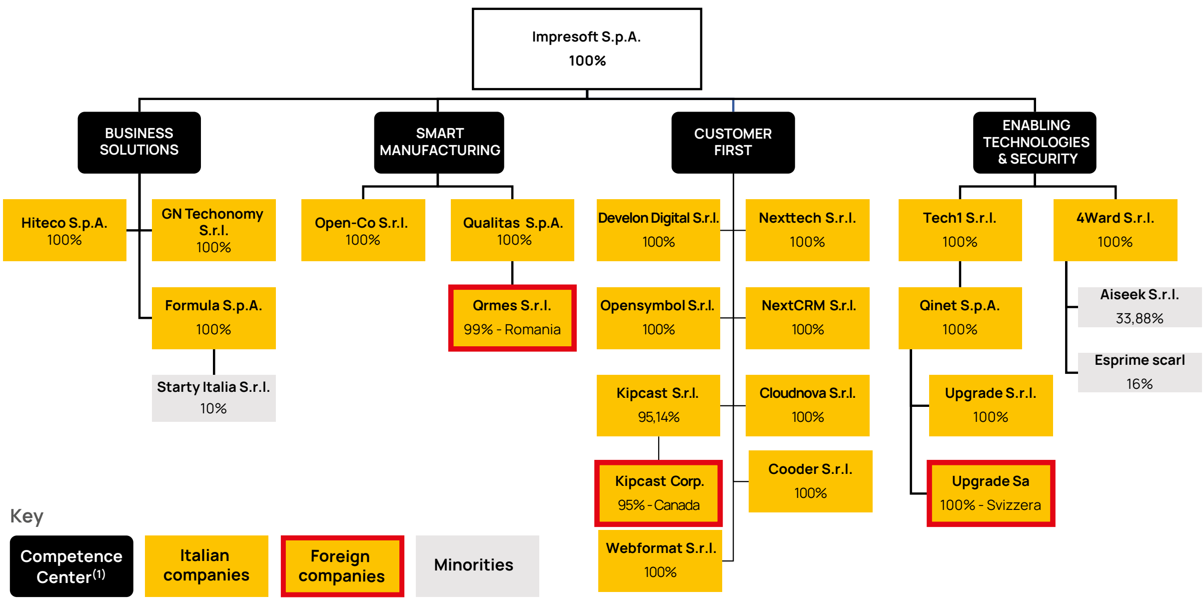
Highstreet.io

Leading product feed management platform for marketing and marketplace support.

ProLabQ

The LIMS software of reference in Italy, allowing companies to automate operating procedures and management flows for lab, R&D, quality and production control data.

The Group's consolidating entity is Impresoft. In terms of its consolidation perimeter, the Group is structured as follows:



[1] Competence centres are organisational units that do not form part of the corporate structure; the share of each company share is directly or indirectly held by Impresoft.

ECONOMIC OVERVIEW AND TARGET MARKET

Economic Overview

In 2023, the global economy was weakened by several factors. In Europe, the negative impacts of continued high inflation and tight monetary policies contributed to a deterioration in the economic environment. The economic outlook remains uncertain, with risks related to rising geopolitical tensions, fragmented international production and possible repercussions on commodity prices.

However, against this backdrop there are also positive factors, including robust US growth, which it is thought could have a trailing effect on other economies, and a possible slowdown in global inflation, which allowed for an early easing of tight monetary policies.

As for manufacturing activity, a strong post-pandemic rebound has been followed by a significant global setback. This decline has been influenced by a shift in consumption from goods to services, a weakening of European industry and more challenging conditions for investment demand due to a credit crunch and a gradual reduction in emergency policies.

Global trade in goods has declined, mainly due to geoeconomic uncertainty, the stronger US dollar and an increase in trade barriers, which more than tripled between 2022 and 2019.

In 2023, the performance of the commodities sector was generally down on 2022, with a few notable exceptions, including oil and uranium. The former excelled due to concerns about possible OPEC production cuts and new conflicts in the Middle East, while the latter was boosted by the acceleration of nuclear programs in several countries.

At the beginning of the year, investors had high expectations that China's economy would rebound from the Covid-19 pandemic, but many of these expectations were dashed, leading to reduced demand for metals and other commodities.

As for the oil market, prices currently seems to be at a standstill following the peak reached in June 2023; this is thought to be unrelated to the war in Russia-Ukraine. Nor does the war in Israel seem to have affected oil prices.

In terms of exchange rates, the euro's price against the dollar fluctuated during the period. After falling below parity in October 2022, it rose again until July 2023, before once again dropping to around 1.05 in October 2023, a level considerably lower than the average in recent years (1.13 since 2018).

The strengthening of the dollar – which began in 2021, driven by inflationary pressures and the expectation of a normalisation policy by the Federal Reserve (FED) – intensified in 2022 with a real-terms rates hike in the United States. The subsequent increase in value of the euro was influenced by the European Central Bank's (ECB) accelerated rates hike, following in the footsteps of the United States.

Although the exchange rate stabilised in 2023, the recent weakness of the euro can be attributed to several factors, including weak European GDP compared to robust growth in the United States. At the same time, renewed upward tensions in energy prices amid high geopolitical uncertainty poses potential downward risk to the single currency.

Growth in the eurozone economy was broadly flat in the first half of 2023, with it expected to remain on this trajectory in the coming months. At the same time, a more moderate increase of 0.6% is expected in 2024 as a result of continued weakness in the economy and an international climate that continues to be fragile.

To emphasise these figures, recent economic indicators, such as the economic sentiment indicator and the composite PMI, suggest a period of substantial economic stagnation. The divergent inflation rates among countries in the eurozone, ranging from +9.0% in Slovakia to -0.3% in the Netherlands, make the transmission of the ECB's single monetary policy complex.

Therefore, an economic slowdown is expected in the first part of 2024, with a more favourable outlook in the second half of the year following an expected reduction in interest rates. Nevertheless, geopolitical tensions and uncertainty could prove significant headwinds.

Target market

We operate in a large, growing market. We have internally estimated, from several market sources, that Italy has a total addressable market of around EUR 29 billion, which is expected to grow by 9.2% CAGR from 2023 to 2026. The core market in which we are mainly focused is worth EUR 11.7 billion, with a growth rate expected above the market average (we estimate an annual growth rate of 10.9% from 2023 to 2026).

There are multiple factors driving market growth, which will continue to underpin growth going forward.

- Historic growth of digitalisation across all sectors: digital transformation is considered a key lever for growth and efficiency gains; we are seeing an increase in digital interactions; there is a rise in investment in ICT infrastructure needed to support the development of new business models.
- Increased penetration of ICT services in Italy: the penetration of ICT spending as a percentage of GDP is historically lower in Italy than in comparable countries and the Italian Government's Recovery and Resilience Plan (PNRR) will drive further growth.
- Consolidation of new technologies with new business and transformative potential, such as the increased application and pervasiveness of AI, the development of Cloud solutions and growing awareness of Cybersecurity issues.

MANAGEMENT OVERVIEW

Introduction

As noted in the Notes to the Consolidated Financial Statements, on 20 January 2023 the consolidating entity Impresoft S.p.A. ("Impresoft") was involved as transferee in the transfer of part of a business from parent company Pitagora S.p.A. ("Pitagora"). Impresoft was formed on 20 December 2022 by the sole shareholder Pitagora, which paid in share capital of EUR 50,000. On 30 January 2023, Impresoft resolved to increase the company's share capital, upon payment in one single advance, through the issue of 4,950,000 ordinary shares of no par value. These shares were offered for subscription to the sole shareholder Pitagora, which transferred them in kind through a business transfer that came into effect on 1 February 2023.

For this reason, Impresoft closed its first annual accounts on 31 December 2023. Therefore, the balance sheet and income statement presented in this section do not show a comparison with prior year values.

In the paragraph below, we will discuss the key performance indicators used in this report.

These indicators (including EBITDA) are not recognised as accounting measurements under the Italian accounting standards (OIC). Therefore, they should not be considered as alternative performance measurements with respect to the Group's operating profits. Because they are not regulated by the accounting standards of reference, the measurement criteria applied by the Group may vary from those adopted by others and may not, therefore, be comparable.

"Non-recurring income/(expense)" includes positive and negative income items that do not pertain to the Group's core operations; they are extraordinary by nature or they are non-recurring.

"Gross Margin" is the operating profit/(loss) before depreciation, amortisation, provisions, recurring income/expenses, non-operating items and operating expenses not directly associated with production activities.

"EBITDA" is the operating profit before depreciation, amortisation, non-recurring income/(expense), non-operating items and operating expenses not directly associated with production activities.

Income and balance sheet highlights and financial ratios

To enable a better understanding of the Group's operating performance, below we present a reclassification of the Group's Consolidated Income Statement and the Consolidated Balance Sheet.

Below we present the Group's Consolidated Income Statement 2023, which has been reclassified for comparison with the equivalent pro forma income statement. The pro-forma figures reflect a 12-month consolidation perimeter, as though the acquisitions completed during the course of the year had happened at the start of the year. It should be noted that the pro-forma income statement was not included in the audit of the financial statements (complete or limited) conducted by the independent auditors.

Profit reconciliation	**Reported**	**Pro-forma**
EUR million	**Dec 23**	**Dec 23**
Consolidated revenues	**119.0**	**155.8**
Direct costs	(69.9)	(94.2)
of which COGS	(23.0)	(39.1)
of which direct staff costs	(46.9)	(55.2)
Gross margin	**49.1**	**61.5**
Other operating costs	(23.9)	(29.2)
EBITDA	**25.0**	**32.2**
EBITDA margin %	*21%*	*21%*
Allowance for expected credit loss and provisions	(1.7)	(1.9)
Depreciation and amortisation	(30.8)	(31.4)
Non-recurring income/(expense)	(2.2)	(2.3)
EBIT	**(9.6)**	**(3.4)**
Net finance income/(charges)	(9.0)	(9.2)
Income taxes	(2.4)	(4.1)
Profit/(loss) for the year	**(21.0)**	**(16.6)**

The Group recorded Revenues of EUR 119 million, EBITDA of EUR 25 million and an EBITDA margin of 21% in 2023.

"Depreciation and amortisation" primarily consisted of around EUR 9 million for the amortisation of intangible assets revalued under Law 126/2020 and around EUR 21 million for the amortisation of goodwill (calculated as in the section on goodwill in the notes to the consolidated financial statements).

"Non-recurring income/(expense)" primarily consisted of the expense relating to the M&A transactions carried out during the year and the costs incurred for the strategic development plan carried out by a leading consultancy firm.

"Net finance income/(charges) primarily consisted of costs relating to borrowing taken out with credit institutions and the bond issued by Impresoft, net of the amounts received under the hedging agreements described in the "Information on derivative financial instruments" section.

The impact of depreciation, amortisation, impairment, interest and taxes was such that the Group made a consolidated net loss of EUR -21 million.

The Group's reclassified consolidated balance sheet is presented below:

Consolidated Balance Sheet (Reclassified)

Amounts in EUR	31 Dec 23
Non-current intangible assets	230,944,871
Property, plant and equipment	3,191,318
Non-current financial assets	2,433,980
Total non-current assets	**236,570,169**
Inventories	3,773,468
Trade receivables	50,342,524
Prepayments and accrued income	5,085,460
Other assets	8,496,971
Trade payables	(29,325,493)
Accrued liabilities and deferred income	(10,586,587)
Other liabilities	(21,757,408)
Net working capital	6,028,935
Total capital employed	**242,599,104**
Equity attributable to owners of the parent	101,634,621
Equity attributable to non-controlling interests	86,091
Provisions	549,428
Post-employment benefits	9,198,961
Net financial debt	131,130,003
Total equity	**242,599,104**

Capital expenditure during the year principally consisted of around EUR 250k for the launch of a new data centre in Siziano (PD) to replace the previous data centre in Bolzano, and approximately EUR 700k for the purchase of motor vehicles for managers and employees.

Financial ratios and net financial position

To provide greater detail on the Company's income position, the table below shows a selection of profitability ratios current at 31 December 2023:

Amount stated in EUR	31/12/2023
ROE (a/b)	**-20.7%**
a. Group net profit/(loss)	(21,006,875)
b. Equity attributable to owners of the parent	**101,634,621**
Gross margin (c/d)	**19.5%**
c. Gross margin	22,796,087
d. Net revenue	**117,180,615**
ROS (e/d)	-8.4%
e. Operating profit	(9,830,161)
d. Net revenue	117,180,615
ROI (e/f)	-4.1%
e. Operating profit	(9,830,161)
f. Net invested capital	242,599,104

For the year, the Group recorded a net consolidated loss and an operating loss (operating revenue - cost of production) primarily due to the amortisation of goodwill and the revaluation of software, which together had effects of around EUR 30 million.

The table below shows the Group's net financial position at 31 December 2023:

NFP	Amounts in EUR	31/12/2023
A	Cash	14,955
B	Cash equivalents	17,044,153
C	Other current financial assets	-
D	**Liquidity (A+B+C)**	**17,059,108**
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	12,453,691
F	Current portion of non-current financial debt	10,824
G	**Current financial debt (E + F)**	**12,464,515**
H	**Net current financial debt (G - D)**	**- 4,594,593**
I	Non-current financial debt (excluding the current portion and debt instruments)	2,111,680
J	Debt instruments	133,612,916
K	Non-current trade and other payables	-
L	**Non-current financial debt (I + J + K)**	**135,724,596**
M	**Total financial debt (H + L)**	**131,130,003**

It should be noted that the definitions of EBITDA and net financial debt contained in borrowing agreements with lenders may differ from those used to calculate these figures in this document.

