

**ITALTEL  
2023  
ANNUAL  
FINANCIAL  
REPORT**



# CONTENTS

The background of the page is a solid yellow color. Overlaid on this are several large, overlapping, curved shapes in a slightly lighter shade of yellow. These shapes are organic and fluid, resembling stylized waves or abstract organic forms. They are positioned in the lower and right portions of the page, creating a sense of depth and movement.



6	Italtel Group Profile
6	Group Financial Highlights - consolidated financial statements
8	Information on Italtel S.p.A. shareholders
10	Corporate boards
12	Chief Executive Officer's letter
14	<b>DIRECTORS' REPORT</b>
16	2023 Overview
17	The Transformation Program
18	The Telco & Cloud Provider Market in Italy
20	Private & Public Sector Markets in Italy
25	International Markets
27	Offer Development and Positioning: Solutions, Services and Products
36	Strategic Marketing, Innovation and Research & Development
43	Partnerships
44	The people of Italtel
50	Sustainability
53	Corporate Governance and Social Responsibility
57	Risk Management
58	Related party transactions
58	Subsequent events to year-end
59	Business outlook for the year 2024
60	<b>CONSOLIDATED FINANCIAL STATEMENTS</b>
61	Consolidated Balance Sheet at December 31, 2023 and 2022
62	2023 and 2022 Consolidated Income Statement
63	2023 and 2022 Consolidated Comprehensive Income Statement
64	Consolidated Cash Flow Statement at December 31, 2023 and 2022
66	Statement of changes in Shareholders' Equity for years ended December 31, 2022 and 2023
67	Notes to the consolidated financial statements
122	Independent Auditors' Report





# ITALTEL GROUP PROFILE

Italtel is a multinational Information & Communications Technology Group operating in the design, development and implementation of innovative technology solutions for large companies and public bodies.


Italtel helps companies achieve their business goals and provide their own customers with modern, secure services through digital transformation. With its mix of distinctive, integrated skills, it addresses different client needs across the various phases of their digital development cycle, managing the entire ICT value chain from infrastructure components right through to applications and services.

Italtel offers solutions and services to vertical markets in the Telco, Media & Tower Company, Central & Local Public Administration, Banking & Insurance, Energy & Utilities, Healthcare and Manufacturing sectors.

The Group's skills cover key elements of ICT technologies, such as: Network Evolution & 5G, Hybrid Cloud, Cyber & OT Security, Digital Workspaces, Analytics & Intelligent Automation, IoT.

In addition to its role as an advanced systems integrator and manager of technologies from different vendors, Italtel brings distinctive value in its own engineering and software development capabilities, in building solutions suited to the characteristics of each client's business using Agile and DevOps methods and in managing advanced services through its international network of Digital Operation Centers.

Italtel manages all the crucial phases in creating value in the field of innovation, from funded research on cutting-edge topics through to the building of ecosystems of innovative partners, the organization of internal challenges for entire corporate



populations, project collaborations with universities, startups and companies, and the drafting of business plans and go-to-market strategies for innovative solutions.

For Italtel, sustainability is an essential condition for development and success. For the design and marketing of its solutions and services, the company has created a business model inspired by corporate social responsibility. Italtel has set out Corporate Social Responsibility Guidelines and a Code of Ethics inspired by the principles of the United Nations Global Compact regarding human rights, dignified working conditions, environmental protection and business ethics.

#### ITALTEL NUMBERS:

- The Italtel Group has 1,186 employees, of whom 481 abroad.
- It has 14 operational branches in 7 countries around the world: Italy, Spain, Germany, France, Brazil, Peru, Colombia.
- Its engineering departments are made up of approximately 600 engineers, with over 1,000 personal certifications.
- Its Agile Software Labs employ over 130 experienced senior professionals.
- Its Digital Operations Center network boasts over 200 specialists working in 3 locations (in Italy, Spain and Brazil).
- The partner ecosystem brings together over 60 leading players in the ICT sector.
- Among the Group's clients are 4 of the major global telco operators, 2 of the major global energy utility companies, over 50 public administrations and over 100 large multinational companies.



# GROUP FINANCIAL HIGHLIGHTS

## CONSOLIDATED FINANCIAL STATEMENTS

Below we highlight Italtel Group's main consolidated economic, equity and financial data for the 2023 financial year, representing the second business year of the "New Italtel", following the April 1, 2022 assumption operation. No comparative data are reported as the income statement figures for 2022 refer to a nine-month period from April 1 to December 31, 2022.



(Euro thousands)

	<b>2023</b>
Revenues	269,958
EBITDA before extraordinary items	11,060
EBITDA	6,834
EBIT	(822)
Result from continuing operations	(6,114)

	<b>2023</b>
Shareholders' Equity	34,001
Total assets	200,665
Net working capital	10,887
Net Financial Position / (Cash)	(7,888)
Net Capital Employed	26,113

	<b>2023</b>
Number of employees	1,186
of which in Italy	705
of which abroad	481

In this Directors' Report, in addition to the conventional financial indicators required by IFRS, a number of Alternative Performance Measures are provided for a better assessment of the Company's operating performance and financial position.

The alternative performance measures normally used are as follows:

- EBITDA before extraordinary items
- EBITDA
- EBIT
- Net working capital
- Net Capital Employed

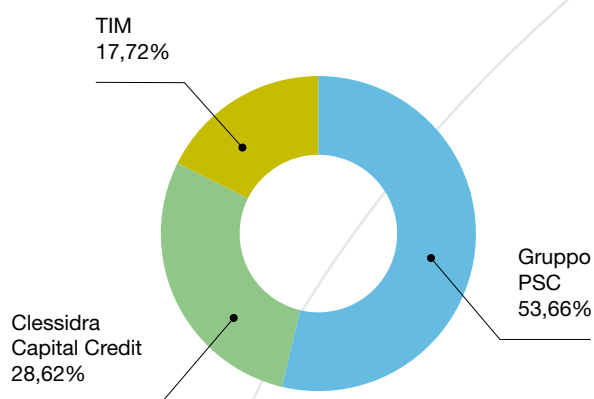


# INFORMATION ON ITALTEL S.P.A. SHAREHOLDERS

As of April 2022 the Company's shareholding structure is as follows.

Share capital of Euro 5,674,752.28, divided as follows:

- 3,045,000 Ordinary Shares owned by Gruppo PSC S.p.A. (hereinafter also "PSC").
- 1,624,160 B shares owned by Clessidra Capital Credit SGR S.p.A. (hereinafter also "Clessidra").
- 1,005,596 A Shares owned by TIM S.p.A. (hereinafter also "TIM").



## Gruppo PSC S.p.A.

It represents the majority shareholder of Italtel S.p.A. by virtue of a 53.66% holding, and also exercises management and coordination activities pursuant to Article 2497 and subsequent of the Civil Code with respect to its subsidiary Italtel S.p.A. Prior to the capital increases resulting from the approval of the arrangement procedure, it was the sole shareholder of Nuovo Polo Impiantistico S.p.A. (the Assuming company). PSC is held by:

- PSC Partecipazioni S.p.A., which owns 80.36% of the share capital.
- Fincantieri S.p.A., which owns 10% of the share capital.
- SIMEST S.p.A., which owns 9.64% of the share capital.

The majority shareholder Gruppo PSC S.p.A. is affected by a preventive composition procedure, currently pending before the Court of Lagonegro.



### **Clessidra Capital Credit SGR S.p.A.**

The company holds a 28.62% equity interest; it acts as a manager of the FIA (alternative investment fund) Clessidra Restructuring Fund.

Clessidra was founded in 2003 with the aim of creating an asset management company operating in the highly professional Italian private equity market and dedicated to the domestic upper-middle market segment, becoming one of the leading private equity fund managers in Italy.

The company today is an independent platform operating in alternative investments (private credit and private equity) and factoring, able to offer a wide range of products and services for institutional investors and small and medium-sized Italian companies. The Clessidra Group operates through three companies with operational autonomy, Clessidra Capital Credit, Clessidra Private Equity, and Clessidra Factoring.

### **TIM S.p.A.**

With a 17.72% holding, TIM is listed on the Euronext regulated market in Milan and is one of the leading telecommunications companies in Italy and also has a significant presence in South America, particularly in Brazil. The company provides landline and mobile telephone services and high-speed Internet and TV connectivity services. TIM is listed on both the Milan and New York stock exchanges (on the FTSE MIB index of the Italian Stock Exchange).



# CORPORATE BOARDS

## Board of Directors <sup>(1)</sup>

Chairman <sup>(2)</sup>	Claudio Roberto Calabi
-------------------------	------------------------

Chief Executive Officer <sup>(3)</sup>	Benedetto Di Salvo
--	--------------------

Directors	Umberto Pesce <sup>(4)</sup>
	Federico Ciccone <sup>(5)</sup>
	Roberto Loiola <sup>(6)</sup>
	Marco Neri
	Giuseppe Pirozzi <sup>(7)</sup>
	Federico Raffaele <sup>(8)</sup>
	Andrea Severini

## Board of Statutory Auditors <sup>(9)</sup>

Chairman	Giuseppe Benini
----------	-----------------

Standing Auditors	Christhian Gioco
	Biancamaria Raganelli

Alternate Auditors	Camillo Catana Vallemanni
	Wherther Montanari

## Independent Auditors <sup>(10)</sup>

EY S.p.A.



- (1) Appointed by the Shareholders' Meeting of April 1, 2022, in office for three financial years, with the mandate expiring on the date of the Shareholders' Meeting for the approval of the financial statements at December 31, 2024.
- (2) Appointed Director and Chairman of the Board of Directors by the Shareholders' Meeting of April 1, 2022.
- (3) Appointed Chief Executive Officer through Board of Directors' resolution of April 1, 2022.
- (4) Appointed Director and Vice-Chairman by the Shareholders' Meeting on April 1, 2022.
- (5) Director to be considered appointed by the Shareholders' Meeting of April 1, 2022, pursuant to Article 11.1.2 of the current By-Laws, following a unanimous vote of the B shares, also appointed (i) by the Board of Directors of April 29, 2022, as member of the Related Parties Committee and the Remuneration Committee and (ii) by the Board of Directors of February 16, 2023 as member of the Information Flow Committee.
- (6) Director appointed by the Board of Directors on April 29, 2022 as member and Chairman of the Remuneration Committee.
- (7) Director appointed (i) by the Board of Directors on April 29, 2022 as member and Chairman of the Related Parties Committee and (ii) by the Board of Directors on February 16, 2023 as member and Chairman of the Information Flow Committee.
- (8) Director to be considered appointed by the Shareholders' Meeting of April 1, 2022, pursuant to Article 11.1.2 of the current By-Laws, following a unanimous vote of the A shares, also appointed (i) by the Board of Directors of April 29, 2022, as member of the Related Parties Committee and the Remuneration Committee and (ii) by the Board of Directors of February 16, 2023 as member of the Information Flow Committee.
- (9) Appointed by the Shareholders' Meeting of April 1, 2022, but with effectiveness initially subject to the appointment of the independent auditors, which did not take place until later, at the Shareholders' Meeting of May 12, 2022 and which was then deferred to the approval of the financial statements at December 31, 2021 (which took place on June 30, 2022). The Board of Statutory Auditors is therefore in office from June 30, 2022. Its term of office is the three-year period 2022-2023-2024, until the approval of the financial statements at December 31, 2024, and it comprises Standing Auditors Giuseppe Benini (Chairman), Christian Gioco (to be understood as appointed pursuant to Article 12.1.3. of the By-Laws in effect with a unanimous vote of the B shares) and Biancamaria Raganelli (to be understood as appointed pursuant to Article 12.1.3. of the By-Laws in effect with a unanimous vote of the A shares) and Alternate Auditors Camillo Catana Vallemanni (with vote of the ordinary shares) and Wherther Montanari (with the vote of the A shares).
- (10) Appointed by the Shareholders' Meeting of June 12, 2022 for the 2022, 2023 and 2024 three-year period.





# CHIEF EXECUTIVE OFFICER'S LETTER

Dear Shareholders,

2023 marked the first full financial year since the launch of the “New Italtel” on April 1, 2022, following the conclusion of the composition procedure and with a new corporate structuring, and it was a year full of challenges and satisfactions for all of us.

In 2023, we worked diligently on the implementation of the 2022-2026 Business Plan, with a view to overcoming the criticalities and weaknesses of the “Old Italtel”, and to fully grasping the challenges of the future. To this end, we launched a Transformation Plan, supported by a dedicated corporate function, to address all the key aspects of our strategy:

- Development and strengthening of our market positioning, in markets and segments addressed and in innovation in the offer portfolio.
- Focus on strategic activities and business lines for long-lasting and profitable growth.
- Valuing, optimization and skills development of human resources.
- Improving efficiency and the cost structure by optimizing internal processes and reducing costs, while guaranteeing the quality of our services.
- Promoting sustainability integrated into our business processes, and in support of our clients and stakeholders.

We achieved solid and further growing economic and financial results. The Group's Adjusted EBITDA amounted to Euro 11.1 million, up 56% on 2022 Pro-forma EBITDA. The Group's revenues came in at Euro 270 million, despite the loss of Ultra-broadband

revenues, with the sale of the corresponding business line no longer considered strategic. We closed the year with a positive (cash) Net Financial Position of Euro 8 million, and with cash and cash equivalents of Euro 45 million, having regularly complied with our composition requirements, and repaid Euro 11 million during the year.

Our growth was consistent both in Italy and abroad. In the Italian Private & Public market, we saw growth of almost 50%, demonstrating our ability to intercept new market demands and the country's digitalization trends. We further strengthened our positioning in the Telco market, both in Italy and abroad, and developed numerous projects in innovative and high-value areas, which allow us to look to the future with confidence.