SIGNIFICANT GROUP EVENTS

A new company, Impresoft, was formed. Subsequently, Pitagora subscribed for the share capital increase approved by Impresoft's shareholders by means of transferring part of its business comprising the majority of the Company's assets, liabilities and equity investments (the "Impresoft Business").

In exchange for subscribing for and releasing the 4,950,000 new ordinary shares of no par value issued by Impresoft, the Company transferred the Impresoft Business to Impresoft with effect from 1 February 2023.

Accordingly, all of the Company's equity investments were transferred to Impresoft.

In 2023, Impresoft made the following acquisitions:

1. On 1 February 2023, we acquired a 51% stake in **Cloudnova S.r.l.**; on 7 June 2023, we acquired the remaining 49% stake.
2. On 29 March 2023, we acquired a 100% stake in **Hiteco S.p.A.**
3. On 3 May 2023, we acquired a 100% stake in **Develon Digital S.r.l.**
4. On 1 June 2023, we acquired a 100% stake in **Open-Co S.r.l.**
5. On 20 September 2023, we acquired a 100% stake in **Tech1 S.r.l.**
6. On 23 November 2023, we acquired a 100% stake in **Webformat S.r.l.**
7. On 28 November 2023, we acquired a 100% stake in **Cooder S.r.l.**

GROUP'S BUSINESS AND FINANCIAL OUTLOOK

As mentioned in the notes to the consolidated financial statements, the following acquisitions were concluded at the beginning of 2024:

1. **Brainsystem S.r.l.**;
2. Syscons S.r.l. and subsidiaries **("Syscons Group")**;
3. **Tecnosoft S.r.l.**;
4. **Ribes Solutions S.r.l.**.

In addition, as part of a Group reorganisation, a number of mergers were completed or are awaiting completion by the end of 2024 with the aim of rationalising the cost structure. These are described in more detail in the notes to the consolidated financial statements.

The M&A activities carried out in 2023, some of which were concluded in Q1 2024, allowed for a strategic consolidation of the Group, laying the foundations for further growth in the years to come.

- In the **Business Solutions** segment, we built a specialist SAP Hub, which is able to serve both large enterprise and SME customers.
- In the **Smart Manufacturing** market, we further enhanced our value proposition by adding dedicated quality system (LIMS) and warehouse management system (WMS) software to our suite of industry products.
- As for our **Customer First** competence centre, we created a dedicated eCommerce Hub – the first of its kind in Italy – and enhanced our CRM and Digital Strategy offerings.
- In the **Enabling Technologies and Security** segment, we greatly enhanced our Cybersecurity offering to position ourselves as a market operator capable of offering comprehensive first-rate services.

The integration continued successfully during 2023 (and will continue in 2024) with the primary objectives of creating and extracting synergies and improving our proactive risk management capabilities. Some of the main integration activities were as follows:

- **Strategic Plan:** the plan, which was developed between July and October 2023, enabled us to share with the management team our ambition to grow revenues while at the same time maintaining market-leading margins and growing in strategic supply areas (SAP, eCommerce, Salesforce, Cybersecurity, AI, Cloud). The plan also allowed us to share the strategic projects needed to accomplish revenue and cost strategies and to enable harmonious growth.
- **Stronger Governance:** we created the corporate structure of Impresoft and Pitagora and structured the holding company's functions.
- **Integration of Administration, Finance and Control**: we structured and harmonised reporting and management control processes centrally. We built a budgeting and forecasting process, and established the periodicity for reviewing results and identifying corrective actions. In addition, we implemented the tax consolidation scheme and began

centralising some procurement activities, while also centralising some cash pooling activities and key credit management activities.

- **Marketing and Branding:** we launched the new brand and the new Group website. The brand identity has been aligned for all companies in the 2022 perimeter and progressively for all new entrants. We updated our principal sites and implemented a shared marketing automation tool.
- **IT Integration:** we continued working to evolve the Group ERP and to extend it to companies that do not have this in place. We continued to roll out CRM in companies that did not have it in place and to integrate data with the Group CRM. We initiated a new agreement for a data centre, onto which Group systems will be migrated.
- **Commercial Synergies:** we continued our activities to create commercial synergies by proposing UniQa services; this enabled us to find concrete commercial synergies between Group companies. We initiated the Rome project, aimed at achieving greater growth in the centre to south of the country and in Rome in particular.
- **Quality, Compliance and ESG:** we coordinated Group GDPR and privacy actions (including appointing a DPO) and compliance management (e.g. wrongful reporting) and we launched the Group coordination structure.
- **Legal and Corporate:** we managed the Group's legal and corporate projects and initiated a reorganisation of legal services.
- **Organisational Simplification:** we launched a major corporate simplification, which enabled, among other things, the launch of Impresoft Engage (a company dedicated to offering digital marketing and CRM solutions) by initiating commercial and structural synergies.
- **Human Resources:** we continued our talent attraction and management activities, investing in training and staff development. We harmonised our company welfare schemes and continued to gain Great Place to Work certification at one of our major companies (4ward S.r.l.).

MAIN RISKS AND UNCERTAINTIES

The Group has used derivative financial instruments to hedge against interest risk on long-term borrowing. More information on this can be found in the section in the notes to the consolidated financial statements on derivative financial instruments.

Interest rate risk

The Group is exposed to interest rate fluctuations, especially regarding borrowing costs.

At 31 December 2023, the Group had designated interest rate swaps in place. These instruments were entered into with the intention of eliminating the risks associated with interest rate fluctuations on financial debt. More information can be found in the notes to the financial statements.

Credit risk

The Group has a policy of granting payment extensions to customers averaging 60 days.

The Group works only with known and reliable clients and does not require the positing of any collateral. Where a customer asks to defer payment, it is the Company's policy to carry out checks on that credit class. In addition, accounts receivable are constantly monitored throughout the year in order to hold customers to their agreed payment terms and mitigate the risk of credit losses.

Liquidity risk

The company's cash flows, financing needs and liquidity are monitored and managed to ensure that it effectively and efficiently manages its financial resources. Short and medium-to-long-term liquidity needs (the latter mainly concerning the maturity of financial commitments) are constantly monitored so that funds can be timely and effectively replenished and cash invested appropriately.

It is company policy to carefully manage its treasury needs through the implementation of income and expenditure planning tools.

We are implementing Group cash-pooling to better manage the liquidity of the Company and its subsidiaries, and studies are underway into the implementation of a treasury system using Sage XRT, a dedicated treasury software that we distribute in the Italian market.

Market risk

At present, the Company does not have particular exposure to this type of risk, although the climate of uncertainty brought about by the general economic recession should be borne in mind..

General economic risk

Post-pandemic growth has slowed due to problems in health care systems, resource shortages, semiconductor shortages and price increases, compounded by conflicts in Ukraine and the Middle East. These factors will influence the economy until 2024.

Despite this challenging economy, the Group is diversified and has no dangerous concentrations or interdependencies with the Ukrainian and Russian markets.

Inflation, which has increased since 2021, may remain high in the short-to-medium term due to geopolitical events, which could negatively affect the Group's costs and profitability. Contraction in spending could impact the Group's activities and operating results.

Cybersecurity risks

Significant incidents in the public domain and our close cooperation with clients in the ICT market have highlighted a trend of strong growth in the number and sophistication of cybersecurity attacks. This trend is likely to continue, and indeed the forecast is that attacks will continue to increase as the digitisation process progresses. The Group invests in consolidating and strengthening its IT infrastructure by updating it to the very best standards. However, the Group remains exposed to the risk of cyber-attacks that could impact its infrastructure and its ability to operate. It is also exposed to the risk of litigation, the loss of customers and liabilities in the event of attacks that could affect its customers.

ENVIRONMENTAL INFORMATION

The environment is not a critical factor in view of the service sector in which the company operates. Nevertheless, the Company and other Group companies operate in an environmentally friendly manner in order to reduce the impact of their activities on the outside world.

CORPORATE GOVERNANCE INFORMATION

From the Board of Directors down, our management bodies are composed and function in a manner that ensures representativeness, competence and no conflicts of interest. This helps us achieve maximum efficiency and operational integrity.

Impresoft has adopted an Organisation, Management and Control Model, as provided for (but not required) by Decree-Law 231/01. This has already been extended to most Group companies. This is aimed at preventing the risk of relevant crimes being committed. Control activities are the responsibility of the Supervisory Board, which is appointed in accordance with criteria of autonomy and independence. As well as offering specific periodic training, the governance model embeds a whistleblowing procedure for employees and third parties to report misconduct through confidential channels and to raise concerns or violations of the whistleblowing procedure itself without fear of retaliation, discrimination or disciplinary action.

The Group’s Code of Ethics and Sustainability Policies explicitly incorporate the Ten Principles of the United Nations Global Compact and are inspired by the highest global benchmarks.

The Group has always demonstrated a strong awareness for and a profound commitment to compliance. For this reason, the Group has assigned roles and responsibilities among the Group’s different departments (Legal, Data Privacy, Compliance, Supervisory Board) and external parties (DPO) in an organised and coordinated manner. The Group also has a strong focus on general and industry-specific quality certifications; indeed, the majority of its companies are certified in ISO 9001 management system and ISO 27001 information security management system and, where necessary, in ISO 2000-1 (IT Service Management) and ISO 13485 (Medical devices – Quality management systems).

HUMAN RESOURCES

Given the societal role of enterprise, which has been highlighted by the Report on Operations of the Italian Council of Professional Accountants (CNDCEC), we consider it appropriate to provide the following information concerning our personnel and the environment.

The Group has a skilled and motivated workforce, almost all employed on permanent contracts. **An inclusive work environment, diversity, plurality and professionalism form an essential part of the corporate culture and values,** and are a key driver of the Group's growth. In line with our commitment to gender equality, the unadjusted gender pay gap is markedly low.

We place people at the centre of our business, an element that is considered fundamental throughout the Group. We continue to constantly look after our current talent and those wanting to join us. We provide vertical and interdisciplinary professional training pathways, complete with team-building activities across the Company's different areas.

Our people are involved in the Group's highly dynamic and stimulating strategic projects, becoming an active part of our business and making a tangible contribution to business growth. Our personnel have the opportunity to work alongside peers in various roles and of varying seniority, as well as maintaining close contact with the Company's founders. This helps motivate the success of projects and allow talents to grow in their chosen career path, It also ensures higher levels of personal and professional satisfaction.

The Group's average headcount during the year was 1,032. This included 17 senior executives (1.6%).

In addition:

- The Group conducts its business in full compliance with environmental and occupational hygiene regulations;
- In terms of staff policies, there were no serious workplace accidents causing serious injury to payrolled staff. Also during the year, the Company was not found definitively responsible for any counts of occupational disease among current or former employees or mobbing;
- There were no significant events during the year in relation to any outstanding lawsuits with former employees concerning any alleged occupational diseases.

The Group continuously makes investments in personnel safety, in keeping with the Company's policy of continuously improving the safety of our employees.

SUSTAINABILITY

The digital transformation process not only affects production; it also has a significant impact on the environment, the economy and society.

As a Group, we strongly believe that the adoption of digital should be the driving force behind building a sustainable future.

We want to maintain high standards of transparency towards all stakeholders. We pursue a careful policy of transparency towards all partners, providing timely information and updates about the ESG impacts of activities. As far as we are concerned, transparency is not merely an obligation: it means respecting stakeholders and engaging more closely with the community in which Impresoft is embedded, with whom we want to share mutual, responsible growth.

That is why we have a sustainability policy, a code of ethics and a supplier charter in place.

These documents and information about our ESG performance are available on the "sustainability" section of our website www.impresoftgroup.com.

RESEARCH AND DEVELOPMENT

Throughout 2023, the Group continued to conduct research and development activities, focusing our efforts particularly on projects that were considered highly innovative and that required a major financial commitment both in terms of the salaried personnel involved and the cooperation, consultancy and materials used for testing and experimenting.

We believe that the successful outcome of these innovations will lead to positive turnover figures, which will have favourable impacts on the company's bottom line.

MANAGEMENT AND COORDINATION ACTIVITIES

In accordance with articles 2497 et seq of the Italian Civil Code, we inform you that the Company is subject to the management and coordination activities of Pitagora, whereas Impresoft continues to carry out management and coordination activities with respect to its subsidiaries.

In accordance with article 2497-bis, paragraph 4 of the Italian Civil Code, the notes to the financial statements provide a summary of the essential information from the last financial statements of the Company that exercises management and coordination activities.

We also inform you that by indicating in its deeds and correspondence that it is subject to the management and coordination activities of Pitagora, the Company has complied with the disclosure requirements set forth in article 2497-bis, paragraph 1 of the Italian Civil Code.

With reference to the relationships established, we highlight that all transactions are carried out under market conditions.

TREASURY SHARES

Impresoft also does not hold treasury shares on behalf of subsidiaries.

Milan, 28 May 2024

On behalf of the Board of Directors

The Chair

Enrico Maggi

Consolidated Financial Statements for the year ended 31 December 2023

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet	31/12/2023
Assets	
A) Amounts receivable from shareholders for unpaid share capital	
Total Amounts receivable from shareholders for unpaid share capital	-
B) Non-current assets	
I - Intangible assets	
1) Start-up and expansion costs	60,340
2) Development costs	79,259
3) Patent and intellectual property rights	18,469,702
4) Concessions, licenses, brands and similar rights	321,739
5) Goodwill	211,611,238
6) Assets under construction and payments on account	26,277
7) Other	376,316
Total intangible assets	230,944,871
II - Property, plant and equipment	
1) Land and buildings	767,882
2) Plant and machinery	65,983
3) Industrial and commercial equipment	14,890
4) Other property, plant and equipment	2,342,563
5) Assets under construction and payments on account	-
Total property, plant and equipment	3,191,318
III - Financial assets	
1) Equity investments in:	
a) subsidiaries	-
b) associates	263,179
c) parent companies	-
d) common control entities	-
d-bis) other entities	50,044
Total equity investments	313,223
2) Receivables:	
a) from subsidiaries:	
falling due within one year	-
falling due after more than one year	-
Total receivables from subsidiaries	-
b) due from associates:	
falling due within one year	-
falling due after more than one year	-
Total receivables from associates	-
c) from parent companies:	
falling due within one year	-
falling due after more than one year	-
Total receivables from parent companies	-

d) from common control entities:	
falling due within one year	-
falling due after more than one year	-
Total receivables from common control entities	-
d-bis) other receivables:	
falling due within one year	538,047
falling due after more than one year	139,720
Total other receivables	677,767
Total receivables	677,767
3) Other securities	-
4) Derivative financial instruments	1,442,990
Total financial assets	2,433,980
Total non-current assets (B)	236,570,169
C) Current assets	
I - Inventories	
1) Raw materials and consumable supplies	42,141
2) Work in progress and semi-finished products	-
3) Contract work in progress	3,662,336
4) Finished goods and goods for resale	68,991
5) Payments on account	-
Total inventories	3,773,468
Property, plant and equipment held for sale	-
II - Receivables	
1) trade receivables:	
falling due within one year	46,952,921
falling due after more than one year	3,389,603
Total trade receivables	50,342,524
2) from subsidiaries:	
falling due within one year	-
falling due after more than one year	-
Total receivables from subsidiaries	-
3) from associates:	
falling due within one year	11,361
falling due after more than one year	-
Total receivables from associates	11,361
4) from parent companies:	
falling due within one year	1,930,276
falling due after more than one year	-
Total receivables from parent companies	1,930,276
5) from common control entities:	
falling due within one year	-
falling due after more than one year	-
Total receivables from common control entities	-
5-bis) tax receivables:	
falling due within one year	4,390,355
falling due after more than one year	142,649
Total tax receivables	4,533,004
5-ter) deferred tax assets	539,288
5-quater) other receivables:	

falling due within one year	1,452,334
falling due after more than one year	27,087
Total other receivables	1,479,421
Total receivables	58,835,874
III - Financial assets included within current assets	
1) Equity investments in subsidiaries	-
2) Equity investments in associates	-
3) Equity investments in parent companies	-
3-bis) Equity investments in common control entities	-
4) Other equity investments	-
5) Derivative financial instruments	-
6) Other securities	3,621
Cash pooling assets	-
Total financial assets included within current assets	3,621
IV - Cash and cash equivalents	
1) Bank and post office deposits	17,044,153
2) Cheques	-
3) Cash in hand and valuables	14,955
Total cash and cash equivalents	17,059,108
Total current assets (C)	79,672,071
D) Accruals and deferrals	5,085,460
Total assets	321,327,700
Liabilities	
A) Equity attributable to owners of the parent	
I - Share capital	5,000,000
II - Share premium reserve	107,323,604
III - Revaluation reserves	-
IV - Legal reserve	-
VI - Other reserves, each listed separately	
Consolidation reserve	8,895,169
Foreign currency translation reserve	(7,460)
Sundry other reserves	-
Total other reserves	8,887,709
VII - Hedging reserve	1,443,288
VIII - Retained earnings/(losses)	-
IX - Profit/(loss) for the year	(21,019,980)
Total equity attributable to owners of the parent	101,634,621
Equity attributable to non-controlling interests	
Share capital and reserves attributable to non-controlling interests	72,986
Profit/(loss) attributable to non-controlling interests	13,105
Total equity attributable to non-controlling interests	86,091
Total equity	101,720,712
B) Provisions for:	
1) severance and similar obligations	-
2) tax, current and deferred	-
consolidation provision	-
3) derivative financial liabilities	-
4) other	549,428
Total provisions	549,428

C) Post-employment benefits		**9,198,961**
D) Borrowings and payables		
1) Non-convertible notes:		
maturing within one year		-
maturing after more than one year		133,612,916
Total non-convertible notes		133,612,916
2) Convertible notes:		
maturing within one year		-
maturing after more than one year		-
Total convertible notes		-
3) Shareholder loans	-	
Total shareholder loans		-
4) Bank borrowings:		
maturing within one year		12,453,691
maturing after more than one year		2,111,680
Total bank borrowings		14,565,371
5) Other borrowings:		
maturing within one year		10,824
maturing after more than one year		-
Total other borrowings		10,824
6) Payments on account:		
maturing within one year		5,590,570
maturing after more than one year		-
Total payments on account		5,590,570
7) Trade payables:		
falling due within one year		23,734,923
falling due after more than one year		-
Total trade payables		23,734,923
8) Negotiable instruments:		
falling due within one year		-
falling due after more than one year		-
Total negotiable instruments		-
9) Payables to subsidiaries:		
falling due within one year		-
falling due after more than one year		-
Total payables to subsidiaries		-
10) Payables to associates:		
falling due within one year		-
falling due after more than one year		-
Total payables to associates		-
11) Payables to parent companies		
falling due within one year		1,171,234
falling due after more than one year		-
Total payables to parent companies		1,171,234
11-bis) Payables to common control entities		
falling due within one year		-
falling due after more than one year		-
Total payables to common control entities		-
12) Tax payables		

falling due within one year	3,344,530
falling due after more than one year	-
Total tax payables	3,344,530
13) Pension and social security payables	
falling due within one year	2,996,775
falling due after more than one year	-
Total pension and social security payables	2,996,775
14) Other payables	
falling due within one year	12,744,869
falling due after more than one year	1,500,000
Total other payables	14,244,869
Total borrowings and payables	199,272,012
E) Accruals and deferrals	**10,586,587**
Total liabilities	321,327,700

CONSOLIDATED INCOME STATEMENT

Consolidated income statement	31/12/2023
A) Value of production	
1) Revenues from sales and services	117,180,615
2) Changes in inventories of work in progress, semi-finished products and finished goods	(36,725)
3) Changes in contract work in progress	148,362
4) Capitalised development additions	-
5) Other revenues and income:	
Grants for current expenses	175,105
Other income	1,943,920
Total other revenues and income	2,119,025
Total value of production	119,411,277
B) Cost of sales	
6) Cost of raw materials, consumable supplies and goods for resale	7,400,541
7) Cost of services	34,272,727
8) Lease expense	4,449,377
9) Personnel costs:	
a) Wages and salaries	36,031,888
b) Social security costs	10,377,663
c) Post-employment benefits	2,320,834
d) Severance and similar obligations	899,046
e) Other personnel costs	-
Total personnel costs	49,629,431
10) Depreciation, amortisation and impairment	
a) Amortisation of intangible assets	30,016,966
b) Depreciation of property, plant and equipment	747,074
c) Other impairment of non-current assets	-
d) Impairment of receivables included in current assets and cash and cash equivalents	1,862,208
Total depreciation, amortisation and impairment	32,626,248
11) Changes in inventories of raw materials, consumable supplies and goods for resale	(30,161)
12) Provisions for risk	185,000
13) Other provisions	-
14) Other operating expenses	533,170
Total cost of sales	129,066,333
Gross profit (A - B)	(9,655,056)
C) Finance income and charges	
15) Income from equity investments:	
from subsidiaries	-
from associates	-
from parent companies	-
from common control entities	-
other	-
Total income from equity investments:	-

16) Other finance income:		
a) from receivables included within non-current assets:		
from subsidiaries		-
from associates		-
from parent companies		-
from common control entities		-
other		49,880
Total finance income from receivables included within non-current assets		49,880
b) from non-equity investments included within non-current assets		-
c) from non-equity investments included within current assets		53
d) income not stated above:		
from subsidiaries		-
from associates		-
from parent companies		-
from common control entities		-
other		141,305
Total income not stated above		141,305
Total other finance income		191,238
17) Interest and other finance charges		
to subsidiaries		-
to associates		-
to parent companies		240,751
to common control entities:		-
other		8,943,202
Total interest and other finance charges		9,183,953
17-bis) Foreign exchange gains and losses		1,152
Net finance income/(charges) (15 + 16 - 17 + - 17-bis)		(8,991,563)
D) Adjustments for financing activities		
18) Revaluations:		
d) of derivative financial instruments		-
Total revaluations		-
19) Impairment:		
a) of equity investments		-
d) of derivative financial instruments		-
Total impairment		-
Total adjustments for financing activities (18 - 19)		-
Earnings before income taxes (A - B + - C + - D)		**(18,646,619)**
20) Income tax for the year - current and deferred:		
Current tax		1,643,616
Tax in respect of previous years		(5,743)
Deferred tax assets and liabilities		(205,456)
Tax credit/(expense) under the tax consolidation/tax transparency scheme	-	(927,839)
Total income tax for the year - current and deferred		2,360,256
21) Profit/(loss) for the year		(21,006,875)
attributable to owners of the parent		(21,019,980)
attributable to non-controlling interests		13,105

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows (indirect method)	31/12/2023
A) Cash flows from operating activities	
Profit/(loss) for the year	(21,006,875)
Income tax	2,360,256
Interest expense/(income)	8,801,897
1) Earnings/(losses) before income tax, interest, dividends and gains/(losses) on disposal	(9,844,722)
Adjustments for non-cash items not offset in working capital:	
Provisions	2,505,834
Depreciation and amortisation	30,764,040
Adjustments for derivative assets and liabilities entailing non-cash movements	
Other upward/(downward) adjustments for non-cash items	(2,952,888)
Total adjustments for non-cash items not offset in working capital	30,316,986
2) Cash before changes in working capital	20,472,264
Changes in working capital	
Decrease/(increase) in inventories	(156,368)
Decrease/(increase) in trade receivables	(20,206,226)
Increase/(decrease) in trade payables	16,676,964
Decrease/(increase) in prepayments and accrued income	(2,023,855)
Increase/(decrease) in accrued liabilities and deferred income	2,230,788
Other decreases/(other increases) in working capital	1,615,851
Total changes in working capital	(1,862,846)
3) Cash after changes in working capital	18,609,418
Other adjustments	
Interest received/(paid)	(8,419,487)
(Income tax paid)	(1,879,004)
Dividend income	-
(Utilisation of provisions)	-
Total other adjustments	(10,298,491)
Net cash from operating activities (A)	8,310,927
A) Net cash from investing activities	
Property, plant and equipment:	
(Purchases)	(1,178,453)
Disposals	-
Intangible assets:	
(Purchases)	-
Disposals	809,171
Financial assets:	
(Purchases)	(132,957)
Disposals	-
Financial assets classified as held for sale:	
(Purchases)	-
Disposals	-
(Acquisition of subsidiaries, net of cash disposed)	(94,943,503)
Disposal of subsidiaries, net of cash acquired	-

Net cash from investing activities (B)	(95,445,742)
C) Net cash from financing activities	
Increase/(decrease) in bank borrowings due within one year	11,739,253
New borrowings	54,039,252
(Repayment of borrowings)	-
Own funds	
Share capital increase against cash contributions	25,540,000
Disposal/(Purchase) of own shares	-
Net cash from financing activities (C)	91,318,505
Increase/(decrease) in cash and cash equivalents (A ± B ± C)	4,183,690
Cash and cash equivalents at beginning of the year	
Bank and post office deposits	12,865,146
Cheques	-
Cash in hand and valuables	10,272
Total cash and cash equivalents at beginning of the year	12,875,418
Cash and cash equivalents at end of the year	
Bank and post office deposits	17,044,153
Cheques	-
Cash in hand and valuables	14,955
Total cash and cash equivalents at end of the year	17,059,108

NOTES TO THE FINANCIAL STATEMENTS

1. Introduction

The Group operates in the field of the design, production and sale of automation and data processing systems, both in terms of their material and logical components (programs), as well as in all service, consulting and support activities in any way related to data processing and business organisation.

2. Group shareholding structure

The Group was formed in early 2019 from a series of acquisitions and subsequent structural reorganisation. These included, among other things, the merger of Impresoft S.r.l. into Gruppo Formula S.r.l. – now Pitagora S.p.A. ("Pitagora", previously Formula Impresoft S.p.A.).

In 2022, the company now known as Pitagora and the Impresoft Group (the "Group") headed by Pitagora were involved in further non-recurring transactions following the acquisition – through the vehicle Pitagora 2 S.p.A., which was later merged into Pitagora – by Clessidra Capital Partner 4, a fund managed by Clessidra Private Equity SGR S.p.A. ("Clessidra").

In 2023, the corporate structure changed again when a new company by the name of Impresoft S.p.A. ("Impresoft") was formed on 20 December 2022. Subsequently, Pitagora subscribed for the approved share capital increase of Impresoft by means of Pitagora transferring part of its business (the "Business") with effect from 1 February 2023 (the "Business Transfer").

Subsequently, all of the Company's equity investments were transferred to Impresoft, which serves as a sub-holding of the Group.

Impresoft's business purpose is "to acquire and directly manage interests and investments in other companies or entities that have an identical, similar or related purpose to its own.

For this reason, Impresoft closed its first annual accounts on 31 December 2023. Therefore, the balance sheet and income statement presented in this section do not show a comparison with prior year values.