Innovation is at the heart of our strategy. We created a dedicated function with the logic of Open Innovation. Initiatives such as Call4Ideas were launched, involving the entire corporate population in formulating innovative ideas to solve the challenges laid out by management. We expanded our ecosystem of partners, adopting an increasingly multivendor and multichannel perspective, and focusing on developing the business areas with greatest potential.

People are the true value of Italtel. Only with commitment and dedication of all our employees were we able to achieve our set goals. We signed an agreement with our social partners on our restructuring, strengthened our management team with the entry of certain key figures, and integrated new resources with specific skills. Internal training was key in keeping our team at the cutting edge. Our



collaboration with ITS and various universities also allows us to cultivate the talents of tomorrow.

We are focusing on efficiency, effectiveness and sustainability in everything we do. We invested in our internal IT and laid the foundations for a global IT & Digital Transformation project. We cut environmental impacts and created a more comfortable and safe working environment through a modernization of our sites. Sustainability is a pillar of our strategy, demonstrated by the establishment of an ESG Committee and our concrete actions to cut energy consumption, promote equality and inclusion, and raise environmental and social awareness.

My most sincere thanks go to all my Italtel colleagues for their contributions, their dedication and their professionalism. It's thanks to them that Italtel has achieved these results and can look to the future with optimism.

Benedetto Di Salvo  
Chief Executive Officer Italtel S.p.A.





# DIRECTORS' REPORT





# 2023 OVERVIEW

2023 was the second operating year of the “New Italtel”, following the deed of transfer, or “recognition”, signed on April 1, 2022, leading to the assumption by the company Nuovo Polo Impiantistico S.p.A. (now Italtel S.p.A.) of the entirety of the corporate assets of Italtel (the “Assumption”).

The Assumption was effective from the same date of April 1, 2022, after approval by the Court of Milan of the indirect continuity arrangement with creditors promoted by Italtel (now Beta TLC S.p.A.).

Following this operation, Italtel S.p.A. assumed the obligation to fulfill the composition requirement, and to make the payments envisaged in the respective Plan within the limits of the offer to creditors. Italtel has thus far fulfilled the provisions of the Plan, paying a total of approximately Euro 31 million in 2022 and Euro 11 million in 2023 to creditors as of December 31, 2023. As of December 31, 2023, Euro 22 million remained to be paid, Euro 11 million Euros of which was paid in the first three months of 2024. The payment of the remaining portion (Euro 11 million) will be made by the end of 2024.

## SALE OF THE CARINI REAL ESTATE COMPLEX

On April 14, 2023, the sale deed for the real estate complex in Carini (near the metropolitan city of Palermo) was signed with H Exchange S.r.l., a real estate company linked to the Hightel Towers group. A rental contract was simultaneously signed with the buyer to cover the transitional period for transfer to new offices, to take place by April 2024. The new offices will be located in Palermo. The relocation of the Carini hub is part of the plan to modernize the Italian offices, which seeks to improve the quality of work environments by establishing more modern and functional sites, and also to optimize operating costs and energy consumption with a view to eco-sustainability. A total of 149 people work at Carini, mostly technicians and engineers engaged in

research and development laboratories on software design and the development of innovative network design and engineering, automation and information security services.

## SALE OF ULTRABROADBAND (UBB) BUSINESS UNIT

November 17, 2023, saw the close of the transfer of the Ultra-broadband (UBB) business unit to Fibermind, a company of the Maticmind Group. The subject of the acquisition was the business unit dedicated to the design of FTTH (Fiber-To-The-Home) passive fiber optic access networks and FWA (Fixed Wireless Access) radio technology, and employing a specialist team of approximately 90 professionals.

The operation's goal is to accelerate the growth of the Company through a strategic focus on digital transformation, network integration solutions and services across multiple ICT fields, as well as on strengthening segments such as cybersecurity, the cloud, analytics and automation, and IoT.

## OUTSOURCING OF ICT SERVICES

From October 1, 2023, ICT services were outsourced by the transfer of the respective business unit to a leading ICT sector company and the stipulation of a 5-year service contract. The transfer included 21 human resources, the business unit assets, severance pay and debts to staff.

The main objective of the outsourcing was to recover the productivity of the company's varied ICT services and accelerate the digital transformation fundamental for the achievement of company goals.

## REORGANIZATION

In 2023, the Company launched an optimization and corporate resizing plan with interventions to renew staff and update technical, commercial and managerial skills. The goal is to reposition the company to ensure its sustainability and accelerate growth on new markets, including through a plan to





revise the workforce, which no longer matches the altered business and market environment.

In May 2023, the Company concluded a trade union agreement to carry out the reorganization process to address the current challenges and guarantee sustainability over the medium term.

## THE TRANSFORMATION PROGRAM

At the beginning of 2023, Italtel launched a Transformation Program to support the growth of the Group. The goal of the program is to ensure the implementation of the corporate strategy in line with the new 2022-26 Business Plan set out in 2022.

The program is divided into a series of different projects, each with a project leader and a team made up of representatives of all the company functions involved, both in Italy and abroad. The program is overseen by the Strategy & Transformation Office, which coordinates the various projects with the involvement and direct sponsorship of the entire Management Team.

The program is structured to address all the main axes of the Group's strategy:

- Development of positioning and continuous innovation: concrete projects on specific offer lines with high development potential and added value over the entire life cycle of the service.
- People Strategy: projects aimed at strengthening the development of human resources and internal skills in line with the growth trajectory of the Group.
- Operational efficiency: projects ranging from the optimization of Supply Chain processes through to the multi-year global Digital Transformation plan.
- Core focus: sale of the Ultra-broadband business unit, considered not strategic for the new positioning of the company, and business process outsourcing of internal IT in order to accelerate applications development.
- Sustainability: articulated in all its Environmental, Social and Governance parts.





In 2023, the program involved around 15 projects and almost 100 people in project teams, produced concrete results in all the relevant areas, and laid the foundations for a further progress in 2024.

# THE TELCO & CLOUD PROVIDER MARKET IN ITALY

## TELCO & CLOUD PROVIDERS

In the main, large European countries, the telecommunications market has recently seen a general downturn, with different trends depending on the specific country. Italy is the country that has recorded the greatest revenue contraction: over 12 years, it has lost 35% of its initial value on the total Telecommunications market for a value of almost Euro 15 billion in revenue from the Telco Operators sector ("Rapporto sulla filiera delle Telecomunicazioni in Italia Edizione 2023").

This decline has been brought on by strong competitive pressures (also from OTTs), causing, in Italy, the most marked contraction in prices compared to the European average over the period 2019-2022. The revenue trend goes against the growth in traffic volumes, which remains high: in the last three years, the value of mobile data traffic has almost tripled (+184%), while fixed data traffic has grown by 93%. This situation favors an optimization and consolidation of the sector, the first signs of which began to be seen in 2023.

In 2023, in this market context, Italtel reaffirmed its role as a major player in the telecommunications chain, its involvement in major ongoing projects, and the acquisition of new projects in partnership with major operators. In particular, Italtel strengthened its role as a systems integrator for IP network development projects, which represent the backbone of networks and have seen significant growth. A positive result was also seen in software product sales, supported by the plans for technological development demanded by clients



and in value-added solutions integrator activities in the fields of 4/5G private networks and hybrid cloud.

Italtel's extensive experience in this market and its emerging technology investment strategy have driven the creation of a wide range of proprietary product solutions, professional services and best-of-breed technologies.

In line with the transformation path set out in the Business Plan, in 2023, important projects were carried out in the following areas:

- **Analytics & Automation**

Major Telco Operators have already launched digital transformation programs, profoundly reviewing the architecture and system solutions and internal processes by which services are provided to and managed for their customers. In this context, Italtel has launched: Network Automation projects, for the digitalization of operational processes and the reduction of the time-to-market of new services; Network Visibility projects, to leverage network analytics, enable smart operations, and prevent customer disservices with early warning systems; and Connectivity Delivery Automation projects, for guaranteed quality connectivity services for the B2B market in the hybrid cloud area.

- **Cloud Communication**

Unified Communications and Collaboration (UC&C) solutions are undergoing a profound transformation, and evolving towards applications residing in the public cloud. Italtel has created high added value client solutions for the intelligent management of Cloud UC&C services based on the leading market platforms. These highly automated solutions are based on Italtel products Netmatch-S and Embrace and on apps developed by Italtel R&D, and address, with different services, all segments of the Enterprise market (Large, Medium, and Small Office).

- **IOT and Smart Apps**

The Internet of Things (IoT) is a rapidly growing market in Italy, with now more than 120 million connected devices. In this context, Italtel has launched the first IoT Smart Building projects for the Education and Telco sectors. In the latter sector, use cases include employing artificial intelligence and machine learning to process technological site image and support the digital transformation of clients' asset management activities.

- **Network Evolution and Simplification**

Network Simplification projects to decommission legacy technologies are a priority for Telco Operators with energy and space saving, simplification and scalability goals. In this context, numerous high added value projects have been carried out, using professional services, to decommission and migrate from obsolete technologies and traditional platforms to more compact and low-energy-consumption virtualized platforms.

## UBB DESIGN MARKET IN ITALY

In 2023, the Company continued to carry out design activities under its contracts with Open Fiber, and recent contracts, awarded at the end of 2022, with TIM regarding Gray Zones. Italtel also participated in a new Open Fiber tender for the design of Fixed Wireless Access sites for the same Gray Zones, taking on the role of principal in a joint venture led by the company Telebit, and winning a significant market share.

With a view to accelerating growth through the strategy of focusing on Digital Transformation, on the offer Network Integration solutions, and on various ICT services, as well as on strengthening segments such as Cybersecurity, Cloud, Analytics & Automation and IoT, various activities were launched in 2023 to complete the important transfer of the Ultra-broadband business unit, with its specialized

ITALTEL IS THERE  
WHEN TELCOS SEEK A  
PARTNER CAPABLE OF  
COMMUNICATING WITH THE  
FUTURE



design resources and contracts with Open Fiber and TIM. November 17, 2023, therefore saw the closure of the transfer of the business unit to Fibermind S.r.l., a company of the Maticmind Group, making it possible to wrap up an activity that had seen a progressive deterioration in order operating margins and significant use of working capital over the past few years.

# PRIVATE & PUBLIC SECTOR MARKETS IN ITALY

## BANKING & INSURANCE

The rapid digitalization of banking and insurance services demands institutions renew technology and processes to respond to the new demands of remote relationship models. The primary goal is to retain customers by improving service quality, usability and security, while minimizing operating costs.

The use of artificial intelligence and machine learning, combined with higher customer expectations and the demand for more self-service options, is driving a major digital transformation in the banking industry.

The banking institutions of the future will be the product of a symbiosis between the efficiency of artificial intelligence and the depth of human relationships. The balance between technological speed and convenience and human warmth and understanding will define the success of banks in the near future. The customer must be placed at the center of every strategic decision, and always guaranteed simple

and effective accessibility to services to carry out the most innovative operations in total security.

However, the adoption of innovative technologies in itself is not enough. Every company has a wealth of data, which, if used well, can provide crucial data on how to improve processes and quality and create new services. Monitoring, analysis and processing systems are therefore essential tools for implementing effective, flexible and fast strategies to support the business.

By combining proprietary products with best-of-breed technologies, Italtel delivers IT transformation projects and solutions to improve interactions with customers, develop workspaces and manage

ITALTEL IS THERE  
WHEN MANAGING  
COMPLEXITY CREATES  
OPPORTUNITIES FOR  
BUSINESS GROWTH





ICT infrastructures to leverage the use of data for business and quality of experience goals. Italtel also supplies managed IT infrastructure and cybersecurity services, ranging from Vulnerability Assessments to Penetration Tests, Security Compliance, and Risk Management process support.

Among the success stories of 2023 was the continuation of a partnership with a major banking institution on a project, launched in 2022, to renew national and international corporate voice and video architectures under a cloud philosophy, while maintaining hybrid architecture to guarantee flexibility, dynamism and control of all core trading and contact center services. Equally important was the project with an insurance group to build a business development infrastructure data monitoring solution. For the same client, Italtel created a video control add-on for strategic meetings, such as board meetings, using its skills as a systems integrator and developer to fully customize the solution to the client's needs.

**ITALTEL IS THERE  
WHEN YOU NEED  
SOMEONE WHO KNOWS  
NETWORKS LIKE THE  
BACK OF THEIR HAND**

## ENERGY, UTILITIES & TRANSPORTATION

The global market needs a new approach to the energy and utilities industry, driven by infrastructure transformed by clean, smart and interconnected technologies. The transportation sector, comprising both means and infrastructure, is undergoing a profound transformation driven by the green economy and new technologies. Factors include the obsolescence of systems, the emergence of 5G, IoT and Big Data technologies, the growing attention to sustainability and environmental issues, and the need to optimize the safety, security and efficiency of infrastructures. The ecological transition is so important that one of the lines of action of the National Recovery and Resilience Plan is entirely dedicated to it.

Smart electrical grids are an essential enabling factor for the energy transition that must be able to manage a new multiplicity of power generation systems, plants and flows.

Italtel has launched several projects with large multinational Italian utilities companies for the digitalization of their network infrastructures in view of the energy transition. In 2023, Italtel supported Wind3, with the end-client Terna, a leading electricity distribution and dispatching operator, in starting the creation of a national Mobile Virtual Network Platform, a private mobile network infrastructure that will optimize operational efficiency, communications processes and the management of infrastructures via the digitalization of assets.

Furthermore, Italtel offers dedicated solutions to the utilities vertical in critical areas such as automation. It was chosen by a leading electricity distributor for the project to create an innovative grid synchronization pilot: a solution that introduces advanced levels of network timing security, a key prerequisite for Smart Grid services.