Below, we review the salient operations that took place during the year.

Formation of Impresoft and transfer of holding activities

As mentioned above, Impresoft was formed on 20 December 2022. Subsequently, Pitagora subscribed for the share capital increase approved by Impresoft's shareholders on 30 January 2023 ("Impresoft Share Capital Increase") by transferring a part of its business comprising the majority of its assets, liabilities and equity investments (the "Impresoft Business").

The Impresoft Business underwent valuation – pursuant to and for the purposes of the combined provisions of articles 2440 and 2343-ter, second paragraph, letter b) of the Italian Civil Code, and in accordance with the principles and criteria set out also in article 2343-ter, second paragraph, letter b) of the Italian Civil Code – based on the economic value of the Impresoft Business's activities as at 30 September 2022. This valuation was conducted by an independent expert who fulfilled the requirements set forth in the above-mentioned article 2343-ter del Italian Civil Code ("Impresoft Valuation").

In exchange for subscribing for and releasing the 4,950,000 new ordinary shares of no par value issued by Impresoft, Pitagora transferred the Impresoft Business to Impresoft with effect from 1 February 2023. This transfer is described in more detail above.

The business transfer qualifies as a common control transaction and, therefore, the assets and liabilities were transferred on a "continuity of values" basis.

Accordingly, all of the Company's equity investments were transferred to Impresoft.

Acquisitions during the year

During the course of 2023, Impresoft conducted further non-recurring transactions aimed at upsizing the Group. Specifically, Impresoft acquired the following companies:

- On 1 February 2023, Impresoft acquired a 51% stake in Cloudnova S.r.l. (registered office: Via Riva del Grappa 18, Cittadella (PD)), before acquiring the remaining 49% stake on 7 June 2023.
  Since 2012, Cloudnova S.r.l. has been a significant player in the Italian HubSpot scene. The aim is that this acquisition will grow the value, quality and reach of the Group's offering in the areas of Website Redesign and Marketing Automation.
- On 29 March 2023, Impresoft acquired a 100% stake in Hiteco S.p.A. (registered office: Via Roberto Lepetit 8/10, Milan). In the market since 1987 and with its own ERP, Hiteco S.p.A. is a major player in Information Technology with offices in Italy and abroad. The company has a network of skilled professionals and an established partnership network. Hiteco S.p.A. offers companies and public agencies highly innovative solutions capable of capitalising their information and generating value in each of their sectors.
- On 3 May 2023, Impresoft acquired a 100% stake in Develon Digital S.r.l. (registered office: Via Retrone 16, Altavilla Vicentina (VI)). Develon Digital S.r.l. is a company of reference specialising in strategic consultancy, user experience design and the design and development of headless digital applications for desktop and mobile.
- On 1 June 2023, Impresoft acquired a 100% stake in Open-Co S.r.l. (registered office: Via Corte Ronchi 81/C, Sant'Ambrogio di Valpolicella (VR)).
  Open-Co S.r.l. is a company based in the heart of the Valpolicella region. is Italy's leader in designing, manufacturing and implementing LIMS solutions and applications for test labs, quality system and process control management.
- On 20 September 2023, Impresoft acquired a 100% stake in Tech1 S.r.l. (registered office: Via Crocefisso 8, Milan), which in turn controls the companies Qinet S.p.A., Upgrade S.r.l. and Upgrade S.A. ("QiNet Group").
  QiNet Group companies are references for medium and large Italian companies when it comes to data security design and management across the entire Cybersecurity lifecycle, in particular in Security and Network Operations Centre services.
- On 23 November 2023, Impresoft acquired a 100% stake in Webformat S.r.l. (registered office: Corte Europa 12, Spilimbergo (PN)). Webformat S.r.l. specialises in the design, development and

management of B2B and B2C eCommerce solutions, primarily through Magento/Adobe Commerce technologies, and facilitates the path of medium-sized companies to digitalisation and international development

- On 28 November 2023, Impresoft acquired a 100% stake in Cooder S.r.l. (registered office: Via dell'industria 25, Porto Sant'Elpidio (FM)). Cooder S.r.l. specialises in the design, development and management of B2B and B2C eCommerce solutions, primarily through Shopify technologies, and facilitates the path of medium-sized companies to digitalisation and international development

3. Basis of presentation

The Group's consolidated financial statements for the year ended 31 December 2023 (consisting of the consolidated balance sheet, the consolidated income statement, the consolidated statement of cash flows and the notes the consolidated financial statements, and accompanied by the Directors' Report on Operations) truly reflect the position of the company's duly kept accounts. They have been prepared in accordance with the provisions of the Italian Civil Code, as interpreted and supplemented by the Italian accounting standards issued by the Italian Accounting Committee (Organismo Italiano di Contabilità or OIC). As described in section 2, these are the Group's first consolidated financial statements. Therefore, there are no comparative figures for the year ended 31 December 2022. As mentioned above, Impresoft was the beneficiary of a transfer of part of a business from Pitagora on 30 January 2023, which included Pitagora's equity investments in Group companies, among other assets. As a result, 2023 is the first year of consolidation.

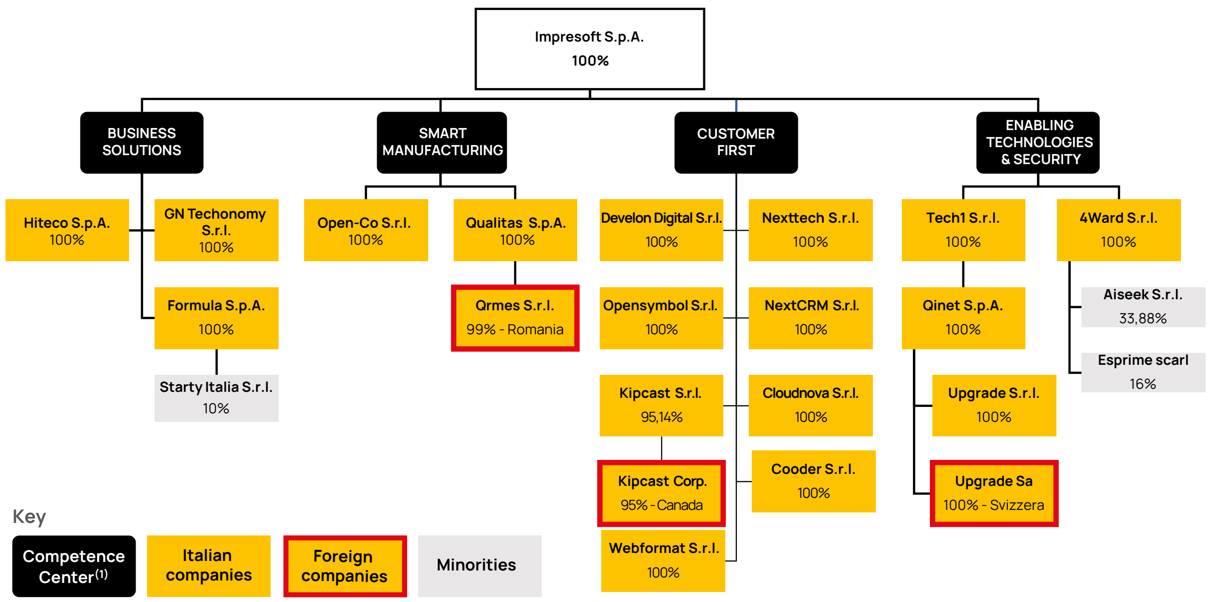
In addition to the appendices required by law, these financial statements present reconciliations between the net profit/(loss) and equity of the consolidating entity and the corresponding figures resulting from the consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2023 are presented in euros and have been prepared using the financial statements of the companies included in the consolidation perimeter, which have in turn been reclassified, as appropriate, to bring them into line with the accounting principles and basis of presentation adopted by Impresoft and approved by their management bodies.

On 29 February 2024, Impresoft's board of directors resolved to apply the 180-day period following the balance sheet date for the approval of these financial statements due to the need to acquire the information from subsidiaries needed to prepare the Group's consolidated financial statements.

4. Consolidation perimeter

These consolidated financial statements originate from the annual financial statements of the common parent Impresoft and of the direct or indirect subsidiaries of Impresoft in accordance with article 2353 of the Italian Civil Code.



(1)Competence centres are organisational units not incorporated into the corporate structure; the share of each company share is directly or indirectly held by Impresoft.

The companies included in the consolidation perimeter are listed below:

Company	Registered Office	Share capital (direct and indirect)	% of share capital (diretto e indiretto)	Consolidation method	Months consolidated in Income Statement
Impresoft S.p.A.	Milan (MI)	5,000	-	*Line-by-line*	*12*
4Ward S.r.l.	Peschiera Borromeo (MI)	80	100%	*Line-by-line*	*12*
Aiseek S.r.l.	Genoa (GE)	40	33.88%	*Equity*	*12*
Cloudnova S.r.l.	Cittadella (PD)	10	100%	*Line-by-line*	*12*
Cooder S.r.l.	Porto Sant'Elpidio (FM)	11	100%	*Line-by-line*	*0*
Develon Digital S.r.l.	Altavilla Vicentina (VI)	510	100%	*Line-by-line*	*6*
Esprime Scarl	Milan (MI)	50	16%	*Equity*	*12*
Formula S.p.A.	Milan (MI)	4,000	100%	*Line-by-line*	*12*
Gn Techonomy S.r.l.	Milan (MI)	26	100%	*Line-by-line*	*12*
Hiteco S.p.A.	Milan (MI)	100	100%	*Line-by-line*	*9*
Kipcast Corp.	Toronto, Canada	0	95%	*Line-by-line*	*12*
Kipcast S.r.l.	Sant'Ambrogio Di Valpolicella (VR)	25	95.14%	*Line-by-line*	*12*
Nextcrm S.r.l.	Vicenza (VI)	59	100%	*Line-by-line*	*12*
Nexttech S.r.l.	Mira (VE)	10	100%	*Line-by-line*	*12*
Open-co S.r.l.	Sant'Ambrogio Di Valpolicella (VR)	10	100%	*Line-by-line*	*7*
Opensymbol S.r.l.	Vicenza (VI)	10	100%	*Line-by-line*	*12*
Qinet S.p.A.	Collegno (TO)	50	100%	*Line-by-line*	*0*
Qrmes S.r.l. (Romania)	Sibiu , Romania	1	99%	*Line-by-line*	*12*
Qualitas Informatica S.p.A.	Vicenza (VI)	640	100%	*Line-by-line*	*12*
Starty Italia S.r.l.	Prato (PO)	500	10%	*Equity*	*12*
Tech1 S.r.l.	Milan (MI)	10	100%	*Line-by-line*	*0*
Upgrade Sa	Lugano	108	100%	*Line-by-line*	*0*
Upgrade S.r.l.	Lecco (LC)	100	100%	*Line-by-line*	*0*
Webformat S.r.l.	Spilimbergo (PN)	41	100%	*Line-by-line*	*0*

The financial statements of all subsidiaries have the same balance sheet date as the financial statements of Impresoft.

The financial statements included in the consolidation perimeter are consolidated on a line-by-line basis. No consolidated companies are consolidated using the proportional method.

With reference to the tables contained in the notes to the financial statements, it should be noted that some companies, where indicated, have been consolidated using the equity method. However, for companies consolidated on a line-by-line basis, the following principles apply.

5. Basis of consolidation

The main principles of consolidation are as follows:

- Upon Impresoft taking over the assets and liabilities of the consolidated companies, the carrying amount of its investments in those consolidated companies is eliminated to the extent of Impresoft's interest in them.

- Any positive difference between the investment's acquisition cost and its equity recognised in accounts as at the acquisition date is attributed to the assets and liabilities of that investee; any unallocated remainder is recognised in goodwill and amortised on a straight-line basis over an appropriate period according to its expected useful life, with any residual credited to the consolidation reserve. Any negative difference is charged to the consolidation reserve.
- Balances and transactions between the companies included in the consolidation perimeter are eliminated entirely. Unrealised profits and losses arising from transactions between consolidated companies are eliminated.

6. Basis of measurement

The items in these financial statements have been measured in accordance with the general principles of prudence and time accrual, and on a going concern basis, while also taking into account the economic function of the asset or liability component measured.

In application of the prudence principle, the elements comprising each item or entry in assets or liabilities have been individually measured to prevent netting between losses that should have been recognised and unrealised profits that should not be recognised. In compliance with the time accrual principle, the accounting effect of all transactions and other events has been recognised and attributed to the year to which those transactions and events refer, rather than to the year in which the relevant cash movements (credit and debit) were realised.

More specifically, the basis of measurement used are described below.

Intangible assets

Intangible assets are carried at historical cost (including direct purchase charges) less the amortisation charged directly to each item during the year, as calculated based on the estimated useful lives of the intangible asset.

In the first year of use of an intangible asset, amortisation begins when the asset begins to produce economic benefits for the enterprise.

Where impairment is identified, assets are written down accordingly, irrespective of any amortisation already charged. If the reasons for impairment cease to apply in subsequent years, the impairment is reversed with the historical cost adjusted only by amortisation.

Development costs in software production projects where the software is intended to be licensed to third parties are recognised in assets when the Group can demonstrate: that it has the technical means to complete the intangible asset such to make it available for sale; that it intends to complete the asset for its use or sale; how it will generate future economic benefits; that it has the technical, financial and other resources available to complete the development project; and that it is able to reliably assess the cost attributable to the asset during its development.

Goodwill arising from mergers of individual companies included in the consolidation perimeter (business combinations under common control) is presented in consolidated accounts on a "continuity of values" basis. In this sense, the excess values recognised in the financial statements of the individual company for the year are recognised in the consolidated financial statements, with consolidated equity increased or decreased accordingly. In application of the Italian national accounting standards (OIC), the goodwill carried within assets is amortised on a straight-line basis. The amortisation rate for goodwill carried in the financial statements is 10%; in other words, goodwill is amortised over a ten-year period.

Any consolidation differences arising when investments are eliminated constitute positive goodwill. Having met the conditions set forth in OIC 24, these differences have been recognised within assets under item B) I 5-bis) and are amortised over a ten-year period. The amortisation period adopted is considered adequate and consistent with the rule contained in Article 2426, subparagraph 6 of the Civil Code, as it represents the period of its actual "useful life"; this item, B) I 5) is called "Goodwill", in accordance with the statement of assets proposed in OIC 17.

Disclosure on revaluation under Law 126/2020

Pursuant to and for the purposes of Article 110, paragraphs 1-7 of Decree-Law 104 of 14 August 2020, converted with amendments by Law 126 of 13 October 2020, we disclose that certain intangible assets of Formula S.p.A., Qualitas Informatica S.p.A., GN Techonomy S.r.l. and Nexttech S.r.l. have been revalued.

The revaluation concerns the companies' intangible assets, in particular software developed by the companies included in the consolidation perimeter, the implementation costs of which were classified under the patent and intellectual property rights. The companies have also opted to pay a 3% substitute tax on the increase in valuation. In keeping with the majority of guidance available in authoritative accounting practice, this tax has been accounted for by applying a direct reduction to the equity reserve created for the revaluation.

In accordance with Article 5 of Decree-Law 162/2001, three different methods can be used to revalue intangible assets: revaluation historical costs and accumulated appreciation in a way that preserves the amortisation period; revaluation of only the gross carrying amount of the asset; or reduction of all or part of accumulated amortisation.

For the purposes of the revaluation, the companies turned to an independent expert, who determined the revaluation surplus in respect of the proprietary software of each company using an income method that entailed identifying a "virtual income statement" in respect of the intangible asset being measured, which took into account the revenues and costs directly attributable to them.

In determining the income from the indirect use of the companies' software, the valuing expert made sure to accurately identify the positive income components from the use of the software and isolate them from the revenue from sales and services recognised in the financial statements.

With the revenue now identified, the costs directly and indirectly pertaining to the development, maintenance and enhancement of the software undergoing revaluation were taken into account. The valuing expert then segregated the income statement from the analytical accounting data concerning the software undergoing revaluation and, on a residual basis, concerning the other business functions carried out by the company, and allocated the costs attributable to each software based on operational data. The direct (research and development) and indirect costs and the structural costs (i.e. common costs) indirectly attributable to the hypothetical separate software arm were then allocated.

Total indirect costs were shared out among functions based on specific allocation drivers.

As for direct costs, all costs (development personnel costs and any maintenance and licence costs paid to third parties to use software, as well as rights incorporated in the software itself) arising from activities that collectively contribute to developing, maintaining and ensuring the functionality, quality, utility and reputation of the software, albeit in different forms and ways, were identified. The direct costs identified were found to comprise all cost items that can with certainty and unambiguously be attributed to software maintenance, development and enhancement.

To discount the cash flows attributable to software undergoing revaluation, the valuing expert applied a rate representing the cost of capital invested in Group companies, which at the time of the revaluation was 7.21%.

The effects of the revaluation are summarised in the following table:

Revaluation (Italian Law 126/2020)

	Revaluation
Formula S.p.A.	26,143,368
Qualitas Informatica S.p.A.	7,872,564
Nexttech S.r.l..	8,800,000
GN Techonomy S.r.l	1,260,000
Total revaluation	**44,075,932**

Property, plant and equipment

Assets are stated at cost (including direct purchase charges) and adjusted by accumulated depreciation.

The carrying amount factors in the related charges and the costs incurred for the use of the asset, less trade discounts and cash discounts.

The depreciation rates charged to the income statement have been calculated according to the expected use, purpose and useful life of the assets and based on the residual value at the end of the assets' economic lives. As a consequence, the following rates of depreciation have been deemed appropriate; these are reduced by half in the year in which the asset enters operation.

Ordinary maintenance costs are allocated to each asset and depreciated over its remaining useful life.

Incremental maintenance costs are allocated to each asset and depreciated over its remaining useful life.

Where impairment is identified, assets are written down accordingly, irrespective of any depreciation already charged. If the reasons for impairment cease to apply in subsequent years, the impairment is reversed with the historical cost adjusted only by depreciation.

Financial assets

Investments in associates are represented in the consolidated financial statements using the equity method

In accordance with the equity method applied in these consolidated financial statements, investments are carried at the proportionate share of equity according to the latest financial statements (prepared in accordance with articles 2423 and 2423-bis of the Italian Civil Code), after having subtracted the dividends and made the adjustments required by the basis of accounting applicable to the consolidated financial statements. The first year an asset is recognised using the equity method, the excess paid for the proportionate share of equity at the date of acquisition is recorded within equity investments insofar as it can be attributed to the investee's depreciable or amortisable assets or goodwill. Any such difference that can be attributed to depreciable or amortisable assets or goodwill is depreciated, or amortised, at the rates designated for those assets. In subsequent years, this basis difference of the equity method investment is recognised in the investee's income statement and, when allocating the profit for the year, is recognised in a non-distributable equity reserve.

Equity investments in other companies are carried at cost of purchase or subscription. This cost is written down for impairment when the investee has suffered losses and is not expected to derive sufficient profits to cover those losses in the immediate future. The original value recognised is restored in subsequent years if the basis for the write down ceases to exist.

Inventories

Inventories not included in non-current assets have been stated at cost (including direct purchase charges) or net realisable value (according to market performance), whichever is lower.

Contract work in progress consists of contracts for orders spread over several years. These are measured, based on the consideration accrued with reasonable certainty, using the percentage-of-completion method, and estimated using the incurred cost method.

Any contract losses estimated with reasonable accuracy are fully charged to the income statement in the year in which they become known.

Receivables

Receivables have been recognised at net realisable value. An impairment provision has been formed into which a sum is added every year in relation to the risk of default of the receivables recorded in accounts according to general and sector-specific economic conditions and the geographic origin of the debtor.

Receivables due to be collected in more than 12 months are recognised at amortised cost.

Cash and cash equivalents

Cash deposits are recognised at nominal value, whereas bank receivables are recognised at net receivable value, which in this case is equal to their nominal value. Foreign-currency cash and cash equivalents are recognised at the spot exchange rate current on the balance sheet date. Foreign exchange gains and losses are charged to the income statement and any net gain is allocated to a foreign exchange provision.

Borrowings and payables

I Payables for goods are recognised in the balance sheet at the moment that significant risks, charges or benefits relating to the ownership of the goods have been substantively transferred. Payables for services are stated when the services at the moment the services are actually provided (i.e. performance has occurred.

Borrowings and non-trade payables are recognised when the undertaking has an obligation towards another party that is identifiable under the provisions of law or contract.

Payables falling due in more than 12 months are recognised at amortised cost, on a time accrual basis Payables falling due within 12 months are stated at nominal value, net of premiums, discounts and allowances; they include any interest accrued and due at the balance sheet due. Impresoft considers the effects of amortised cost and discounting to be immaterial for payables falling due within 12 months; this also takes into account all contractual and substantive conditions in place at the time of recognising the payable and the fact that the transaction costs and any differences between the initial value and the nominal value at maturity are immaterial. In such a case, discount costs are omitted, interest is computed at its nominal value and transaction costs are recognised as deferrals and amortised on a straight-line basis throughout the term of the payable to adjust for the nominal interest expense.

Accruals and deferrals

This item has been determined on a time accrual basis.

For accruals and deferrals spread over several years, the conditions used to determine the value initially recognised were reviewed, with the relevant changes adopted where necessary.

Provisions

Provisions are set aside for settling certain or probable losses or payment obligations where the amount and maturities of those obligations could not be determined at the balance sheet date.

These provisions have been measured according to the general principles of prudence and time accrual. No provisions for general risks have been made without there being economic justification for doing so.

Potential liabilities have been accounted for and recognised in provisions where they are considered probable and a reasonable estimate can be made of the amount of the obligation.

Derivative financial instruments

Derivative financial instruments are used exclusively to hedge against underlying interest rate risks, foreign exchange risks, price fluctuation risks or credit risks. All instruments qualify as simple hedging instruments and, therefore, are measured using the simplified approach.

The classification, within current or non-current assets, of derivative financial instruments designated to hedge cash flow or the fair value of an asset follows the classification of the hedged asset. Derivative financial instruments designated to hedge cash flow and the fair value of a liability, an irrevocable commitment or a highly probably planned transaction is classified within current assets, as are non-hedging derivative financial instruments. Any such instruments with a negative fair value are recognised within liabilities, under provisions.

Changes in the fair value of derivative financial instruments are presented in the consolidated income statement, under section D) Adjustments for financing activities. Meanwhile, changes in the fair value of the ineffective portion of derivative financial instruments designated as cash flow hedges are recognised in equity, within the hedging reserve.

Derivative financial instruments that have the characteristics of equity instruments are recognised in an equity reserve, the future value of which does not change. This reserve is not subject to future remeasurements.

Post-employment benefit provision

This provision represents the actual amounts accrued by employees under law and applicable labour contracts, considering all types of remuneration of an ongoing nature.

Costs and revenues

Revenues and income are recognised net of returns, discounts and rebates, and net of tax directly associated with sales of products and services.

More specifically:

- Revenues from the sale of user licenses are booked to the income statement for the year in which the sale is completed, since all risks and benefits resulting from the sale pass to the purchaser and since no other activity referable to the sale of the user license will be carried out going forward;
- Any other activities (specifically maintenance and consultancy) that are offered to and accepted by customers are separately and specifically charged to customers on an accrual basis;

- Consideration for maintenance takes the form of fees, which are booked to the income statement on an accrual basis, with any unaccrued portions recognised within deferrals;
- Consultancy fees are booked to the income statement for the year in which the consultancy is provided, thus – also in this instance – associating revenue to the costs incurred. As regards consultancy services in progress, these are measured using the percentage-of-completion method in that they are unitary services provided for in contract.
- Costs are accounted for on an accrual basis;
- Provisions are recognised according to their nature, where possible, in the relevant part of the income statement;
- Income and charges of a financial nature are recognised on a time accrual basis.

Revenues, other income, production costs and other expenses relating to foreign currency transactions are determined at the rates of exchange prevailing on the dates of the transactions

Income tax

Current income tax is determined based on a realistic forecast of taxable income, in accordance with applicable regulations.

Tax due for the year is recognised within Tax payables, net of any tax prepaid or withheld.

Deferred tax assets and liabilities are calculated from the temporary differences between the values of assets and liabilities as determined in the financial statements and their respective tax bases, based on the tax rates current in the years in which those differences will reverse.

Deferred tax assets are only recognised if there is reasonable certainty that the credit will be recovered in future years.

Under this option, corporate income tax (IRES) is calculated on a tax base equal to the sum of the positive and negative tax bases of each individual company.

The financial relationships and the mutual rights and duties between the consolidating entity and its subsidiaries are defined in the tax consolidation agreement.

As provided for by the Italian accounting standards, tax payables are recognised by the consolidating entity (Pitagora) within Tax payables, net of prepaid and withheld taxes and, more generally, net of tax credits.

Current corporate income tax (IRES) is also recognised within Tax payables and calculated based on an estimate of the positive and negative tax bases of the subsidiaries that have joined the national tax consolidation scheme, net of prepaid and withheld taxes and the current tax credits of those subsidiaries. This tax liability is offset by the recognition of corresponding tax credits payable from the Group companies to the consolidating entity for the current tax on the positive tax bases under the national tax consolidation scheme.

Amounts payable to the parent and to subsidiaries due to netting are recognised within Payables to the parent and Payables to subsidiaries.

Basis for the translation of foreign currency amounts

Receivables and payables originally stated in currencies other than the local currency of reference in each company's financial statements have been translated into local currency at the spot exchange rate current at the balance sheet date. Exchange differences are credited and charged to the income statement within item 17-bis Foreign exchange gains and losses.

7. Non-current assets

7.1. Intangible assets

The statement below shows the movements in intangible assets for the year ending 31 December 2023:

Description	Start-up and expansion costs	Development costs	Patent rights	Concessions, licences and trademark	Goodwill	Assets under construction and payments on account	Other intangible assets	Total
Transferred from Pitagora	1,505,977	1,632,279	1,451,263	3,509,673	153,792,447	15,396	1,698,892	163,605,927
Increase due to acquisitions of subsidiaries	8,221	792,314	2,224,629	310,643	95,262,300	0	43,213	98,641,320
Increase	39,071	0	106,325	106,122	483,019	10,881	63,753	809,171
Revaluations	0	0	44,075,932	0	0	0	0	44,075,932
Reclassification adjustments	-232	0	1	-412	1	0	0	-643
Decrease	0	0	0	0	0	0	0	0
Cost at year end	**1,553,037**	**2,424,593**	**47,858,150**	**3,926,026**	**249,537,767**	**26,277**	**1,805,858**	**307,131,707**
Accumulated amortisation transferred by Pitagora	1,300,984	1,588,667	18,776,408	3,399,967	16,850,690	0	1,253,281	43,169,998
Increase in accum. amort. due to acquisitions of subsidiaries	5,220	713,055	1,527,089	168,249	555,069	0	31,305	2,999,988
Reclassification adjustments	0	0	0	0	0	0	-115	-115
Decrease	0	0	0	0	0	0	0	0
Amortisation charge	186,492	43,612	9,084,950	36,071	20,520,770	0	145,071	30,016,966
Accumulated amortisation at year end	**1,492,697**	**2,345,334**	**29,388,448**	**3,604,287**	**37,926,529**	**0**	**1,429,542**	**76,186,837**
Total	**60,340**	**79,259**	**18,469,702**	**321,739**	**211,611,238**	**26,277**	**376,316**	**230,944,871**

The book value of intangible non-current assets, net of accumulated amortisation, was EUR 230,944,871.