In 2023, Italtel leveraged its own proprietary technology to upgrade the international calling node of a major integrated energy services company.

Italtel consolidated and strengthened its role as Global Systems Integrator for Enel with an important framework agreement, in Spain, Colombia, Brazil and Italy, for the supply of maintenance, engineering and network, security and computing equipment multivendor technology supply services.

## MANUFACTURING

Initiatives to relaunch manufacturing in large industrialized countries according to the Industry 5.0 or Intelligent Factory approach aim to improve the competitiveness of companies on international markets, allowing them to acquire and maintain leadership positions in areas with high added value.

Underpinning the Smart Factory approach is the ability to collect, process and synthesize large amounts of data, and find effective ways to leverage such data in decision-making processes. The foundation of every Industry 5.0 project is









a convergent network that supports industrial automation, interconnects all machinery and production systems and guarantees the highest safety standards and smart, fast and precise monitoring of production lines.

Italtel supports companies in the manufacturing sector in transitioning to new Smart Factory management and production paradigms. Through its own proprietary solutions and the building of an ecosystem of partners, and together with its customers, Italtel develops the best path forward for a more effective use of technologies.

For the Industry 5.0 sector, Italtel has forged a technological partnership with MADE and its SME-targeted Digital Factory. Areas in which Italtel are making significant contributions to the digital and sustainable factory include smart monitoring, industrial process control, asset tracking, smart maintenance, logistics 5.0, industrial cybersecurity and big data analytics. Digital solutions for the physical safety of workers deserve a particular mention, for which, in collaboration with MADE for the manufacturing sector, a Man-Down monitoring proof-of-concept was created.

Italtel has an important partnership with E80, a group that operates in the logistics and self-driving forklift sector. Italtel serves as an IoT, safety and security enabler and systems integrator for E80's vehicles, which target in particular major international food and beverages sector companies. In 2023, after approximately two years of experimentation and research, an agreement was signed for the industrialization of the Operational Technology (OT) security component of the vehicles, to be supplied to all national and international markets.

## CENTRAL AND LOCAL PUBLIC ADMINISTRATIONS

Central and local public administrations are currently engaged in an important process of

modernization and digitalization, in order to keep pace with the ever more rapidly changing world. Large investments under the National Recovery and Resilience Plan, as well as the Next Generation EU Program, are some of the main drivers allowing the public administration to keep pace with other European countries in terms of innovation and citizen services.

In this complex process, Italtel offers its extensive experience to public administrations in order to build and develop network infrastructures, services and applications for both citizens and businesses. It puts its solutions, technologies and best practices at the service of companies, consortia, partners and public entities committed to seeing through plans and seizing the available opportunities.

In 2023, with growth in public sector turnover of 16%, partnerships with large public bodies continued positively and developed particularly in the component of professional services for areas of Cybersecurity, IP Networking and Maintenance regarding multivendor network technology.

Italtel is developing numerous projects for entities ranging from municipalities to large public administrations, involving applications such as Smart Cities, Energy & Transportation, Hybrid Cloud, Security, ICT Services, IoT and Collaboration.

Under the investments of the National Recovery and Resilience Plan, Italtel has successfully completed the first phase of implementation of a new Software-Defined Wide Area Network (SD-WAN) for a major state-owned company, with approximately 12,000 offices nationwide. Over 1,500 sites were set up in 2023, in full compliance with the multi-year timetable for the creation of an infrastructure that is strategic for the country. Even in projects so exceptional in size and complexity, Italtel brings to the table the value of an end-to-end systems integrator with excellent management capabilities, able to channel its skills into a single project, covering everything from Cybersecurity through to IP Networking, Managed Services and Network Automation.

ITALTEL IS THERE  
WHEN THE DIGITAL  
TRANSFORMATION  
REDEFINES AN  
ENTERPRISE'S BUSINESS





Among Italtel's most important local public administration projects in 2023 was the carry out of the first phase of modernizing the TLC infrastructure of a major trade fair organization. The proposed solution offered innovation in terms of both automation and the creation of new services, by leveraging the data made available by the infrastructure itself. The modernization will affect various sites in Italy according to the multi-year delivery plan.

Central and local public administration activities also include the outsourcing of ICT services for the management of multi-technology, security and Network Operations Center infrastructures, and the proposal of proprietary Unified Communications & Collaboration (UC&C), IoT and Automation solutions, developed by the internal software factory to rapidly satisfy extremely complex communications and integration needs.

## ITALTEL IS THERE WHEN TECHNOLOGY SUPPORTS ENTERPRISES TO BECOME MORE SUSTAINABLE

### DIGITAL HEALTH AND TELEMEDICINE

Digital innovation is the fundamental strategic lever for responding to the great challenges of today for a healthcare system in line with the needs and expectations of citizens, both in times of normalcy and even more so in exceptional situations. Digital services, particularly those made possible by IoT and 5G, improve patient satisfaction and relations, facilitate communications and access to health information and resources, and enhance service quality and efficiency.

In the field of digital healthcare, Italtel offers its expertise to public and private hospitals as a system integrator for the design of network infrastructures, communication services and security concerns, and for the management of unified communications and collaboration systems for healthcare personnel. Furthermore, it offers outsourcing services for the management of all IT aspects.

Such services, are provided, for example, under the five-year framework agreement signed in 2021

for multivendor unified voice data, collaboration, security and network operations center infrastructure management services for public hospitals in Milan. Another example is Italtel's daily management of the entire network infrastructure of a private healthcare client and the continuous adaptation of the infrastructure to needs emerging from the digitalization of processes.

In the Telemedicine segment, Italtel has developed the DoctorLINK solution for doctor-patient and doctor-doctor communications and video consultations, offering Remote Medical Second Opinions and hospital-territorial continuity of care. The DoctorLINK solution has, for example, been adopted by a leading Swiss hospital.

At the end of 2023, Italtel won, in partnership with an electro-medical device distribution company, the Telemedicine tender of the Palermo Provincial Health Service for the monitoring of patients at home by homecare operators.





# INTERNATIONAL MARKETS

## SPAIN

Despite the trend for the market consolidation of the Telco sector, associated with significantly reduced investments, Italtel SA has managed to diversify its clientele, achieving a 52% growth in the large enterprise and public sector (LE&PS) market, with a 15% growth in the global business. The total turnover is made up by 56.5% from the Telco Service Providers market, 36.8% from the LE&PS market, and 6.7% from sales to Italtel Group companies in Europe and Latin America. In the Spanish market, Managed Services, provided locally and internationally through the Digital Services Center in Ciudad Real and Seville, constituted 30% of total business.

Italtel's share of clients in the Service Provider market remains strong, despite the ongoing consolidation of the market. This is, in particular, thanks to the development of proprietary products for IP-IP Voice interconnection services (i-RPS), and Italtel's expertise in systems integration and managed services. Furthermore, two of the main Convergent Service Providers have opted for Italtel's 5G MPN architecture and orchestration solution. In the Large Enterprise market, the relationship with Endesa (part of Enel Group) was consolidated in a long-term contract, making it a strategic Global Client. A close collaboration began with the public administration in Catalonia and Madrid to develop IP networks, migrate to the Oracle Cloud and guarantee cybersecurity, with the assignment of an automated Security Operations Center financed by European funds.

Italtel's market strategy is to integrate telco expertise (IP Network, 5G MPN on premise/cloud and Telco Edge Cloud) with strategic consultancy, IT and cloud applications, and cybersecurity, with a particular focus on the development of operator networks and the Large Enterprise and Public Sector market.

## GERMANY

In 2023, consolidation and development continued in the German market through a strengthening of the service portfolio, the hiring of local network planning resources, the management of services and back-office activities, the creation of a local partner ecosystem for activities throughout the national territory, and the management of maintenance contracts with 24x7 service level agreements.

For the second consecutive year, Italtel Deutschland was confirmed by Telefonica as reference partner for the integration of IP backbone networks and the modernization and expansion of mobile back-hauling networks.

Regarding Telefonica's Telco Cloud strategy, Italtel has strengthened its positioning with its Routing Policy System (i-RPS) solution and by preparing for its migration to the cloud.

In line with the strategy of diversifying the markets in which it operates, the German company has begun to position itself in the Private 5G market by expanding its partnership ecosystem and differentiating its systems integration capabilities.

## FRANCE

In France, following the introduction of regulations to combat fraudulent calls and caller ID spoofing, Italtel France supplied its STIR/SHAKEN protocol solution, based on its proprietary Routing Policy System (iRPS) product, to the two service providers Koesio and Canal Plus. Italtel France was the first country branch of Italtel Group to bring the solution to market to address this specific operator need, and the goal is now to make it available for other European markets (e.g. Germany) by 2022.

In the Enterprise area, Italtel France specifically addressed the demand for private network 4G/5G radio solutions. In this field, relational and commercial activities were further developed with important clients in the energy sector, for VoLTE and MC-PTT

solutions and in the transport sector, for engineering and the development of a proof of concept for secure smart-switching connections for LTE, SAT and Wi-Fi network solutions.

Finally, despite the prevailing challenges of the telecommunications market, Italtel France maintained robust relationships with its clients, particularly in support of the development of their voice networks.

## PERU

Despite the persistence of decades of political instability, the economic situation in the country remained stable in 2023, as did the currency situation throughout the Latin American region. The measures adopted by Italtel Peru allowed it to maintain its operational and financial growth in the market. Indeed, revenue growth was in excess of 44%, and net profit was up by nearly 12%. New orders consisted of 20% managed and local services, 18% Cisco technology solutions, and the remaining 42% solutions based on other technologies. The most important projects concerned Data Center and Cybersecurity technologies.

The most significant new projects in 2023 concerned the Banking & Financial and Government & Education sectors, with major clients such as Contraloria (Data Centers), BCP (Data Centers & LAN), Shougang Group (Infrastructure & Networking), UPAO University (Computing & Services), and Reniec (Security Operations Centers).

From a strategic and business development perspective, in 2023, relationships continued to be consolidated with strategic technological partners, such as Oracle, VMware, HP, Palo Alto, Huawei, and others, in addition to Cisco. This led to significant revenue growth and reaffirmed a strong positioning in the development of highly complex projects and the integration of ICT technological solutions for the Peruvian market, in both private and public sectors.

## COLOMBIA

In 2023, the political situation in Colombia was very critical, with the Colombian government still grappling with significant social inequalities limiting economic stability. Italtel has introduced measures, such as making use of operational synergies with the Italtel Peru team, to keep labor costs unchanged and ensure the most qualified resources and partnerships with complementary companies.

The reference markets in Colombia continue to be banking, finance, energy and telecommunications, though opportunities are being sought in the public sector to support significant growth. The results achieved are considered positive, given the overriding economic situation. Furthermore, 2023 saw the renewal of the support contract in partnership with Enel, as part of a global tender.

Overall, revenues grew by 44% and net profit by 108%.

## BRAZIL

Italtel Brazil provides advanced professional products and services to Service Provider and Enterprise & Cybersecurity markets, and has developed a strong strategic relationship with TIM Brazil. Particularly positive results were achieved in 2023 in the Service Provider market, regarding the IP & Optics and Network Automation segments, thanks to the solid positioning of Italtel Brazil as

a strategic supplier of one of the largest national service providers.

Approximately 40% of turnover in 2023 came from the Enterprise & Cybersecurity sector, while the remaining 60% is attributable to the Service

Provider market. The digitalization process is giving a strong boost to the market, and, in 2024, Italtel Brazil plans to consolidate its positioning as a systems integrator with differentiating skills in cybersecurity and Security Operations Center

ITALTEL IS THERE  
WHEN ITALIAN  
TECHNOLOGY SOLUTIONS  
ARE EXPORTED  
ACROSS THE WORLD



services, provided by its Sao Paulo service center. Important, in 2023, was the acquisition of major contracts with Enel for networking and cybersecurity engineering, provisioning and maintenance services.

In 2023, Italtel Brazil recorded a positive net profit of Euro 0.8 million, with almost all of its main clients having high credit ratings.

## OFFER DEVELOPMENT AND POSITIONING: SOLUTIONS, SERVICES AND PRODUCTS

Italtel proposes a wide range of solutions, services and products customized to the specific client needs. The offerings make use of proprietary technologies and solutions integrated with products from the best sector partners.

Italtel can leverage its differentiating assets and skills, including:

- Agile Software Labs: around 130 senior professional experts in multiple development technologies and Agile and DevSecOps techniques, capable of following projects from end to end.
- Global Engineering Teams: around 600 engineers, with over 1,000 personal certifications, supporting the Group's areas of expertise and projects throughout their life cycles.
- Digital Operations Centers: a network of Digital Operations Centers in Milan, Italy, Ciudad Real in Spain and Sao Paulo in Brazil, boasting over 200 specialists working to enable the digital transformation of clients.
- Vendors & Innovation Ecosystem: an ecosystem of partners, including primary international vendors and niche players, specialized in innovative fields.

## SOLUTIONS AND SERVICES

Italtel offers a wide range of innovative solutions and services to enable the digital transformation of its







clients. In each project, the client's needs are placed front and center, with a view to boosting market competitiveness through the use of tools conducive to business development.

With differentiating skills in systems integration and software development, Italtel markets itself as an added-value systems integrator, capable of fully exploiting the programmable networks paradigm. This makes it possible to provide customers with "tailor-made" solutions and services, adapting and completing technological partner solutions with suitable products, developments and "on-top" applications, to address specific needs.

Italtel's systems integration capabilities are enriched by a wide range of high added-value professional engineering services. These services provide the natural link between the sale of a solution, its commissioning and subsequent support, throughout its life cycle.

Italtel services include software development, making it possible to provide customers with solutions that are fully customized and integrated into the systems already in place.