Start-up and expansion costs

The net value of start-up and expansion costs at 31 December 2023 was EUR 60,340, principally consisting of cost capitalisations as a result of corporate transactions.

Development costs

The net value of development costs at 31 December 2023 was EUR 79,259. The decrease in value since the date of consolidation is down to amortisation for the year.

Patent and intellectual property rights

The net value at 31 December 2023 was EUR 18,469,702, primarily referring to proprietary software.

As reported above, in 2020 the companies Formula S.p.A., Qualitas Informatica S.p.A., GN Techonomy S.r.l. and Nexttech S.r.l. carried out a revaluation in application of the regulatory provisions of article 110 of Decree-Law 104/2020, for a value of EUR 44,075,932.

In compliance with the regulatory provisions of article 110 of Decree-Law 104/2020 and following the expert valuations carried out by an independent expert, some of the companies included in the consolidation perimeter decided, under the profit split method, to fully adjust the carrying amount to the value resulting from the individual appraisals, while at the same time opting for the tax recognition of the excess values recognised on the asset through the payment of a 3% substitute tax, the first instalment of which was paid on 30 June 2021. More specifically:

- Formula S.p.A. revalued its proprietary Sage X3, Diapason, Sharelock and Star4 software, recording a capital gain of EUR 26,143,368, which generated a substitute tax liability of EUR 784,301 at a tax rate of 3%.
- Qualitas Informatica S.p.A. revalued its proprietary Net@Pro software at EUR 7,872,564 (recording a capital gain of EUR 6,629,759, while also reversing accumulated amortisation of EUR 1,242,805), generating a substitute tax liability of EUR 236,177 at a tax rate of 3%.
- Nexttech S.r.l. revalued its proprietary forSales Suite software at EUR 8,800,000, generating a substitute tax liability of EUR 264,000 at a tax rate of 3%.
- GN Techonomy S.r.l. revalued its proprietary “GN Mobile One” and “GN Isfa Order Management System” software at a combined EUR 1,260,000, generating a substitute tax liability of EUR 37,800 at a tax rate of 3%.

The net values do not exceed the values attributable to the assets in relation to their composition, production capacity and likely economic use in accordance with article 11, paragraph 2 of Law 342/2000.

In the financial statements for the year ending 2023, these assets are accounted for within intangible non-current assets, under Patent and intellectual property rights.

The EUR 9,084,950 net decrease in value of *Patent and intellectual property rights* since the date of consolidation is down to amortisation during the year.

Concessions, licences, trademarks and similar rights

The net value at 31 December 2023 was EUR 321,739, primarily consisting of licences for use of third-party software acquired by Group companies.

Goodwill

Goodwill is detailed in the table below:

Consolidation differences	Addition on con-solidation	Amortisation	31/12/2023
Consolidation difference - 4ward S.r.l.	41,184,715	-5,025,722	36,158,993
Consolidation difference – Qualitas Informatica S.p.A.	8,930,898	-1,097,722	7,833,176
Consolidation difference – Opensymbol S.r.l.	14,246,550	-1,682,613	12,563,937
Consolidation difference – NextCRM S.r.l.	2,326,633	-276,983	2,049,650
Consolidation difference – GN Techonomy S.r.l.	20,488,199	-2,217,903	18,270,296
Consolidation difference – Kipcast S.r.l.	5,167,919	-568,412	4,599,507
Consolidation difference – NextTech S.r.l.	8,479,090	-925,780	7,553,310
Consolidation difference – Cloudnova S.r.l.	3,550,814	-355,081	3,195,732
Consolidation difference – Develon Digital S.r.l.	1,540,346	-77,017	1,463,329
Consolidation difference – Hiteco S.p.A.	8,938,691	-670,402	8,268,289
Consolidation difference – Open-co S.r.l.	28,247,814	-1,647,789	26,600,025
Consolidation difference – Tech 1 S.r.l.	38,792,937	0	38,792,937
Consolidation difference – Cooder S.r.l.	6,642,826	0	6,642,826
Consolidation difference – Webformat S.r.l.	6,092,765	0	6,092,765
Total goodwill	**194,630,198**	**(14,545,425)**	**180,084,773**
Goodwill from non-consolidated entities	**Addition on con-solidation**	**Amortisation**	**31/12/2023**
Goodwill – Concept business (Formula S.p.A.)	60,000	-12,000	48,000
Goodwill – DMUTY business (Formula S.p.A.)	44,444	-8,889	35,556
Goodwill – Integra merger (Formula S.p.A.)	8,267,244	-1,653,449	6,613,795
Goodwill – WIKI business (Formula S.p.A.)	216,918	-36,153	180,765
Goodwill – Impresoft S.r.l. merger (Formula S.p.A.)	12,581,890	-1,797,413	10,784,478
Goodwill – Harward Group merger (Formula S.p.A.)	1,256,582	-251,317	1,005,265
Goodwill – Harward Service merger (Formula S.p.A.)	16,779	-3,356	13,423
Goodwill – Brainware merger (Formula S.p.A.)	1,376,166	-196,595	1,179,571
Goodwill – QiNet S.p.A.	792,250	0	792,250
Goodwill – Develon Digital S.r.l.	108,788	-15,626	93,162
Goodwill – 4ward S.r.l.	422,412	-422,401	11
Goodwill – Qualitas Informatica S.p.A.	200,000	-20,000	180,000
Goodwill – NextCRM S.r.l	12,000	-12,000	0
Goodwill – GN Techonomy S.r.l.	11,671,863	-1,464,658	10,207,205
Goodwill – Opensymbol S.r.l.	467,245	-77,874	389,371
Goodwill – Nexttech S.r.l	7,230	-3,615	3,615
Total goodwill	**37,501,811**	**(5,975,345)**	**31,526,467**
Net total	**232,132,009**	**(20,520,770)**	**211,611,238**

The recoverable amount of intangible assets, assessed using the value in use method (calculated by discounting future cash flows), is EUR 372.3 million.

This value was compared against the Net Invested Capital (Group Equity attributable to owners of the parent + Net financial debt; see the Reclassified Consolidated Balance Sheet in the Directors' Report on Operations) of EUR 232.8 million. Therefore, the company did not recognise any impairment loss.

In assessing the EUR 372.3 million recoverable amount of intangible assets, the following parameters were considered:

- estimated future cash flows were estimated over a three-year period (as a result of the 2024-2026 Business Plan approved by the Board of Directors on 27 October 2023);

- a growth rate of 1.7%;

- a cash flow discount rate of 10.7%;

Assets under construction and payments on account

The item amounted to EUR 26,277 at 31 December 2023, consisting of payments on account for registration of a patent pertaining to the company Kipcast S.r.l..

Other intangible assets

This item amounted to EUR 376,316 at 31 December 2023, principally consisting of "leasehold improvements" due to extraordinary maintenance on leasehold buildings and movables.

7.2. Property, plant and equipment

The table below shows the composition of property, plant and equipment and the changes during the year.

Description	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Transferred from Pitagora	1,075,620	180,191	113,230	7,168,520	0	8,537,561
Increase due to acquisitions of subsidiaries	1,000	86,249	19,624	1,607,424	0	1,714,297
Increase	1,694	9,880	3,062	1,163,817	0	1,178,453
Revaluations	0	0	0	0	0	0
Reclassification adjustments	0	1,667	2,741	-8,435	0	-4,027
Decrease	0	0	0	-49,802	0	-49,802
Cost at year end	**1,078,314**	**277,987**	**138,657**	**9,881,524**	**0**	**11,376,482**
Accum. amortisation transferred by Pitagora	288,118	164,921	102,772	5,532,676	0	6,088,487
Increase in accum. amort. due to acquisitions of subsidiaries	850	42,596	16,255	1,289,900	0	1,349,602
Reclassification adjustments	0	0	0	0	0	0
Decrease	0	0	0	0	0	0
Amortisation charge	21,464	4,487	4,740	716,384	0	747,075
Accumulated amortisation at year end	**310,432**	**212,004**	**123,767**	**7,538,961**	**0**	**8,185,164**
Total	**767,882**	**65,983**	**14,890**	**2,342,563**	**0**	**3,191,318**

Land and buildings

This item amounted to EUR 767,882 at 31 December 2023, mainly consisting of land and buildings owned by the subsidiary Qualitas Informatica S.p.A.

Plant and machinery

This item amounted to EUR 65,983 at 31 December 2023 and included plant and machinery of subsidiaries, in particular Cooder S.r.l., GN Techonomy S.r.l., Qinet S.p.A. and Cloudnova S.r.l..

Industrial and commercial equipment

This item amounted to EUR 14,890 at 31 December 2023 and included industrial and commercial equipment of subsidiaries.

Other assets

This item amounted to EUR 2,342,563 at 31 December 2023 and included purchases of movables and electronics, in particular in relation to 4Ward S.r.l., Formula S.p.A., Impresoft e GN Techonomy S.r.l.

7.3. Non-current financial assets

Non-current financial assets consisted of equity investments and receivables of a financial nature, as shown in the table below.

Description	Transferred from Pitagora	Increase due to acquisitions of subsidiaries	Increases	Decreases	31/12/2023
Investments in subsidiaries	0	0	0	0	0
Investments in associates	217,747	0	45,432	0	263,179
Investments in other companies	33,965	0	17,500	-1,421	50,044
Total	**251,712**	**0**	**62,932**	**-1,421**	**313,223**

Description	Transferred from Pitagora	Increase due to acquisitions of subsidiaries	Change in the year	31/12/2023
Receivables from parents	0	1,300,000	-1,300,000	0
Other receivables	606,321	13,444	58,002	677,767
Other securities	0	0	0	0
Derivative financial assets	0	0	1,442,990	1,442,990
Total	**606,321**	**1,313,444**	**200,992**	**2,120,757**
Total non-current financial assets	**858,033**	**1,313,444**	**262,503**	**2,433,980**

At 31 December 2023:

- Investments in associates amounted to EUR 263,179, consisting of the 33.88% shareholding in Aiseek S.r.l. (formerly Iuscapto).
- Investments in other companies amounted to EUR 50,044, principally consisting of the 10% shareholding in Starty Italia S.r.l. and the 16% shareholding Esprime S.C.a.r.l.
- Receivables included within non-current assets amounted to EUR 677,767, principally as a result of the EUR 500,000 deposit paid by Impresoft for the purchase of a target company completed in January 2024. The remainder mainly relates to deposits paid by Group companies.

- Derivative financial assets amounted to EUR 1,442,990. As mentioned above, this indicates the amount and changes in the interest rate hedge described in the "Information on derivative financial instruments section".

8. Current assets

8.1. Inventories

The net value of inventories at 31 December 2023 was EUR 3,773,468. This item's composition is shown in the table below.

Description	Transferred from Pitagora	Increase due to acquisitions of subsidiaries	Change in the year	31/12/2023
Raw materials and consumable supplies	0	16,850	25,291	42,141
Work in progress and semi-finished products	0	0	0	0
Contract work in progress	3,516,252	15,000	131,084	3,662,336
Finished goods and goods for resale	100,848	0	-31,857	68,991
Total at year end	**3,617,100**	**31,850**	**124,518**	**3,773,468**

It should be noted that, due to the basis adopted for measuring individual items, the values recognised did not differ significantly from the current costs of the assets recognised at the balance sheet date.

Contract work in progress pertains to Formula S.p.A. in the amount of around EUR 2,684k and Opensymbol S.r.l in the amount of around EUR 916k.

8.2. Receivables

The composition, change and maturity of the receivables included in current assets are shown below:

Description	Transferred from Pitagora	Increase due to acquisitions of subsidiaries	Change in the year	31/12/2023
Trade receivables				
a) falling due within one year	30,136,298	15,325,637	1,490,986	46,952,921
b) falling due after more than one year	0	0	3,389,603	3,389,603
	30,136,298	15,325,637	4,880,589	50,342,524
Receivables from associates				
a) falling due within one year	2,550	0	8,811	11,361
b) falling due after more than one year	0	0	0	0
	2,550	0	8,811	11,361
Receivables from parents				
a) falling due within one year	0	0	1,930,276	1,930,276
b) falling due after more than one year	0	0	0	0
	0	0	1,930,276	1,930,276
Tax receivables				
a) falling due within one year	2,640,147	2,064,979	-314,770	4,390,355
b) falling due after more than one year	14,654	18,519	109,476	142,649
	2,654,801	2,083,498	-205,295	4,533,004
Deferred tax assets				
a) falling due within one year	245,302	91,421	202,565	539,288
b) falling due after more than one year	0	0	0	0
	245,302	91,421	202,565	539,288
Other receivables - Current assets				
a) falling due within one year	699,724	466,553	286,056	1,452,334
b) falling due after more than one year	86,125	10,052	-69,090	27,087
	785,849	476,605	216,966	1,479,421
Total receivables	**33,824,800**	**17,977,161**	**7,033,913**	**58,835,874**

Trade receivables

Trade receivables at 31 December 2023, less allowances for expected credit losses, amounted to EUR 50,342,524, of which EUR 3,389,603 falling due within one year attributable to the subsidiary Upgrade S.r.l.