Italtel also offers a vast catalog of managed services to support the technical teams of telcos, companies and public administrations in the management of their network infrastructures and services.

To offer these services, Italtel also makes use of:

- Solutions and tools developed by the main market leaders.
- "Customized" open source tools.
- Proprietary software.

Italtel is committed to understanding the specific needs of each client, in order to design and implement custom solutions, and provide ongoing support throughout the entire project life cycle.

Italtel's goal is to help its clients achieve success in their digital transformation journey.

## CYBERSECURITY AND OPERATIONAL TECHNOLOGY SECURITY: PROTECTING COMPANIES' BUSINESSES

Italtel supports its clients with security management, developing effective programs that integrate methodological skills and compliance with the latest standards (e.g. NIS2 and DORA).

Italtel's Cybersecurity Competence Center is made up of expert and highly-qualified professionals who offer end-to-end solutions in the following areas:

- Network Infrastructure Security.
- Access control.
- Cloud Security.
- 5G Security.
- IOT & Medical Device Security.
- VoIP Security.

In particular, for the security of the Operational Technology of industrial networks, Italtel has developed a cutting-edge solution in partnership with the group E80, a leading player in the automated logistics sector. As the fruit of 2 years of co-innovation, the project led to a sector innovation success story, with the solution winning the SMAU 2023 Innovation Award.

The Italtel Competence Center, with its certifications in the most advanced technologies and methodologies, also provides the following professional services:

- Secure Development Life Cycle (DevSecOps).
- Penetration Testing & Vulnerability Assessments (IT&OT infrastructures, mobile apps, etc.).
- Digital Twin.
- External Attack Surface Management.
- Cyber Threat Intelligence.

ITALTEL IS THERE  
WHEN THE CRITICAL  
POINTS OF A NETWORK  
BECOME STRENGTHS







Through Digital Operations Centers, Italtel provides managed services for:

- Monitoring.
- Vulnerability Management.
- Identity and Access Management.
- Security Bulletin Services.
- OT & Healthcare Security.
- Managed Detection & Response.
- SIEM & SOAR.
- Managed Firewall & Web Application Firewall (WAF).

## ANALYTICS AND AUTOMATION: DATA LEVERAGING AND COMPANY PROCESS AUTOMATION

The value of data is continually growing, and therefore the ability to extract valuable information and act on it is ever more important. Italtel's Analytics solutions, based on cutting-edge techniques and technologies supported by artificial intelligence, help companies achieve this goal in various applications, including:

- Operation and maintenance of telecommunications infrastructures and networks.
- Planning.
- Quality Control.
- Marketing.
- Revenue assurance.

In addition to data analytics, automation is key in optimizing business processes. Italtel offers automation solutions that drastically cut service delivery times and human errors.

Italtel also offers Managed Services, based on its Analytics & Automation solutions, to ensure proactive monitoring and efficient execution of recurring activities.

**ITALTEL IS THERE  
WHEN EVEN SME'S CAN  
ACCESS THE BIGGEST  
TECHNOLOGY SOLUTIONS**

## HYBRID CLOUD: SUPPORTING COMPANIES ON THE JOURNEY TO THE CLOUD

Opportunities offered by the cloud continue to be the main driver of digital transformation. The cloud enables the digitalization of processes, business innovations, infrastructure savings, and an accelerated time-to-market for new solutions.

Italtel helps companies evaluate their digital maturity and plan their cloud migration in a secure and reliable way. With experience acquired in the development of cloud native products and the use of DevOps methods, Italtel offers a wide range of skills and solutions to meet the specific needs of clients.

Italtel has also gained expertise in developing partnerships with the main cloud providers and infrastructure suppliers. In partnership with Microsoft and Cisco, Italtel developed Fast-Shift, a solution aimed at simplifying and accelerating cloud adoption. The Fast-Shift brand includes an entire suite of services and solutions adopted by Italtel to help clients on their journey to the cloud.

## 5G: ENABLING NEW SCENARIOS AND BUSINESS MODELS

Italtel offers companies a full suite of 5G technologies, services and applications. Thanks to close relationships with the main vendors in the sector, Italtel offers coverage of the entire 5G supply chain, from Radio Access Networks (RAN) to Core Networks, Transport Networks and application solutions.

In particular, Italtel's offer includes:

- Advisory, systems integration and maintenance services for RAN (including oRAN), Mobile Core, Data Center, Edge Computing, Transport Networks and Application Layer architectures.
- Specific solutions for Mobile Private Networks, nationally and internationally, and directly and indirectly through operators.



- Operational Support System and Orchestration component development and services for managing the complexity of 5G networks.
- Managed Services for the full management of the end-to-end solution, particularly suitable for Mobile Private Networks.

Italtel is one of the leading players in the 5G sector, with a large portfolio of clients in Italy, France and Spain. With its consolidated skills in the Telco sector, Italtel helps companies in their digital transformation journey towards 5G.

## INTERNET OF THINGS: SMART BUSINESS TRANSFORMATION

The Internet of Things (IoT) is a technological revolution that allows a whole range of objects, devices and sensors to be connected to the internet. Such objects can communicate the data acquired by them, and access aggregate information available on the network.

In this area, Italtel's proposition for IoT focuses in particular on three macro areas:

- Industry (Industry 5.0) – also in collaboration with MADE, the National Competence Center for Manufacturing:
  - Monitoring and optimization of production processes and logistics.
  - Industrial production control.
  - Valuable asset location tracking.
  - Personnel safety.
  - Maintenance processes.
- Health (Digital Health) and Safety:
  - Remote communication between patients and healthcare facilities.
  - Measurement of vital signs via wearables.
  - Telemonitoring and teleconsultation.
  - Work environment monitoring solutions (Health, Safety & Environment).

## ITALTEL IS THERE WHEN TELEMEDICINE IMPROVES THE RELATIONSHIP BETWEEN DOCTORS AND PATIENTS

- Monitoring of private and civil infrastructures (Smart Sites & Smart Cities):
  - Monitoring of sites and technological structures.
  - Security of critical infrastructures of public interest (viaducts, bridges, buildings).
  - Fire monitoring in urban and rural contexts.

## SMART NETWORKS: ENABLING THE EVOLUTION OF NETWORKS

Italtel has always been committed to creating secure, reliable network infrastructures for telco operators and large companies. It works with key market leaders, across all technology domains, to support the digital transformation of networks.

Italtel's offer includes:

- Fixed network architectures for Service Providers: access, aggregation and core.
- Convergence between IP networks and optical transport networks.
- Solutions for businesses: LAN and Wireless LAN, WAN (SD-LAN/SD-WAN).
- Innovative Intent Based Networking: automated end-to-end configuration and management, regardless of vendor technologies.

Over the course of the year, Italtel developed expertise in the synchronization of IP networks, creating a proof of concept for an important client in the utilities sector. The same technology is applicable in 5G and other market verticals, such as Finance and Media Companies.

## SUSTAINABLE & DIGITAL WORKPLACES: OPTIMIZATION OF HYBRID WORKSPACES

Thanks to its systems integration and development capabilities, Italtel offers the most suitable solutions for different needs. It defines the right mix between “on-premises”, “cloud” and hybrid solutions,



leveraging its experience in Collaboration and Customer Engagement.

With the introduction of automation and orchestration logic, Italtel helps companies enact frequent changes on the systems necessary for business. This facilitates the dynamic management of workspaces, shared tools and standard and ad hoc services.

Italtel's solutions for an optimal Sustainable & Digital workplace, also in "managed" mode, include:

- Cloud calling.
- Voice interworking.
- Cloud meeting.
- Meeting interworking.
- Remote training.
- Smart operations.
- Remote expert.
- Home working.
- Room booking.
- Analytics.

To guarantee the security of these solutions, Italtel offers a Unified Communications & Collaboration Security Assessment service, which periodically checks vendor bulletins, and provides reports, impacts and remediation solutions to the client.

### ADVANCED MANAGED SERVICES: ALLOWING COMPANIES TO FOCUS ON THEIR CORE BUSINESS

Italtel boasts extensive experience in providing managed services for the sustainable and efficient management of multi-vendor infrastructures, services and IT applications, for large clients across various sectors, including: Public administrations, Banks, Healthcare, Utilities, Telcos.

Italtel's Advanced Managed services are provided by around 200 specialists working in teams (on-site or remote) and guaranteeing 24/7 support via

a network of Digital Operations Centers based in Milan, Italy, in Ciudad Real, Spain and in São Paulo, Brazil.

The services are provided using tools from leading market vendors, enriched by software features developed by Italtel, and are focused in particular on four areas of digital transformation:

- Cybersecurity: data and infrastructure protection.
- Monitoring: infrastructures, services and applications.
- End-to-end Operations: complete management of IT systems.
- Business Platforms: collaboration, smartworking, etc.

ITALTEL IS THERE  
WHEN THE BEST  
DESIGNS ARE COMBINED  
TO ACHIEVE  
THE BEST RESULT

In this area, Italtel also offers recursive engineering consultancy services for analyzing the performance of infrastructures and applications, pro-actively planning adjustments, and anticipating faults.

In 2023, Italtel obtained a new qualification in Cisco "Full Stack Observability". This means Italtel can provide advanced, predictive monitoring of all IT infrastructures that support corporate digital applications.

### ADVISORY SERVICES: TECHNOLOGICAL CONSULTANCY FOR COMPANIES

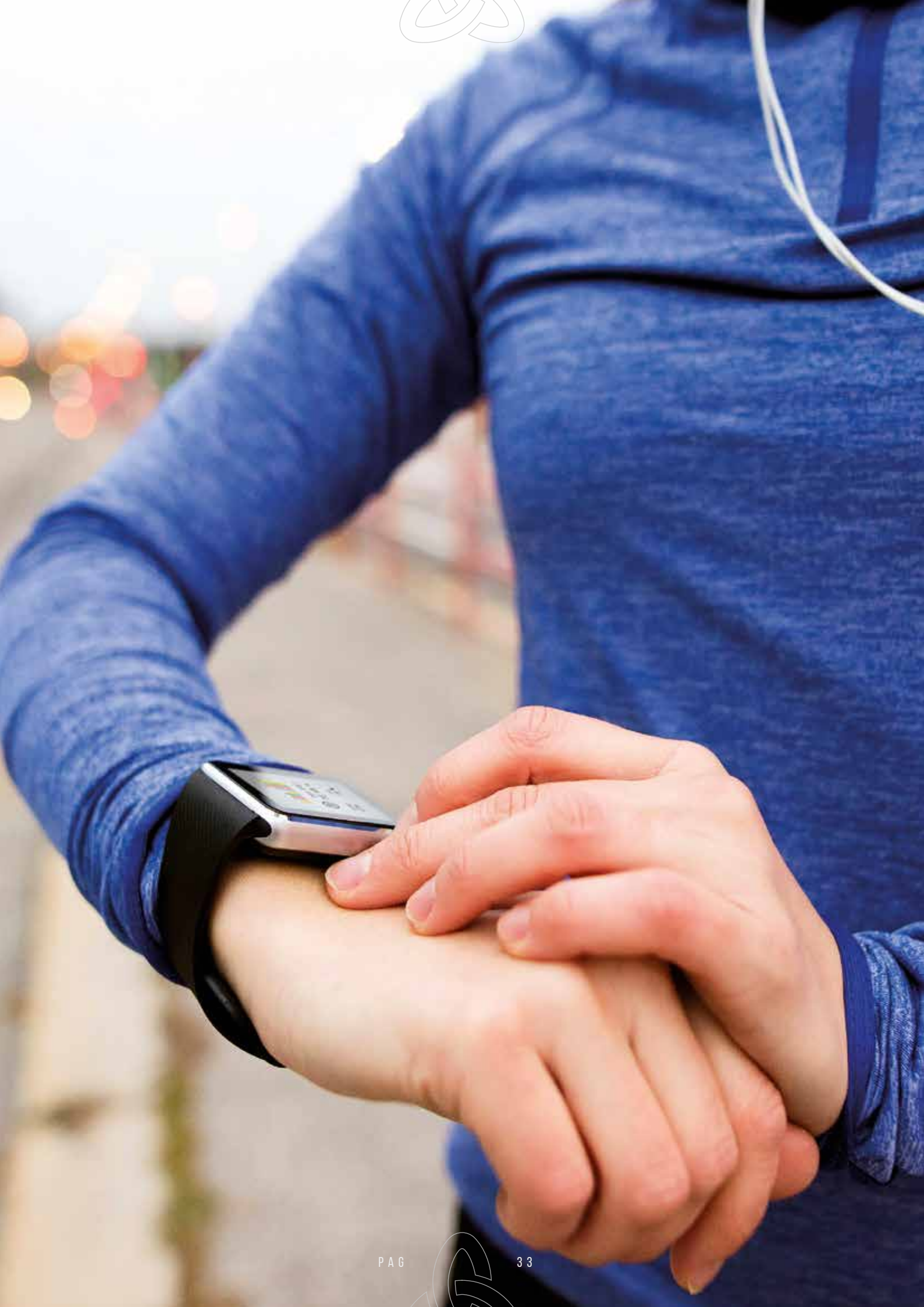
In this area, Italtel offers technological advisory services that guarantee:

- Reduced time-to-market for the launch of new services.
- Better interoperability between technologies from different vendors.
- Reduced costs in identifying new technologies.

With many years of multi-vendor experience, gained with various international clients, Italtel boasts a profound knowledge of networks and of









interoperability between services. Its approach is based on an initial assessment aimed at understanding the exact existing situation and the specific needs of the client. Subsequently, the client is supported in choosing the most appropriate tools on the market and in designing comprehensive and coherent solutions.

Italtel also helps its clients to:

- Build business plans that highlight project returns on investment.
- Accelerate the adoption and understanding of technologies, and delineate and shape the user experience.
- Define and plan next steps for putting shared strategy into practice.

## DESIGN SERVICES: DESIGN OF TAILOR-MADE ICT SOLUTIONS

Italtel stands out for its ability to combine the best technologies available on the market with unique know-how, coming from decades of experience in the telco sector.

Its Design Services include:

- In-depth analyses of the client needs and business context.
- Development of innovative and tailor-made solutions, integrating technologies from different vendors.
- Detailed design of IT networks and systems, guaranteeing high performance and cost optimizations.
- Management of risks and technical complexities throughout the design process.

ITALTEL IS THERE  
WHEN THE ENERGY  
TRANSITION ACCELERATES  
THANKS TO ICT SOLUTIONS

## INFRASTRUCTURE CREATION & DEPLOYMENT: CREATION OF NEW INFRASTRUCTURES AND MODERNIZATION OF EXISTING ONES

Italtel offers a complete Infrastructure Creation & Deployment service, enabling companies to:

- Build, expand or modernize any multi-technology network or IT infrastructure.
- Achieve business goals with modular, flexible and high-quality solutions.
- Rely on teams of highly qualified professionals and specialists.

In emerging sectors, Italtel mainly focuses on scalability, to support business growth. In more mature sectors, the focus is on efficiency and eco-compatibility, to reduce costs and environmental impacts.

Italtel helps companies to:

- Reduce installation and management costs.
- Accelerate the time-to-market.
- Improve performance and reliability.
- Achieve sustainability goals.

## ITALTEL PRODUCTS

Italtel's development of products and frameworks is guided by the following principles:

- Cloud Portability: for greater flexibility and scalability.
- Security and Privacy by Design: for data protection and regulatory compliance.
- Focus on diversification from telcos: to expand the client base and reach new markets.
- Expansion of the client base: to reach a greater number of clients in different industrial sectors.
- Cooperation with other companies: for joint development of innovative solutions.





Below is an overview of the main developments in proprietary products and frameworks.

- Innovative services based on WebRTC and Web technologies.

## MULTIMEDIA NETWORKS AREA

### i-RPS product - Centralized Signaling & Routing

i-RPS, Italtel's product for Centralized Signaling & Routing, evolved significantly in 2023, thanks to its specificity and versatility in meeting the needs of clients in the Enterprise and Service Provider segments.

Three proofs of concept of the product were built on a hyperscaler by major global players, demonstrating the value and interest that i-RPS has generated in the market.

ITALTEL IS THERE  
WHEN 5G OPENS UP NEW  
TECHNOLOGICAL SCENARIOS  
AND NEW BUSINESS MODELS

Among the main successes of 2023 were:

- Acquisition of two new French clients: thanks to STIR/SHAKEN features for the management of network telephone identity authentication and certification policies.
- Acquisition of an important expansion project for the Spanish market, and an architectural renovation project for the UK market.

i-RPS is used to address various use cases regarding complex business solutions, requiring interoperability.

### i-MCS & i-TDS Products - IP Multimedia Subsystem (IMS) Functionalities

In a market with a stable outlook for IP Multimedia Subsystems (Control Layer, Voice App Layer, Home Subscriber Services), the Italtel product has seen constant, gradual growth, driven mainly by custom project requests.

In 2023, an important micro-business project was launched, involving:

- Traditional telecommunication services.

## SUSTAINABLE & DIGITAL WORKPLACE AREA

### NetMatch Product – Session Border Controller

Netmatch-S Cloud Inside has completed its transformation to native cloud architectures. The product is now available on major Hyperscalers, and enables a Software as a Service approach.

In 2023, various certifications regarding interoperability with the main cloud communications platforms were obtained, including that for Microsoft Teams.

Using the core of our Embrace platform as a gateway between SIP-based voice networks and WebRTC-based applications continues to be a key enabler of systems interoperability.

The combination of NetMatch-S Cloud Inside, Embrace and, in certain scenarios, i-RPS, allows the creation of a complete, structured Business Communications solution for large companies, service providers, and international clients.

## ANALYTICS & AUTOMATION AREA

### AiOP Framework

The framework allows the use of data of various types, including: structured, semi-structured, and de-structured. The data processing can be exposed in the form of dashboards and APIs usable by external systems.

The new, highly scalable, flexible and integrable cloud native architecture was appreciated by clients in Italy and France in 2023, including in sectors new to this type of solution.



The Analytics platform stands out for:

- Long-Term and Predictive analysis features.
- Monitoring of the health status of Unified Communications networks and equipment.
- Close integration with company processes through ChatOps and AIOps procedures.

## IOT AREA

### IoXpert Platform

In 2023, the commercial push of the IoXpert Platform was focused on verticals related to Smart City services for citizens and public administrations and led to a new partnership with a major Italian service provider. For the moment, however, the business has not recorded particularly brilliant results.

Using IoXpert assets, Italtel is able to deliver various professional services and projects, including:

- Creation of the local IP network.
- Customizations between sensors and the graphical representation of variables.
- Interfacing with management systems.
- Management of data from different sources.

### DoctorLINK Product - Telemedicine

The Telemedicine market saw considerable growth in 2023, stimulated by national and regional tenders under the National Recovery and Resilience Plan.

Italtel continued with the certification of application and business processes and the development of new use cases, to expand the range of enabled services. Furthermore, new biomedical sensors were integrated, including those in Class II, which are simple enough for non-hospital outpatient and autonomous patient use.

ITALTEL IS THERE  
WHEN WORKING  
COLLABORATIVELY IS  
POSSIBLE ANYWHERE

# STRATEGIC MARKETING, INNOVATION AND RESEARCH & DEVELOPMENT

On the research, development, innovation and marketing front, a series of organizational, methodological and strategic innovations, perfectly in line with the Group's overall strategy, were introduced in 2023.

The Innovation & Strategic Marketing department was created in April 2023 with the task of supporting top management coordinate innovation activities, with a view to improving operations, renewing the offer portfolio, actively engaging internal and external clients and introducing new collaboration models oriented towards Open Innovation. This department supports the business units in their positioning, as well as Innovative Business Development activities.

The new department also has the task of coordinating strategic marketing plans, in order to develop the Group's Brand Equity, increase the effectiveness of the cross-business-unit commercial activities, and guarantee consistency with corporate strategy, by monitoring the offer portfolio and the management of marketing and communications activities.

## STRATEGIC MARKETING

The Company's Strategic Marketing area is organized through 3 main interdisciplinary and transversal Activity Lines:







- Marketing Strategy – trend analysis and the definition of methodological guidelines and frameworks.
- Marketing Content & Visuals – commercial narration and the engineering of presentation materials and graphics.
- Positioning - “direct touch” activities addressing the Chief Experience Officers of clients and prospects and participation in public events, working tables and associations.

An important deliverable in this area was a new narrative of the Italtel value proposition developed through 6 macro expertise areas:

- AI (traditional and Generative AI), Machine Learning and Analytics.
- Intelligent Automation.
- Cyber & Ot Security.
- Smart & Vertical Solutions.
- Hybrid Cloud.
- Networks Evolution & 5G.

Another deliverable was a service delivery platform: Advanced & Managed Services.

Furthermore, the 4 fundamental elements to be highlighted in the new unique value proposition are:

- Agile Software Lab.
- Global Engineering Team.
- Global Digital Operations Center.
- Network of Top Tier Technology Vendors and Innovative Startups.

Other important efforts were carried out as part of the Transformation Program in relation to high growth potential segments such as Energy & Utilities (e.g. the work begun with Copperleaf and Icopower), Banking, and Public Administrations.

Demonstrating the Group's efforts to reposition itself through new types of partnerships, the following

partnerships are under development:

- Honeywell – synergy for the world of buildings and large facilities, and a joint go-to-market trial.
- Cradlepoint – synergy for the world of 5GP solutions, positioning ourselves as a technological systems integrator.
- S2E – a joint go-to-market accelerating the development of a comprehensive offer in cyber and hyper automation fields.
- Vincix Group – exploration of partnerships regarding Robotic Process Automation, Artificial Intelligence, and Digital Twins.

## INNOVATION AND RESEARCH AND DEVELOPMENT

In the second half of the year, a new model for managing the innovation process was launched, based on inclusion, collaboration, and an orientation to make the most of the potential of the experiences and ideas of the entire corporate population. Social engagement techniques were therefore immediately employed in order to reintroduce the paradigms of corporate entrepreneurship and open innovation, with a view to scouting out of technologies and solutions, establishing agreements and collaborative co-design and co-creation relationships with startups and vendors, and accelerating the go-to-market strategy of innovation.

The focus of activities was mainly concentrated on Italtel Italy, with the aim of closely monitoring the company's response, consolidating processes, and then progressively involving all the countries in this new innovation model.

In this way, the entire Italtel Group will be able to benefit from the innovation process, allowing it to replicate successful projects, and seize opportunities to scale projects globally.

The innovation management model is based on 4 main activity lines:

- Innovation Ecosystem Development: scouting for technologically innovative solutions and

ITALTEL IS THERE  
WHEN THE CUSTOMER  
IS ACCOMPANIED FROM  
DESIGN TO ASSISTANCE





partners, including startups and SMEs, in order to continuously enrich the offer portfolio.

- **Open Innovation & Innovation Based Business Development:** activities and initiatives based on the open innovation paradigm, in order to establish active dialog with clients looking for innovation and conceive projects responding to client needs. This, initially non-competitive, dialog is an opportunity to develop close relations with new interlocutors and consolidated clients, and to make important contributions to commercial and marketing activities.
- **People Activation:** initiatives aimed at actively engaging the entire corporate population in the innovation process. For this activity, design thinking and collaborative planning methods are used to build new cross-team communications channels, to encourage new ways of contributing to the company mission, to enrich the offer portfolio with new ideas and projects, and to contribute to establishing a new cultural platform.
- **Financed Research:** scouting and development of research projects financed through participation in research and innovation calls issued by national and European bodies.

Among the main initiatives are:

- **Joining the SMAU Circuit,** to actively return to the innovation scene, attending working groups and national and international events alongside large corporations, clients and prospects.
- **Membership of the Polytechnic University of Milan Observatories,** to closely analyze digital transformation phenomena of particular interest in the IoT and energy fields, and benefit from direct contact with academia and companies in the utilities sector.
- **Membership of the Leonardo Da Vinci Think Tank:** founded in the second half of 2023, this think tank brings together over 60 innovation managers from large companies to share needs and best practices.
- **Membership of the Lombardy Region and Finlombarda Open Innovation platform,** to benefit from direct relations with the regional institution

and to promote corporate initiatives through the network of other registered companies.

- **Scouting with the Innovative Startup Business Units:** since April 2023, meetings have been held with over 100 startups, and partnerships further explored with around 10 or more (Sense Square, Sovran AI, Seismic.AI, Exteryo, Dynamo Technologies, Sensoworks, Ecosteer, Truescreen, Armilis, Immersion4, Laser Navigation, U-Earth Biotechnologies, SMA-RTY), as well as with dozens of companies active, like Italtel, on the open innovation scene (Edison, Trenord, FNM, FS, Unipolsai, Walter Tosto, De Cecco, SNAM, Acea, Terna, Hera, Prysmian, Angelini, Tetrapak).
- **The Innovation Game:** an initiative designed to guide the transformation of the corporate innovation model towards a more and more widespread innovation model. The Innovation Game is a Corporate Intrapreneurship and Open Innovation program that aims to engage the entire corporate population in the innovation process.

The format of the program was developed in the second half of the year, and then the program was officially launched at the end of December, addressing the entire corporate population of Italtel Italy. The goal was to create an engine of ideas and connections, encouraging people to develop project ideas considering their technical, economic and business dimensions.

The first cycle of the program will serve as a pilot project useful for experimenting with the new corporate innovation model. At the end of the first cycle, depending on its successful conclusion, the program will be then scaled up to the other countries of the Group.

## FOCUS ON FUNDED RESEARCH PROJECTS

Funded research commitments continued, in both Italy and European countries. The search for new calls and projects was reoriented to become an integral part of the Company's primary value chain. Efforts were made to establish strong and continuous links between the Funded Research area



and the business units, in order to pool projects, contacts and networks relating to large research and development calls. The first results were already seen during the year with the development of commercial relations with technological partners in funded research. Such relations included those with, for example, the startups SMA-RTY, QBT and Sense Square, and with MADE in the 5Gp space, as well as the working group started with Repsol in the quantum security field.

The scouting of new research calls was oriented to new types of calls combining the typical aspects of research with go-to-market strategy, with a view to shortening the distance between research and business, and making them part of a single value chain. Some examples following this paradigm include the EIT Manufacturing tenders, which gave rise to the Recircleman project, and the thematic tenders of the Italian Space Agency, ASI, which we will be working on in 2024.

Regarding national and European research projects, a brief update on the progress made follows below.

In 2023, Italtel was awarded two new R&D&I projects funded by the European Commission.

The new project entitled Advanced CoMputing Continuum Solutions for Boosting DigITalization across European RegionS (AMBITIOUS), and coordinated by Luleå University of Technology, Sweden, was awarded financing under the “Interregional Innovation Investments Instrument (I3)”, and call I3-2021-INV1-DIGIT. The goal of the project is to create a technological infrastructure for secure data acquisition and aggregation, to enable the development of AI applications that leverage data economy techniques.

The new project entitled Scalable and Quantum Resilient Heterogeneous Edge Computing enabling Trustworthy AI (SMARTY), coordinated by the National Inter-University Consortium for

Telecommunications (CNIT), was approved for European Union and Ministry of Business and Made in Italy funding, under the Horizon Europe research program, and call KDT-JU-2023-1-IA. The goal is to create an edge-cloud continuum composed of heterogeneous systems that guarantee data protection across the entire transmission and processing chain. The technologies that will be leveraged include artificial intelligence, quantum security, and software defined computing.