Allowance for expected credit loss

The allowance for expected credit losses at 31 December 2023 amounted to EUR 3,171,924. The nominal amount of receivables has been adjusted to fair value by recognising an allowance for expected credit loss. The movements on the Group allowance for expected credit loss during the year were as follows:

Description	Transferred from Pitagora	Increase due to acquisitions of subsidiaries	Increases	Decreases	31/12/2023
Allowance for expected credit loss	1,854,805	281,622	1,862,207	-826,710	3,171,924
Total at year end	**1,854,805**	**281,622**	**1,862,207**	**-826,710**	**3,171,924**

The increases and ordinary utilisations of the allowance represent the statistical expected credit losses that will normally be made and the receivables that will normally be collected within the next year. The majority of decreases relate to reversals to the income statement. Additions are strongly influenced by the acquisitions made in 2023 where there was previously no policy in place regarding statistical credit losses.

At the Group level, the allowance for expected credit losses is based on all invoices issued and contains a “statistical” expected credit loss based on the number of days past-due and a “specific” expected credit loss, usual equal to 100%, for special cases where the credit status is at risk.

Statistical expected credit losses for receivables with a normal credit risk status are measured by applying a percentage loss to the original value of the receivable, determined based on the number of days that have passed since the receivable originally fell due.

Receivables from parents

This item amounted to EUR 1,930,276 at 31 December 2023, principally consisting of the receivable under the tax consolidation scheme with Pitagora.

Tax receivables

This item amounted to EUR 4,533,004 at 31 December 2023, principally consisting of a EUR 2.9 million VAT credit, EUR 0.5 million in corporate income tax (IRES) and regional corporation tax (IRAP) prepayments by companies not included in the tax consolidation scheme, EUR 0.3 million in credits for research and development activities and EUR 0.8 million in other receivables.

Other receivables

Other receivables at 31 December 2023 amounted to EUR 1,479,421, principally consisting of payments received on account.

8.3. Financial assets included within current assets

Financial assets included within current assets at 31 December 2023 amounted to EUR 3,621, pertaining to 4Ward S.r.l. and Opensymbol S.r.l.

Description	Transferred from Pitagora	Increase due to acquisitions of subsidiaries	Change in the year	31/12/2023
Other securities	3,621	0	0	3,621
Total	**3,621**		**0**	**3,621**

8.4. Cash and cash equivalents

Cash and cash equivalents at 31 December 2023 amounted to EUR 17,059,108. The table below shows the amounts and changes in cash and cash equivalents at the balance sheet date:

Description	Transferred from Pitagora	Increase due to acquisitions of subsidiaries	Change in the year	31/12/2023
Bank and post office deposits	12,865,146	8,927,531	4,179,007	17,044,153
Cheques	0	0	0	0
Cash in hand and valuables	10,272	6,899	4,683	14,955
Total at year end	**12,875,418**	**8,934,430**	**4,183,690**	**17,059,108**

There are no restrictions on the use of cash and cash equivalents.

9. Prepayments and accrued income

Prepayments and accrued income amounted to EUR 5,085,460 at 31 December 2023. The composition and changes in this item are shown below:

Description	Transferred from Pitagora	Increase due to acquisitions of subsidiaries	Change in the year	31/12/2023
Accrued income	229,323	577,623	587,649	1,394,595
Prepayments	2,832,282	83,775	774,808	3,690,865
Total at year end	**3,061,605**	**661,398**	**1,362,457**	**5,085,460**

Accrued income principally refers to work in progress on customer consultancy projects, mainly pertaining to Formula S.p.A., 4ward S.r.l. and Upgrade S.r.l.

Prepayments principally refer to maintenance and software subscription fees, rental fees prepaid on an accrual basis and M&A related costs materialised at the beginning of 2024. These principally pertain to Formula S.p.A., 4ward S.r.l. and Impresoft.

10. Equity

10.1. Changes in equity

Total equity at 31 December 2023 was EUR 101,720,712. Movements in equity were as follows:

Description	Transferred from Pitagora	Increases	Decreases	Dividends	Profit/(loss)	At 31 December 2023
Share capital	5,000,000	-	-	-	-	5,000,000
Share premium reserve	107,323,604	-	-	-	-	107,323,604
Valuation reserve	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-
Other reserves	-	-	-	-	-	-
Retained earnings/(losses)	-	-	-	-	-	-
Consolidation reserve	(16,756,957)	25,652,126	-	-	-	8,895,169
Foreign currency translation reserve	-	-	(7,460)	-	-	(7,460)
Hedging reserve	-	1,443,288	-	-	-	1,443,288
Profit/(loss) for the year	-	-	-	-	(21,019,980)	(21,019,980)
Total equity attributable to owners of the parent (A)	95,566,647	27,095,414	(7,460)	-	(21,019,980)	101,634,621
Equity attributable to non-controlling interests	-	72,986		-	-	72,986
Profit/(loss) attributable to non-controlling interests	-	-		-	13,105	13,105
Total equity attributable to non-controlling interests (B)	-	72,986	-	-	13,105	86,091
Total equity	**95,566,647**	**27,168,400**	**(7,460)**	**-**	**(21,006,875)**	**101,720,712**

10.2. Equity reconciliation

The table below reconciles the equity and profit/(loss) for the year attributable to owners of the parent and the equity and profit/(loss) for the year attributable to owners of all consolidated companies:

Description	Share capital	Reserves	Profit/(loss)	Equity
Equity	5,000,000	134,368,720	(9,127,056)	130,241,664
Adjustments				
Consolidating entries	-	(118,126,142)	-	(118,126,142)
Contribution of company subsidiaries	-	101,412,023	1,333,754	102,745,777
Amortisation of consolidation differences	-	-	(13,079,882)	(13,079,882)
Elimination of effects of intercompany transactions	-	-	(146,797)	(146,797)
CONSOLIDATED EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**5,000,000**	**117,654,602**	**(21,019,980)**	**101,634,621**
Non-controlling interests		72,986	13,105	86,091
TOTAL CONSOLIDATED EQUITY	**5,000,000**	**117,727,587**	**(21,006,875)**	**101,720,712**

11. Provisions

“Provisions” amounted to EUR 549,428 euros at 31 December 2023. The table below shows the composition and movements in this item:

Description	Transferred from Pitagora	Increase due to acquisitions of subsidiaries	Increases	Decreases	31/12/2023
Deferred tax provision	2,891	27,843	0	-30,734	0
Other provisions	363,318	4,000	242,110	-60,000	549,428
Total at year end	**366,209**	**31,843**	**242,110**	**-90,734**	**549,428**

“Other provisions” principally consists of additional provisions: (i) for customer disputes that may arise due to delays in project delivery (this provision represents the best estimate of risk from a conservative weighted assessment of the risk’s likelihood to occur where disputes could generate additional costs to complete the project); and (ii) for litigation and other risks.

12. Post-employment benefits

Post-employment benefits amounted to EUR 9,198,961 at 31 December 2023. This figure consists of the actual amounts due by the company as at 31 December 2023 to employees active in the workforce at that date, net of advances.

Description	Transferred from Pitagora	Increase due to acquisitions of subsidiaries	Increases	Utilisation	31/12/2023
Post-employment benefits	7,441,360	1,901,772	2,302,801	-2,446,972	9,198,961
Total at year end	**7,441,360**	**1,901,772**	**2,302,801**	**-2,446,972**	**9,198,961**

The increases consist of the revaluation net of substitute tax, while utilisations consist of (i) amounts paid in to contractual funds (Previndai, Cometa, Fonte, etc.) and to “open” funds, and (ii) employee severance pay and advances to employees upon request.

13. Borrowings and payables

Borrowings and payables at 31 December 2023 amounted to EUR 199,272,013. The table below shows the composition of this item.

13.1. Changes and maturities of borrowings and payables

The following table below shows the composition, changes and maturity profile of individual borrowings and payables:

Description	Transferred from Pitagora	Increase due to acquisitions of subsidiaries	Change in the year	31/12/2023
Bonds				
a) falling due within one year	0	0	0	0
b) falling due after more than one year	79,573,664	0	54,039,252	133,612,916
	79,573,664	0	54,039,252	133,612,916
Bank borrowings				
a) falling due within one year	108,282	1,463,795	10,881,614	12,453,691
b) falling due after more than one year	95,263	2,338,578	-322,161	2,111,680
	203,545	3,802,373	10,559,453	14,565,371
Other borrowings				
a) falling due within one year	18,385	0	-7,561	10,824
b) falling due after more than one year	0	0	0	0
	18,385	0	-7,561	10,824
Payments on account				
a) falling due within one year	4,499,712	72,441	1,018,417	5,590,570
b) falling due after more than one year	0	0	0	0
	4,499,712	72,441	1,018,417	5,590,570
Trade payables				
a) falling due within one year	8,148,817	6,456,344	9,129,762	23,734,923
b) falling due after more than one year	0	9,457	-9,457	0
	8,148,817	6,465,801	9,120,305	23,734,923
Payables to parents				
a) falling due within one year	0	0	1,171,234	1,171,234
b) falling due after more than one year	0	0	0	0
	0	0	1,171,234	1,171,234
Tax payables				
a) falling due within one year	3,004,581	2,062,103	-1,722,154	3,344,530
b) falling due after more than one year	0	0	0	0
	3,004,581	2,062,103	-1,722,154	3,344,530
Pension and social security payables				
a) falling due within one year	2,047,643	469,255	479,877	2,996,775
b) falling due after more than one year	0	0	0	0
	2,047,643	469,255	479,877	2,996,775
Other payables				
a) falling due within one year	9,138,941	1,356,462	2,249,466	12,744,869
b) falling due after more than one year	250,000	0	1,250,000	1,500,000
	9,388,941	1,356,462	3,499,466	14,244,869
Total payables	**106,885,288**	**14,228,435**	**78,158,289**	**199,272,012**

Bonds

Bonds amounted to EUR 133,612,916 at 31 December 2023.

On 5 April 2022, Pitagora 2 S.p.A. (whose debt and contractual position with respect to the First Bond was later assumed by the Company in the Transfer – as described in the Introduction) issued the first EUR 83,800,000 tranche, at an interest rate of 5.25% + Euribor with a 0.05% ESG covenant discount, of a non-convertible bond entitled "up to Euro 108,800,000 Senior Secured Floating Rate Notes due 2029" (the **"First Bond"**). The First Bond was underwritten by Banco BPM S.p.A. and by funds managed by Pemberton Sarl.

The transaction is recognised in Impresoft's financial statements on the basis that it is derived from the values transferred by Pitagora.

On 23 May 2023, the Company's Board of Directors resolved:

- to issue, in relation to the First Bond, one or more series of additional notes for up to EUR 25,000,000 nominal, carrying the same terms and conditions as the First Bond, in two tranches:
- the first tranche for a total value of EUR 20,000,000.00 (the "First Tranche");
- the second tranche for a total value of EUR 5,000,000.00 (the "Second Tranche");
- to issue, in one or more tranches, additional non-convertible "Euro 30,000,000 Senior Secured Floating Rate Notes due 2029" at an interest rate of 6.25% + Euribor with a 0.05% ESG covenant discount (the "Second Bond").

On 31 May 2023, the Company issued the First Tranche of up to EUR 20,000,000.00.

On 20 September 2023, the Company issued (i) the Second Tranche of the First Bond and (ii) the Second Bond, which was underwritten by Pemberton Sarl.

Finally, on 16 November 2023, the Company's Board of Directors resolved to issue additional notes – of up to EUR 40,000,000 – as part of the Second Bond; as a result, the amount of the Second Bond was increased to EUR 70,000,000, of which EUR 40,000,000 were still undrawn as at 31 December 2023.

The First Bond and the Second Bond mature in 2029 and have been accounted for using the amortised cost method. The expenses relating to these bond issues, amortised according to the amortised cost method, amounted to EUR 5.19 million.

We report that the covenants established at the time of issuing the First Bond (regarding the adjusted EBITDA / adjusted NFP ratio and CAPEX levels) in 2023 have fully been met.

Bank borrowings

Bank borrowings at 31 December 2023 amounted to EUR 14,565,371, of which EUR 2,111,680 falling due after more than one year.

Other borrowings

Other borrowings at 31 December 2023 amounted to EUR 10,824, consisting of the amount payable to Volkswagen Financial Services for the purchase of two cars.

Payments on account

Payments on account at 31 December 2023 amounted to EUR 5,590,570, mainly for turnover from lump-sum contracts not yet completed and unprocessed turnover of time-and-material contracts. Payments on account are classified as maturing within one year where the contract for which they were paid is presumed to be unwound within the next year. These exclusively pertain to Formula S.p.A., 4ward S.r.l. and Opensymbol S.r.l.

Trade payables

Trade payables at 31 December 2023 amounted to EUR 23,734,923 and consist of payables of a commercial nature due to the Group's suppliers. There are no trade payables falling due within one year.

Payables to parents

Payables to parents at 31 December 2023 amounted to EUR 1,171,234 and almost exclusively consist of payables under the tax consolidation scheme.