Activities also continued on projects already underway.

In Europe, activities continue on project NANCY (An Artificial Intelligent Aided Unified Network for Secure Beyond 5G Long Term Evolution), under the HORIZON-JU-SNS-2022 call, which seeks to introduce intelligent network resource management, flexible networking and appropriate orchestration levels, making use of Blockchain and Artificial Intelligence technologies.

## ITALTEL IS THERE WHEN ITALIAN EXPERTISE IS AN INTEGRAL PART OF MAJOR EUROPEAN RESEARCH PROJECTS

In the European call “HORIZON-KDT-JU-2021-2-RIA,” co-funded by the EC and MUR, activities continue on the CLEVER (Collaborative edge cLoud continuum and Embedded AI for a Visionary industry of the future) project, which works with edge continuum and Artificial Intelligence technologies, where Italtel is

positioning itself to contribute to the digitalization of industrial and production processes.

In Italy, Italtel continued its work relating to a major research project on “Telecommunications of the Future” called RESTART (RESearch and innovation on future Telecommunications systems and networks, to make Italy more smART). The project is financed by the MUR with funds from the National Recovery and Resilience Plan Mission 4, Component 2, Investment 1.3 - Extended Partnerships and coordinated by Rome Tor Vergata University. It is a supply chain program for cooperation and execution of research projects in the field of Telecommunication Networks and Services and related applications. Italtel's contributions center around network orchestration and services technologies in the Open







RAN, cloud edge, far edge and flying ad hoc network (FANET) domains.

Also using MUR National Recovery and Resilience Plan “Extended Partnerships” funds, Italtel began work on the research project in the area of “Circular and Sustainable Made in Italy”. The project is called MICS and is coordinated by the Polytechnic University of Milan. The project seeks to strengthen the research supply chains at the national level in the Clothing-Fashion, Wood-Furniture and Mechanics-Automation sectors, promote their participation in strategic European and global value chains, and integrate research programs with the topics under the NRRP and Horizon Europe clusters. Italtel continues to develop various projects that use such technologies as artificial intelligence, machine learning, and blockchain:

- Cross sectoral Platform for sustainable and circular textiles.
- Advanced human-machine interaction for continuous transformative manufacturing and robotic systems.
- AMELIE (new approaches to recovery critical Metals from spent Lithium-ions batteries).
- Development of additive technologies for consolidation of precious and non precious materials for the fashion industry.
- ML models and technological solutions to support predictive maintenance, quality & energy efficiency monitoring, control and product improvement in industrial applications and multi-energy systems.
- Blockchain based solutions for trusted and quality aware data sharing.

As part of the European Framework “Horizon 2020”, work concluded on the project “AI@EDGE” (A secure and reusable Artificial Intelligence platform for Edge computing in beyond 5G Networks). This focused on Edge Artificial Intelligence technologies for 5G network automation in different industrial domains under the AI-for-Networks and Networks-for-AI paradigm.

As part of the “ECSEL-JU” (Electronics Components and Systems for European Leadership - Joint Undertaking) Program, work concluded on the BRAINE (Big data processing and Artificial Intelligence at the Network Edge) project. This seeks to promote the development of the edge computing paradigm.

As regards the November 2017 PON call for proposals “Research and Innovation 2014-2020 - Technology Clusters” from the Ministry of University and Research (MUR), work continued for the projects BEST4U (Technology for High Efficiency 4-terminal bifacial solar panels for ‘utility scale’) and 4FRAILTY (Intelligent sensing, infrastructure and management models for the safety of fragile subjects), which contributed to improving the Telemedicine platform developed and sold by Italtel.

## ITALTEL IS THERE WHEN INNOVATION IS OPEN

The European project ReCircleMan, funded by EIT Manufacturing, concluded at the end of 2023. This sought to accelerate the manufacturing process transition by promoting the adoption of sustainable approaches through innovative product information management and circularity. These are applied specifically to end-of-life management of production waste from electrical, electronic and chemical equipment and products. For Italtel, the end result of the project is a software asset from which a specific offer is being built.

Finally, Italtel confirmed that in the three-year period 2022-2024 it will once again participate in research and innovation activities as part of the Competence Center for Industry 5.0 MADE, led by the Polytechnic University of Milan. AI MADE also saw the completion of a number initiatives relating to “Orientation” and “Training”.





# PARTNERSHIPS

Italtel works with leading global ICT vendors and cloud providers to strengthen its portfolio of offerings and meet customer needs globally. Strategic and technological partners contribute with Italtel to provide customers with tailored solutions and services.

The market requires that the commercial offer is constantly diversified and enriched, and this is made possible by expanding the range of partners to relevant players and by strengthening strategic partnerships relating to the different technological strands that Italtel presides over (Analytics & Automation, Cybersecurity, Digital Workplace, Hybrid Cloud, IoT, Multimedia Networks, Smart Networks and 5G). Italtel has thus chosen to invest in innovation and skills, in collaboration with its partner network.

## CISCO

Italtel is a Cisco Gold Integrator in Italy, Spain and Brazil, and Premier Integrator in Peru. It is also a Gold Provider and Select Developer partner worldwide.

The Gold Provider certification qualifies Italtel as a provider of managed services based on Cisco technology, and was renewed and expanded on in July 2023.

The technical excellence of Italtel is not only demonstrated in results, but is also qualified by over 300 technical certifications and training specializations, including Masters' in Collaboration, Networking, and Customer Experience, supported by a software as a service (SaaS) approach oriented to sustainable life cycles and client success.

In 2023, skills and certifications on some of the most innovative topics were sought and acquired, including three new specializations:

- Environmental Sustainability, to educate customers on the importance of their participation

in the circular economy by migrating to cloud-enabled solutions and upgrading older technologies.

- Full-Stack Observability Solution (FSO), to support customers in reducing data noise and resolving issues before they impact digital experiences.
- Hybrid Work from Office, to provide customers with more convenient, flexible, secure and managed work solutions that embrace the cutting-edge of hybrid working.

## OTHER PARTNERSHIPS

In 2023, Italtel consolidated its multi-vendor strategy by launching, developing and managing partnerships with about 50 different vendors overall (some single-domain players, others present for more than one technology strand), to differentiate and extend the catalog of offerings mainly on the topics of:

- Analytics & Automation with Allot, Hashicorp, IBM, IP Fabric, Live Action, Solarwinds.
- Cybersecurity with Armis, Check Point, Efficient IP, F5, Fortinet, Guardicore, Palo Alto, Qualis, Radware.
- Hybrid Cloud with AWS, Dell, Google Cloud, HPE, Microsoft, VMWare, Wasabi, ZPE.
- Digital Workplace with Audiocodes, Microsoft, Pexip.
- Smart Networks with Adva, Arista, Juniper e Nokia
- 5G with Athonet and Casa System.

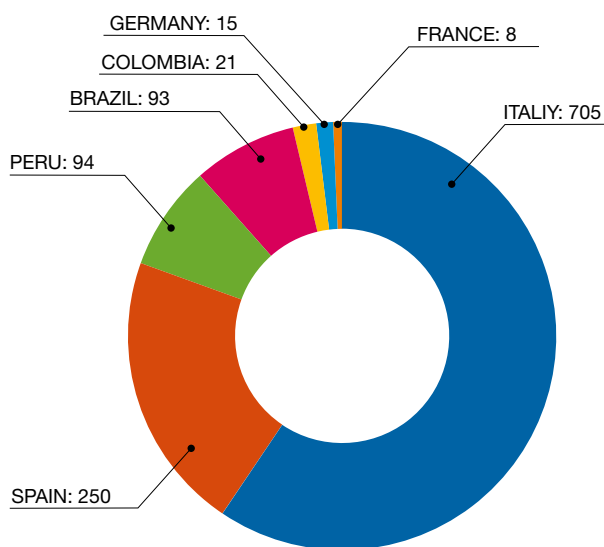
The partners with whom a more fruitful form of collaboration has been established are AWS, CHECK POINT, FORTINET, IBM, JUNIPER, LIVE ACTION and MICROSOFT.

# THE PEOPLE OF ITALTEL

Italtel's people possess distinctive skills and professionalism that have always been considered one of the Group's strengths. The Company is committed to ensuring that its people work in a safe, agile, innovative environment that stimulates ideas, allows workers to express their individuality and personality in line with aspirations in the personal, family and professional spheres.

ITALTEL IS THERE  
WHEN SOLUTIONS EMERGE  
FROM COLLABORATIONS  
WITH THE BEST PARTNERS  
ON THE MARKET

Group employees at December 31, 2023 numbered 1,186, of which 481 overseas (at December 31, 2022 numbering 1,392, of which 511 overseas). The following graph shows the breakdown of employees by country.



Number of employees by country

## WORK-LIFE BALANCE

The Company's policy in each of the countries in which it operates is to pay close attention to well-being and work-life balance, thanks in part to the use of remote working as a hybrid work method.

The onset of the pandemic in 2020 therefore presented an opportunity to strengthen and extend the hybrid work practices already in place at the

Company for some time. Immediate positive impacts of smartworking were seen on the organization of work, on processes, and, more generally, on the development of digital knowledge and skills, regarding both practices and tools used. The Company supported this moment of change with opportune training and information campaigns on the assessment of risks, health

and safety compliance, rules of conduct to follow when not on company premises, and rules for the processing and handling of data and company information.

This training contributed to mitigating productivity losses, and, in some cases, to actually improving and boosting productivity.

In 2023, the Company formally recognized smartworking, and, therefore, continued to allow employees wishing to do so to work remotely for up to 50% of their working time.

## WELFARE

Italtel has had a Welfare plan in place for several years. This continued in 2023 and provided for a flexible benefits plan for its staff in Italy, providing an individual welfare credit of Euro 300. The credit allows the employee to independently choose the types of services from within the basket made available by the Company through an ad hoc portal.

Continued attention to well-being, for both remote and in-presence work, and the comfort of the working environment was one of the elements



underpinning the design of the new offices at the Caldera Park business center in Milan, Italy. General management and staff moved to the site from March 2022, having previously been located in the historic Settimo Milanese headquarters. The typical needs of software development companies were taken into account when designing the new spaces, and functional spaces designed for integration and teamwork were provided to offer relaxation environments, privacy areas, and refreshment areas.

Furthermore, in 2023, Italtel began the design and renovation work for the new office spaces in Palermo. Also in this case, particular attention was paid in designing the spaces to be functional for the health, safety and well-being of people.

In addition, and more generally, the Company has always guaranteed its employees an integrated system of work flexibility (remote working, flexible working hours in and out, part-time, hourly vacations, etc.) to improve work-life balance or foster sustainable mobility (by incentivizing the use of “company shuttles,” ensuring free reserved parking inside Caldera Park and providing an eco-sustainable mixed-use company car fleet) or improving the work-life experience (restaurant tokens, discounts and concessions). Finally, to support the performance of work in “smart” mode, the Company ensures that almost all of its staff have laptops equipped with corporate communication tools (e.g., video-conferencing applications) and provides around 50% of personnel with a company smartphone.

## TRAINING

Aware of how important it is to provide a stimulating work environment, Italtel is committed to training its staff and supporting their professional growth, and to developing technical, management and soft skills.

Training programs include work to develop organizational behavior and to enhance knowledge and skills to support innovation and technological development programs, with paths designed in close connection with market needs and investment in innovation.

Also in 2023, the Udeemy platform was used for employee e-learning, with courses on both technical skills (e.g., in the areas of Cloud Computing, Data Science, Operating Systems and Servers) and soft skills with courses on leadership and management, personal development and communication.

Italtel successfully submitted an application for access to funding under the FNC (Fondo Nuove Competenze - New Skills Fund) call in 2022, making it possible to provide synchronous courses on innovative topics and environmental sustainability in 2023.

The 2023 training programs covered:

- Specialist technical skills: technical knowledge and skills to support innovation and technological development, with specialist courses aimed at obtaining relevant certifications.
- Regarding Cisco technologies, courses for maintaining Gold Certification and using it in developing markets were taken through Cisco Continuous Learning on a wide range of topics. The Cisco Customer Success Manager and Cisco Renewal Manager courses were also taken to develop skills and achieve the Cisco Customer Experience Specialization.
- Management skills: oriented to improving organizational behaviors towards developing professionalism, to project management, and to the development of the behaviors of a precise leadership style to be applied to and improve the effectiveness of the management of work teams.

These courses were delivered exclusively by e-learning with topics mainly covering:

- Agile and Scrum methodologies, project management, Itil.
- Leadership, team management, and personal growth.
- Language skills: to promote the internationalization of the company and boost the linguistic skills of staff, with flexible forms of delivery (e-learning and Skype lessons). In Italian offices, the language studied was English.







- Regulatory compliance: the training focused on following areas in particular:
  - Smartworking: all the employees of the Italian offices benefited from e-learning on the regulatory aspects of smartworking, applicable both during the COVID-19 health emergency and following it, and covering organizational methods useful for remote working, health and safety measures to be adopted, rules of conduct when not on company premises, and rules for the processing and handling of data and company information.
  - Development of knowledge and awareness on rules of conduct regarding ethical values, as per Legislative Decree No. 231/01, and Italian and foreign offices.
- Mandatory training: the training focused on the following main topics:
  - GDPR (General Data Protection Regulation) - Privacy Regulation (EU 2016/679) at the Italian sites.
  - Occupational health and safety protection (pursuant to Legislative Decree No. 81/08) at the Italian and Spanish sites.

Continuous skill building and updating is ensured for key ICT topics such as Networking, Hybrid Cloud, Cybersecurity, Analytics & Automation through training and certification paths on the most important technologies. The certifications attained by Italtel's technicians provide an objective and measurable wealth of professionalism that can assure customers of the technical capabilities of the people involved in the projects. When participating in calls for tenders, it is also essential that all company and individual certifications are readily available.

In 2023, around 140 certifications and specialist accreditations were achieved or renewed in Italy and abroad, particularly in innovative areas in support of Business Plan investments.

Furthermore, Italtel's commitment to environmental sustainability is evident in its constant efforts to develop specific skills to be able to offer clients technological solutions that allow them to reduce their carbon footprints through latest generation energy efficient network equipment and the adoption of business models that optimize resource management.

## ACADEMY ITALTEL

Since its founding more than 100 years ago, Italtel has focused on training people and upgrading skills. To better manage the various needs and the most targeted responses in a strategic and structured way, Italtel has developed its Academy.

To promote the engagement and commitment of staff, from the onboarding stage onwards, particular attention is paid to training as a fundamental tool for personal and professional development. An important part of training is the training of new hires through specific onboarding and information awareness raising programs tailor-made and structured by Human Resources to guarantee successful integration within the company.

Further training courses are provided to support staff when changing positions, departments and career paths.

For example, regarding Cisco technology solutions, Italtel has achieved the following two specializations in Italy:

- Cisco Environmental Sustainability, for which Italtel is recognized for its commitment to supporting Cisco in the pursuit of joint environmental sustainability objectives through corporate environmental practices (e.g. reduction of paper and plastic use) and actions to help customers achieve their sustainability goals (e.g. replacement of old equipment with new, more environmentally-friendly and sustainable equipment).
- Cisco Hybrid Work from Office, a technical specialization obtained by Italtel covering the requirements of personnel and client projects regarding collaboration solutions that facilitate smartworking in client companies and promote reduced consumption, for example, by turning on lights only in offices that are being used, reduced air conditioning per number of people in the office, and so on.







In the interests of sustainability, Italtel has always worked in close synergy with stakeholders in the territories where it operates, both in Italy and abroad. A fundamental part of the Italtel Academy is therefore the organic system of synergies and partnerships in the territories where the Company's offices are located.

Italtel has long had initiatives in place to strengthen its relationships with leading Italian universities. These work both through the construction of internship paths and with activities designed to bring expertise and experience to orient educational offerings to the needs of a sector undergoing rapid and continuous technological transformation. Currently active collaborations with universities include those with the University of Pavia, the Polytechnic University of Milan, the University of Palermo, the State University of Milan (UNIMI) and eCampus University.

In particular, in support of school education, Italtel has launched several work experience projects.

Internships for students of technical institutes and high schools are designed together with the educational institutions according to agreement, with a specific training project for each student. During their presence in the company, the students are given a company tutor and take part in the daily activities of a team or work group assigned to them according to their specialization.

In 2023, a PhD internship was carried out in agreement with the University of Palermo, and a school internship under the Paths for Transversal Skills and Orientation (PCTO) program was carried out in agreement with Ugo Mursia of Carini high school.

In 2023, the company strengthened its collaboration with the higher technical institute ITS Rizzoli in Milan, regarding the most innovative technological fields.

This made it possible to take on interns, then hired on professional apprenticeships, and apprentices,

through higher research and training apprenticeships, with different backgrounds regarding topics such as: Cyber Defense, Machine Learning, Big Data, Software Architecture, and Omnichannel Marketing.

The intention is to continue these efforts and to try to sign further partnerships with other higher training institutes in relevant local areas.

## REORGANIZATION

In line with the 2022-2026 Business Plan, the Company launched an optimization and corporate resizing plan with interventions to renew staff and update technical, commercial and managerial skills. The goal is to reposition the company to ensure its sustainability and accelerate growth on new markets,

including through a plan to revise the workforce, which no longer matches the altered business and market environment.

As such, on February 28, 2023, Italtel initiated a collective dismissal procedure, pursuant to articles 4 and 24 of Law No. 223 of July 23, 1991, for a total of 123 employees.

On May 17, 2023, within the 75-day deadline set by the procedure, and following long negotiations, the Company reached a trade union agreement on an extraordinary solidarity contract redundancy fund, covering 12 months, from June 1, 2023, to May 31, 2024, for a maximum of 162 workers.

This agreement concluded the aforementioned procedure, and allowed the Company to move forward with its reorganization on the path to address current challenges and guarantee greater sustainability over the medium term.

Furthermore, during the period of application of the social safety net, the Company may proceed with the layoffs envisaged in the agreement for a maximum of 107 work units, in derogation of the provisions of Article 5 of Law No. 223/1991, and application of the exclusive criterion of voluntary dismissal.

ITALTEL IS THERE  
WHEN CHOOSING WORK-  
LIFE BALANCE AS  
A SOURCE OF VALUE  
TO THE INDIVIDUAL



In 2023, 75 employees participated in the process, and were granted an incentive by the Company, defined in terms of amounts and disbursement methods by a specific trade union agreement. The economic packages are mainly aimed at those able to receive pension benefits, in addition to others that, despite not having the necessary pension requirements, are identified within the group of 107 positions.

A fundamental part of the plan is to carry out, in addition to the resizing measures, interventions to renew staff and update technical, commercial and managerial skills, regarding in particular:

- The profound and structured change management project involving the updating of skills of hundreds of employees.
- Strategic and operational partnerships with higher technical institutes and universities, to attract, train and hire young talent.

## MANAGEMENT SYSTEMS AND CERTIFICATIONS

To better meet the needs of the market, while continuing to focus on improvement, Italtel has held certification of its Quality Management System to the ISO 9001 standard since 1992. This has contributed to the definition, maintenance and improvement of business processes by gradually identifying new goals consistent with the highest standards defined in the Quality Policy, such as those regarding Innovation, Customer Support, Stakeholder Satisfaction, and Sustainable Development.

The other certifications currently held by Italtel are: (ISO 14001) for its Carini site, obtained in 2001; Information Security Management System certification (ISO 27001) obtained in 2004 for areas offering network business support services, including network operation, maintenance and security; and certification relating to the quantification and reporting of greenhouse gas emissions and their removal (ISO 14064-1), obtained in 2022.

Furthermore, during the year, Italtel planned the achievement of the ISO 37001 Anti-corruption and

PdR125 Gender Equality certifications, and, next year, will aim to extend the scope of ISO 14001 Environmental Management System certification to all company offices.

These certifications testify to Italtel's effort to be ever more effective in meeting customer needs, ensuring compliance with their security needs when dealing with their information, while maintaining the utmost focus on sustainability issues by committing to reducing its environmental impact.

To increasingly understand and meet the needs of the market, Italtel also conducts an annual customer satisfaction survey.

The three management systems are monitored by recording performance indicators and are periodically audited to ensure their effectiveness, while the quantification and reporting of CO2 emissions are the subject of specific plans to reduce those emissions. Each of the three management systems is subject to an annual management review, which provides an overall assessment of their performance and enables improvement strategies to be identified.

Italtel's goal is to ensure that the best practices of each Group company are shared by all others, with appropriate adjustments to the relevant national context.

On an international level, and thanks to the technical expertise of its people, Italtel is a partner of various leading technological and market companies. In this role, it boasts numerous Cisco certifications held by the various Italtel Group companies in Italian, EMEA and LATAM markets, and group-level system certifications, such as:

- Italtel S.A (Spain): ISO 9001, ISO 14001, ISO 14064-1, ISO 20000-1, ISO 27001, ISO 27018, ISO 27701 and ISO 22301.
- Italtel Peru: ISO 9001, ISO 20000-1, ISO 22301 and ISO 27001.

# SUSTAINABILITY

In 2023, Italtel further intensified its commitment to sustainability, fully aware that integrating its business model with the fundamentals of sustainability is the ideal condition to promote the success of the Company and the Group, to the benefit of all stakeholders and the communities of the countries in which it operates.

Occupational health and safety, the environment, business ethics and work-life balance are fundamental axes for Italtel in running its business.

In view of this orientation, the Sustainability project was launched in the first few months of the year, under the broader Transformation Program, as a structured process transversally crossing all company activities and organizational roles, to ensure all tasks are carried out in harmony with the environmental, social and governance (ESG) pillars of sustainability.

The starting point of this project was the strengthening of sustainability governance through the establishment of an ESG Committee, reporting directly to the CEO, with the dual role of being the general reference for the identification, evaluation and execution of all sustainability initiatives, and the specific reference for the Board of Directors in defining sustainability objectives and guidelines.

In this way, it will guarantee that all the efforts dedicated to ESG issues are coherent with the defined strategic guidelines. To this end, training courses and webinars, addressing all employees, were organized to raise awareness among the company population of the principles of sustainability.

Demonstrating concreteness and coherency in relation to these training courses, initiatives were launched and events sponsored both inside and outside the Company to raise awareness on such topics as reducing plastic consumption and diversity and inclusion. One internal initiative involved the distribution of steel water bottles to all staff, to

encourage the use of water dispensers in offices and therefore reduce the consumption of plastic bottles.

Finally, in the last half of the year, a survey was addressed to all staff to gather opinions and ideas on sustainability and to stimulate active engagement in proposing concrete actions for all ESG areas. The analysis of this survey will be completed within the first few months of 2024, with a view to launching important initiatives in line with company-level guidelines.

In terms of operational activities more directly linked to the business, Italtel decided to follow the guidelines of the Green Software Foundation, an organization that promotes the use of software design tools to reduce the carbon footprint of entire development cycles of products and services. A special internal community was created so that staff from various technical areas could participate and make specific contributions in terms of proposals, solutions and experiments oriented to improving energy efficiency and reducing carbon emissions. In turn, these contributions will be used to create software products and solutions for both internal use and for clients. In this way, carbon footprint reductions can be enjoyed by both the Company and clients in using the products supplied to them.

A further demonstration of the positive environmental impacts of the Company is evident in the so-called Green Revenue factor, derived from the FTSE Classification System, and consisting of the turnover that “derives from products and services that have a positive environmental utility: that help prevent, remediate and adapt to issues resulting from climate change, the limitations of natural resources, and environmental degradation”. In 2023, the Green Revenue factor was 10% (7% in 2022), and related to, among other items, products and solutions for teleconferencing, smart grids, and cloud technology.

On the energy front, in 2023, Italtel achieved a 22.4% reduction in CO2 emissions compared to the previous year. The specific reduction objective of 19% that had been set in 2022 was therefore abundantly exceeded, demonstrating the effectiveness of the constant attention and commitment to monitoring this value. Cumulatively,









over the past five years, Italtel has achieved a 54.5% reduction and therefore more than halved its emissions.

Launched in 2021, the plastic consumption reduction project entitled Plastic Free, in 2023, achieved a 92.1% reduction in plastic compared to the previous year, contributing to a 99.7% reduction over the past five years. These results were achieved also thanks to partnerships with companies managing the refreshment areas of national offices.

Italtel is naturally also committed to the social aspect of environmental, social and governance.

At the beginning of 2023, a set of gender equality and gender pay gap

KPIs and objectives

were therefore

set. Furthermore,

initiatives were

launched to orient the

Company in certifying

gender equality to

the UNI/PdR 125

standard. Among

the activities, several training courses were given to raise awareness on gender equality and the potential and often subconscious prejudices and stereotypes that can affect human resources processes. It was then possible to measure the effectiveness of such initiatives through the aforementioned KPIs. An increase was therefore recorded in both the number and percentage of women in managerial positions within the Company, and the salary gap was reduced at both a managerial and general level. Finally, new entry-level hires were integrated into the company with the gender pay gap at zero.

A further important result was achieved by the Company in 2013 regarding its Carbon Disclosure Project (CDP) rating. In the CDP Climate Change questionnaire, Italtel significantly improved its score, from C ("Awareness" of climate impacts and issues) to B ("Management" action on climate issues), on the scale from D (minimum) to A (maximum). Italtel has disclosed data on its environmental impacts and carbon footprint through CDP, the global, non-profit, sector-leading organization, since 2021.

With the disclosure of this data, Italtel demonstrates its commitment to a sustainable economy and to combating climate change, as well as confirming its response to the ever growing demand for environmental transparency from stakeholders.

Italtel also submits its sustainability performance to evaluation by another international organization, EcoVadis, which has developed a collaborative platform to evaluate the sustainability of suppliers in global supply chains. Italtel decided, from 2015 onwards, to annually undergo this evaluation in relation to the principles of Corporate Social Responsibility, based on the internationally recognized Global Compact standards, and divided up into four thematic areas: The Environment, Work and Human Rights, Business Ethics, and Sustainable Procurement.

In these areas, in 2023 Italtel received the "Bronze Medal" with a score of 58 points out of 100. In all thematic areas, Italtel is positioned well above the averages of other companies evaluated in its sector.

Another important element is Italtel's possession of the Legality Rating, awarded for the first time in 2015 by the Competition and Markets Authority (AGCM), and, since 2017, maintained with the maximum score of three stars. This major achievement places Italtel among those companies most committed to adopting ethical conduct principles and operating in compliance with law.

Further initiatives and projects are underway and have been planned with their effects expected to be seen in the next year. For further details on ESG issues, please refer to the Italtel 2023 Sustainability Report, which brings together and analyzes all the relevant facts at Group level.

ITALTEL IS THERE  
WHEN YOUNG PEOPLE  
WANT TO EXPLORE  
THEIR FUTURE  
PROFESSIONAL LIFE



# CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

The Assumption, completed through the Deed of Acknowledgment of April 1, 2022, resulted in a change to the shareholding structure and the structure of the Company created following the assumption ("new Italtel S.p.A."). The currently applicable By-Laws also came into effect, which govern - among other matters - the composition and functioning of the corporate bodies, including the Board of Directors.