Tax payables

Tax payables at 31 December 2023 amounted to EUR 3,344,530, principally consisting of corporate income tax (IRES) and regional corporation tax (IRAP) payables, withholding tax payable, payables for personal income tax (IRPEF) withholdings payable on employee wages and salaries.

Pension and social security payables

Pension and social security payables at 31 December 2023 amounted to EUR 2,996,775, principally consisting of employee pension payables.

Other payables

Other payables falling due within one year as at 31 December 2023 amounted to EUR 12,774,869, principally consisting of wage and salary payables and employee accruals, employee bonuses payable and amounts payable to the selling parties of equity investments (principally related to deferred prices).

Other payables falling due after more than one year as at 31 December 2023 amounted to EUR 1,500,000, consisting of amounts payable to the selling parties of equity investments (principally related to deferred prices).

14. Accrued liabilities and deferred income

Accrued liabilities and deferred income amounted to EUR 10,586,587 at 31 December 2023. The table below shows the composition and movements in this item:

Description	Transferred from Pitagora	Increase due to acquisitions of subsidiaries	Change in the year	31/12/2023
Accrued liabilities	816,672	343,294	28,495	1,188,461
Deferred income	7,539,127	4,828,716	-2,969,716	9,398,127
Total at year end	**8,355,799**	**5,172,010**	**-2,941,221**	**10,586,588**

Accrued liabilities principally relate to expenses incurred during the year. They principally pertain to Formula S.p.A., 4ward S.r.l. and GN Techonomy S.r.l.

Deferred income principally relates to income that will only be earned in subsequent years. They principally pertain to Formula S.p.A., 4ward S.r.l. and GN Techonomy S.r.l.

15. Value of production

The composition of value of production is shown below:

Valore della produzione

Description	31/12/2023
Revenues from sales	117,180,615
Changes in inventories of semi-finished products and finished goods	(36,725)
Change in contract work in progress	148,362
Capitalised development additions	-
Other revenues and income	
a) Other revenues and income	1,943,920
b) Grants for current expenses	175,105
Total value of production	**119,411,277**

Other revenues principally relate to EUR 376,995 from provisions reversals during the year, EUR 674,476 from reimbursements of travel expense reimbursements, EUR 449,206 from reimbursements of other expenses, EUR 205,863 from tax credits and post-bankruptcy VAT recoveries, and EUR 237,380 from miscellaneous minor items.

Revenues from sales and services principally relate to transactions with customers in the Italy segment.

16. Cost of sales

The table below shows the composition and movements in cost of sales.

Cost of sales

Description	31/12/2023
Cost of raw materials, consumable supplies and goods for resale	7,400,541
Cost of services	34,272,727
Lease expense	4,449,377
Personnel costs	49,629,431
Depreciation, amortisation and impairment	32,626,248
Change in inventories of raw materials, consumables and resale goods	(30,161)
Provisions for risk	185,000
Other operating expenses	533,170
Total cost of sales	**129,066,333**

Depreciation, amortisation and impairment primarily consists of around EUR 9 million for the amortisation of intangible assets remeasured in accordance with Law 126/2020 and around EUR 21 million for the amortisation of goodwill (calculated in the manner described in the section of the notes to the consolidated financial statements on goodwill) and expected credit loss of receivables included in current assets of around EUR 2 million.

17. Finance income and charges

17.1. Breakdown of interest and other finance charges by type of borrowings and payables

The table below shows the interest and other finance charges in relation to bonds, bank borrowings and other payables.

Description	31/12/2023
Income from equity investments:	
- in associates	-
- in other companies	-
Other finance income:	
a) from receivables included within non-current assets:	
due from third parties	49,880
c) from securities included in current assets other than equity investments	53
d) income not stated above:	
- from associates	-
- from others	141,305
Interest and other finance charges	
- to parents	(240,751)
- to others	(8,943,202)
Foreign exchange gains and losses	1,152
Other finance income and charges	**(8,991,563)**

Interest charges principally relate to borrowing with credit institutions and bonds issued by Impresoft, net of the amounts received under the hedging agreements described in the “Information on derivative financial instruments” section. More details can be found in the “Bank borrowings” and “Bonds” sections.

Income not stated above amounted to EUR 141,305, principally relating to interest income.

18. Income tax for the year - current and deferred

18.1. Income tax for the year

Income tax for the year amounted to EUR 2,360,256, of which EUR 927,839 in tax consolidation charges, EUR 1,643,616 in direct corporate income tax (IRES) and regional corporation tax (IRAP), EUR (5,743) in minor income taxes for prior years and EUR (205,456) as the net effect of deferred tax assets and liabilities booked to the consolidated income statement by companies included in the consolidation perimeter.

In relation to corporate income tax (IRES), below we highlight the Group companies that have joined the tax consolidation scheme with the parent Pitagora, together with the income/charges/payables/receivables under the consolidation scheme:

Company	Charges and (Income) from tax consolidation	(Payables) and Receivables from tax consolidation
4ward S.r.l.	908,373	229,552
Qualitas Informatica S.p.A.	(83,312)	(83,365)
Nexttech S.r.l.	(59,516)	(59,521)
Opensymbol S.r.l.	345,096	100,673
NextCRM S.r.l.	72,389	8,518
GN Techonomy S.r.l.	630,119	132,364
Kipcast S.r.l.	85,073	16,779
Formula S.p.A.	815,757	681,807
Impresoft S.p.A.	(1,786,140)	(1,786,154)
Total	**927,839**	**(759,347)**

18.2. Deferred tax assets and liabilities

Description	Balance sheet at 31/12/2023	Income statement at 31/12/2023
Deferred tax assets		
Tax relief on goodwill	12,087	-65,142
Allowance for expected credit loss	317,520	183,558
Unpaid directors' remuneration and bonuses	62,888	30,567
Other	314	209
Credit losses	0	0
Customer risk provision	44,400	44,400
Legal costs	2,598	2,598
Employee bonus provision	4,126	4,126
Subscription rights purchase provision	7,818	7,818
Non-deductible provisions	18,533	16,849
Tax loss for 2022/2023	69,001	69,001
Total deferred tax assets	**539,285**	**293,985**
Deferred tax liabilities		
Total deferred tax liabilities	**0**	**0**

19. Headcount

The average number of employees by category is shown below:

Description	31/12/2023
Blue-collar workers	8
White-collar workers	847
Senior managers	160
Senior executives	17
Total	**1,032**

20. Directors' and statutory auditors' fees

The table below shows the fees due to Directors, members of the Board of Statutory Auditors and the independent auditor for the year ended 31 December 2023:

Description	31/12/2023
Statutory auditors' fees	103,389
Directors' fees	2,794,571
Independent auditor's fees	254,440
Total	**3,152,400**

21. Details of other financial instruments issued

In accordance with paragraph 19 of article 2427 of the Civil Code, Impresoft did not issue any financial instruments during the year.

22. Off-balance sheet commitments and exposures

Off-balance sheet commitments and exposures amounted to EUR 563,671, consisting of the bank guarantees and performance bonds posted by subsidiaries during the ordinary course of their core business.

Description	31/12/2023
Commitments	89,148
Guarantees	474,523
Total	**563,671**

23. Significant events after the balance sheet date

In accordance with article 2427, subparagraph 22-quater of the Italian Civil Code, it has been confirmed after the balance sheet date that the new organisational structure will be that of a holding, with the onboarding of other employees who will form the backbone for the new functions to be performed.

Our ambitious development and expansion plans are expected to be accelerated this year with a view to strengthening our competence centres by way of M&A transactions and further integrating the Group through mergers to allow for a simpler corporate structure.

In early 2024, we made the following acquisitions:

- **Brainsystem S.r.l.**: a company operating in the market since 1997, which specialises in implementing SAP solutions in the ERP environment based on the SAP Business One application.
- **Gruppo Syscons:** a group of companies that provide integrated supply chain optimisation and efficiency solutions by implementing SAP solutions in ERP, SCM, MES and eCommerce environments for customers in the large enterprise market.
- **Tecnosoft S.r.l.:** a company specialising in WMS projects using its proprietary ad-hoc software (MoviSped). The company is known for its design and rollout of advanced solutions in the area of manufacturing information systems.
- **Ribes Solutions S.r.l.:** a company operating in the ICT market since 2004, providing services, innovative solutions and consultancy to enterprises. The company is a SAP partner for the SAP Business One solution, which is intended for SMEs. It also specialises in implementing SAP, SAP ECC and S/4 HANA solutions for the large enterprise market.

As part of the Group's reorganisation, the following mergers have been completed or will be completed during the course of 2024:

- On 1 January 2024, Develon Digital S.r.l., Nexttech S.r.l. and Cloudnova S.r.l. were merged into Opensymbol S.r.l., which immediately changed its name to Impresoft Engage S.r.l.;
- On 1 June 2024, Fondaco S.r.l. and Syscons Industries S.r.l. were merged into Syscons S.r.l. – all of the companies involved in the merger belonged to the Syscons Group;
- On 1 June 2024, Tecnosoft S.r.l. was merged into Qualitas Informatica S.p.A.;
- On 1 July 2024, Brainsystem S.r.l. was merged into Hiteco S.p.A., which immediately changed its name to HBS S.p.A.
- Towards the end of 2024, Tech1 S.r.l, Qinet S.p.A. and Upgrade S.r.l. are to be merged into 4ward S.r.l.

24. Information on derivative financial instruments under Article 2427-bis of the Italian Civil Code

As described above, Pitagora last year entered into an interest rate hedge for the bonds designated as the First and the Second Bond. The derivative was subsequently transferred to Impresoft. This was concurrently offset by Impresoft in an equity reserve recognised at the mark-to-market value at 31 December 2023.

Description	Fair value in current year	Fair value in previous year	Change through the income statement	Change through the balance sheet	Nature	Value
MTM derivative financial instrument	1,442,990	n/a	0	-1,442,990	Hedge	60,000,000

25. Summary financial statements of the company exercising management and coordination activities

The tables below provide the essential information from the last financial statements approved by Pitagora, the Company exercising management and coordination activities, as required by paragraph 4 of Article 2497-bis of the Italian Civil Code.

Summary balance sheet of the company exercising management and coordination activities

	Last financial year	Previous financial year
Date of last approved financial statements	31/12/2022	31/12/2021
B) Non-current assets	171,513,119	117,376,352
C) Current assets	47,900,065	18,404,091
D) Prepayments and accrued income	344,751	1,216,988
Total assets	**219,757,935**	**136,997,431**
A) Equity		
Share capital	4,806,711	3,784,545
Reserves	108,804,335	64,295,972
Profit/(loss) for the year	4,304,449	(5,785,968)
Total equity	117,915,495	62,294,549
B) Provisions	0	511,372
C) Post-employment benefits	0	4,226,055
D) Borrowings and payables	101,716,293	66,977,022
E) Accrued liabilities and deferred income	126,147	2,988,433
Total liabilities	**219,757,935**	**136,997,431**

Summary income statement of the company exercising management and coordination activities

	Last financial year	Previous financial year
Date of last approved financial statements	31/12/2022	31/12/2021
A) Value of production	36,153,520	40,790,808
B) Cost of sales	27,145,401	43,782,791
C) Finance income and charges	(5,537,007)	(2,026,240)
Income tax for the year	(833,337)	767,745
Profit/(loss) for the year	**4,304,449**	**(5,785,968)**

26. Disclosure pursuant to article 1, para 125 of Law 124/20174

As required by the regulations on transparency of public disbursements introduced by article 1, paragraphs 125-129 of Law 124/2017, as supplemented by Decree-Law 113/2018 (Security Decree-Law) and Decree-Law 135/2018 (Simplification Decree-Law), regarding the obligation to report in the notes to the financial statements any sums of money received during the fiscal year by way of grants, contributions, paid assignments and other economic benefits of any kind from the public administration and the entities referred to in paragraph 125 of the same article, the company certifies that the contributions received are available for consultation on the website of the State Aid Register https://www.rna.gov.it/RegistroNazionaleTrasparenza/faces/pages/TrasparenzaAiuto.jspx.

27. Notes on the Consolidated Statement of Cash Flows

As shown in the Consolidated Statement of Cash Flows, which has been prepared using the indirect method, cash and cash equivalents at the balance sheet date amounted to EUR 17,059,108. This was partly composed of the EUR 12,875,418 in cash and cash equivalents acquired through the business transfer from Pitagora (shown as "cash and cash equivalents at the start of the year"), with the remainder resulting from the EUR 4,183,690 million increase in cash and cash equivalents during the year.

Controlling interests were acquired during the year in Cloudnova S.r.l., Cooder S.r.l., Develon Digital S.r.l., Hiteco S.p.A., Open-Co S.r.l., Gruppo QiNet and Webformat S.r.l., which entailed a cash disbursement, net of acquired cash and cash equivalents, of EUR 94,943,503. In addition, during the year there was a cash increase relating to capital increase subscriptions of EUR 25,540,000 (of which EUR 50,000 at the time of incorporation of Impresoft, with the remainder mainly and indirectly relating to reinvestments by the selling shareholders) and the taking-out of EUR 65,778,505 in loans, of which EUR 54,039,252 relating to the outstanding bond with Banco BPM S.p.A. and certain funds managed by Pemberton Sarl.

28. Consolidated financial statements declaration of compliance

These consolidated financial statements, comprising the balance sheet, income statement, notes to the financial statements and cash flow statement, give a true and fair view of the state of affairs and the profit and loss of the Company and are consistent with the information contained in the accounts of the parent and the information received from the companies included in the consolidation.

Milan, 28 May 2024

On behalf of the Board of Directors

The Chairman

Enrico Maggi

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