Under Article 11.1.2 of the By-Laws and as the sole holders of the A Shares and B Shares issued by the Company, both TIM and Clessidra hold the right to appoint one member of the Board of Directors, while the other Directors - from a minimum of seven to a maximum of nine - must be appointed by the Company's Shareholders' Meeting, in which the PSC Group has the majority of votes, and which appoints the Chairman (Article 11.1.3 of the By-Laws). According to the provisions of Article 11.5.2 of the By-Laws as below, the Directors chosen by TIM and Clessidra are given the power of veto regarding certain management transactions. These include, for example, the purchase or sale of corporate shareholdings and companies; the purchase of goods and services worth more than Euro 2.5 million and the assumption of medium- to long-term debt.

Shareholder agreements entered into by the parties contain a number of specific provisions on the appointment of Statutory Auditors, but do not include any additional provisions on governance, beyond those in the By-Laws, except for the one that entrusts PSC with the appointment of the Chief Executive Officer (Article 4.3.3. of the shareholder agreement).

## BOARD OF DIRECTORS

In general terms, the Board of Directors is vested with the broadest powers of ordinary and extraordinary management of the Company and has the power to perform all acts, including acts of disposition, that it deems appropriate to realize and achieve the corporate purposes, with the exception only of those acts that are reserved by law to the Shareholders' Meeting.

The Chairman of the Board of Directors is vested with legal representation of the Company before third parties and in court, and, according to the law and the By-Laws, the powers pertaining to the office; by virtue of the Board of Directors' resolution of April 1, 2022, with single signature and within the financial limits stipulated by the aforementioned resolution, the Chief Executive Officer and legal representative are also vested - within the limits of his/her delegated authority and with the right to grant power of attorney to third parties - with the legal signature and representation before third parties and in court.

## REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS OF ITALTEL S.P.A.

The remuneration payable to the Directors and Statutory Auditors of Italtel S.p.A., accruing in 2023, is as follows:

(Euro thousands)

	2023	2022
Directors	503	334
Statutory Auditors	59	30

The Shareholders' Meeting of April 1, 2022 granted the members of the Board of Directors the following gross annual remuneration: to the Chairman of the Board of Directors, Euro 125,000, plus a bonus of Euro 50,000 (to be paid upon fulfillment of the agreed commitments); to the Director appointed by the Board as Chief Executive Officer, Euro 100,000 and, to the other Directors, including the Vice-Chairman of the Board, Euro 25,000 each for each







fiscal year and for the entire term of office, which expires with the approval of the financial statements at December 31, 2024.

In view of the establishment of the Internal Committees for Related Parties and Remuneration with the appointment of their respective members, the Board of Directors' of May 26, 2022 resolved to set the additional remuneration compared to the remuneration established by the Shareholders' Meeting of April 1, 2022 at Euro 5,000, to be awarded to each Committee member for each Committee, with waiver of remuneration by the Directors appointed by vote of the ordinary shares.

Following the appointment of the Board of Statutory Auditors, the Shareholders' Meeting of June 30, 2022, passed a resolution on Board members' remuneration, granting the Chairman of the Board of Statutory Auditors a gross annual remuneration of Euro 25,000 and each Standing Auditor a gross annual remuneration of Euro 15,000.

The Italtel S.p.A. Board of Directors, on April 7, 2022, following the confirmation of the Supervisory Board of the "New Italtel", approved the remuneration of its external members. Mauro Romano was therefore allocated an annual compensation of Euro 2,500, for the role of Supervisory Board member, while Anna Lucia Muserra was allocated an annual compensation of Euro 5,000, for the role of the Chair of the Supervisory Board.

## COMMITTEES

Subject to the provisions of Article 11.6.2 below regarding the composition of committees, Article 11.6 of the Company's current By-Laws provides that the Board of Directors may approve the establishment of internal Board committees, with the majorities required by law.

On April 29, 2022, the Company's Board of Directors resolved to establish the following committees:

- a "Related Parties Committee" consisting of the Director chosen by the holders of A-shares and the Director chosen by the holders of B-shares

(pursuant to Article 11.6.2. (i) of the By-Laws) and another Director without operational authority chosen by the Board of Directors.

- a "Remuneration Committee" consisting of the Director chosen by the holders of A-shares and the Director chosen by the holders of B-shares (pursuant to Article 11.6.2. (i) of the By-Laws) and another Director without operational authority chosen by the Board of Directors.
- Furthermore, on February 16, 2023, having reviewed and approved the Regulation for Information Flows, the Board of Directors established the ad hoc Information Flows Committee, whose remuneration was then decided by the Board on March 16, 2023. According to its Regulation, the composition of this Committee is the same as that of the Related Parties Committee. It therefore consists of the Director chosen by the holders of A-shares and the Director chosen by the holders of B-shares (pursuant to Article 11.6.2. (i) of the By-Laws) and another Director without operational authority chosen by the Board of Directors.

## REMUNERATION COMMITTEE

The current Committee was established by the Board of Directors of April 29, 2022 and, in accordance with the By-Laws, consists of three Directors in the person of Roberto Loiola, Director and Chairman of the Committee, Federico Raffaele (Director chosen by the holders of A-shares) and Federico Ciccone (Director chosen by the holders of B-shares).

The Remuneration Committee (first established as per the By-Laws) has its own Regulation (adopted in 2022) covering its tasks and procedures.

The Remuneration Committee performs investigative, advisory and propositional functions to the Board and specifically:

- (a) formulates proposals or expresses opinions regarding the remuneration of the Chairman and the Chief Executive Officer, in relation to the various forms of remuneration and economic benefits.
- (b) makes proposals or expresses opinions regarding

the remuneration of members of committees established by the Board.

- (c) reviews the indications of the Chief Executive Officer and proposes:
  - the general criteria for the remuneration of Senior Executives.
  - the annual and long-term incentive plans.
  - the definition of performance targets and the reporting of business results for performance plans relating to the determination of variable remuneration of Senior Directors powers and the enactment of incentive plans.
- (d) periodically assesses the overall adequacy and consistency of that set out in (d) above, monitors its actual application and verifies, specifically, the actual achievement of performance targets, making proposals to the Board in this regard.
- (e) reports to the Board on its activities, at least half-yearly, at the Board meeting designated by the Chairman of the Board of Directors.
- (f) reports on the manner in which its functions are exercised at the Board meeting called to approve the annual financial statements, through the Chairman of the Committee itself or another member designated by the Chairman.

In 2023, the Remuneration Committee met twice.

## RELATED PARTIES COMMITTEE

The current Committee was established by the Board of Directors of April 29, 2022 and, in accordance with the By-Laws, consists of three Directors in the person of Giuseppe Pirozzi, Director and Chairman of the Committee, Federico Raffaele (Director chosen by the holders of A-shares) and Federico Ciccone (Director chosen by the holders of B-shares).

The Committee has its own Regulation.

In 2023, the Related Party Transactions Committee met twice.

## ORGANIZATION, MANAGEMENT AND CONTROL MODEL

The Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001 (hereinafter also the “231 Model” or “Model”) currently in force was approved by the Italtel S.p.A. Board of Directors at its meeting on September 29, 2022.

In 2023, the Model and its procedures were reviewed and updated to make them more consistent with the organization and the latest version of the 231 Model.

The procedures, approved by the Supervisory Board, were disseminated to all staff through publication on the corporate intranet by the Compliance Office.

The documents entitled “Principles of Crime Prevention” and “Conduct guidelines” were also updated to be in line with the current 231 Model. Their translations into English, Spanish and Portuguese were then sent in March 2023 to the legal representatives of foreign Group companies, who disseminated them via e-mail to all staff. The same documents were made available to all Group staff on the corporate intranet.

The business ethics training plan for personnel continued. This consisted of five online training pills and covered the main types of offenses potentially applicable to Group activities. Training on these topics continued to be given to newly hired staff, both in Italy and abroad.

Audits of sensitive processes for 2023 were designed to prevent the occupational health and safety offenses described in Special Section C of the Model. The audits concerned risk areas relating to activities carried out by both employees and external personnel at the Company's offices in Italy.

The Compliance Officer of Italtel S.p.A. provided regular updates to the Supervisory Board (comprising two external members with expertise in financial reporting and economic – financial matters, risk management and control, the analysis of control systems and the governance required by Legislative



Decree No. 231/2001 and the Internal Audit and Compliance Manager) and senior management concerning activities carried out for implementation and verification of the 231 Model.

The Supervisory Board also verified the results of the information received periodically in accordance with the 231 Protocol.

The Company maintained the maximum three-star Legality Rating, awarded to it by the Competition and Markets Authority (AGCM) on November 24, 2022.

## RISK MANAGEMENT

For information on financial risks, see Note 7 of the Notes to the Consolidated Financial Statements.

### CONFLICT OF INTEREST REGULATION

In 2023, the periodic verification of compliance with the rules regarding the recording of potential cases of conflict of interest and the relative treatment for employees of all Group companies with special powers and duties continued.





## RELATED PARTY TRANSACTIONS

The Company continued during the year to monitor transactions with Related Parties in protection of the minority shareholders and the other Italtel S.p.A. stakeholders from any abuses, ensuring transparent disclosure, in addition to the formal and substantial correctness of transactions with Related Parties, both in the preparatory and execution phases.

Italtel S.p.A. has put in place an internal procedure concerning related party transactions, approved by the Board of Directors of the Company on December 22, 2022.

In relation to activities with related parties in the year, reference should be made to the section within the Notes.

## SUBSEQUENT EVENTS TO YEAR-END

Regarding the composition procedure in which Gruppo PSC S.p.A. is involved, on November 28, 2023, the Nextalia Credit Opportunities Fund presented a binding offer as underwriter of the composition with the Gruppo PSC creditors, which was formally accepted by the Board of Directors of Gruppo PSC.

In February 2024, the assumption operation proposal obtained, with large majorities, the favor of the voting creditors of Gruppo PSC Group. Following approval by the court, expected by May, the agreement will be executed in accordance with legal provisions and the specific provisions of the assumption operation.





# BUSINESS OUTLOOK FOR THE YEAR 2024

In 2024, Italtel will continue on the path traced out by the Business Plan, which anticipates a progressive improvement in EBITDA, supported by a global growth strategy oriented to the Telco, Enterprise and Public Administration sectors, and by a rapid development in response to trends with the highest potential (e.g. GenAI, Cyber, Cloud).

Furthermore, a strong focus on making processes and cost structures more efficient will continue to support the trend of improvement in the Group's financial parameters, also thanks to the adoption of artificial intelligence driven models.

Italtel will contribute in 2024 to accelerating the digital transformation of its clients through consolidated skills and an orientation to the progressive adoption of disruptive tools such as generative artificial intelligence.

Milan, March 21, 2024

For the Board of Directors

The Chief Executive Officer



# **CONSOLIDATED FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2023**

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated Balance Sheet at December 31, 2023 and 2022

		(Euro thousands)	
	Note	31/12/2023	31/12/2022
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(8)	2,760	3,503
Right-of-use on third-party assets	(9)	8,583	7,781
Other intangible assets	(10)	15,380	16,624
Goodwill	(11)	12,601	12,601
Investments measured using the equity method	(12)	81	81
Medium/long term financial assets	(13)	216	215
Other assets	(14)	941	921
Deferred Tax Assets	(15)	5,688	3,035
<b>Total non-current assets</b>		<b>46,250</b>	<b>44,761</b>
<b>Current assets</b>			
Inventories	(16)	25,190	24,660
Contract work-in-progress	(17)	2,266	27,195
Trade receivables	(18)	46,458	62,674
Current tax receivables	(19)	489	580
Other receivables and assets	(20)	16,900	26,141
Short-term financial assets	(21)	515	83
Restricted current accounts	(22)	1,695	2,127
Cash and cash equivalents	(23)	44,613	33,309
<b>Total current assets</b>		<b>138,126</b>	<b>176,769</b>
<b>Assets held-for-sale and discontinued operations</b>	(24)	<b>16,289</b>	<b>4,518</b>
<b>Total assets</b>		<b>200,665</b>	<b>226,048</b>
<b>Shareholders' Equity and Liabilities</b>			
<b>Shareholders' Equity</b>			
Share capital	(25)	5,675	5,675
Reserves	(26)	50,623	50,623
Other reserves included Profit/(Loss) for the year	(27)	(22,297)	(5,296)
<b>Group Shareholders' Equity</b>		<b>34,001</b>	<b>51,002</b>
Minority interest capital and reserves		-	-
<b>Total Shareholders' Equity</b>		<b>34,001</b>	<b>51,002</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employee provisions	(28)	10,850	13,025
Provisions for risks and charges	(29)	13,627	11,397
Deferred tax liabilities	(15)	3,867	3,772
Medium/long term financial liabilities	(30)	6,723	17,077
Other liabilities	(31)	2,680	10,535
<b>Total non-current liabilities</b>		<b>37,747</b>	<b>55,806</b>
<b>Current liabilities</b>			
Advances on contract work-in-progress	(17)	3,530	4,321
Trade payables	(32)	64,751	61,789
Current tax payables	(33)	282	353
Other payables and liabilities	(34)	27,768	38,091
Short-term financial liabilities	(30)	32,212	13,794
<b>Total current liabilities</b>		<b>128,543</b>	<b>118,348</b>
<b>Liabilities related to assets held-for-sale and discontinued operations</b>	(24)	<b>374</b>	<b>892</b>
<b>Total liabilities</b>		<b>166,664</b>	<b>175,046</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>200,665</b>	<b>226,048</b>



## 2023 and 2022 Consolidated Income Statement

(Euro thousands)			
	Note	2023	2022
Revenues from sales and services	(35)	269,958	209,160
Other income	(36)	7,970	6,943
Purchase of materials and external services	(37)	(198,085)	(140,345)
Personnel expense	(38)	(76,784)	(59,734)
Amortization, depreciation and write-downs	(39)	(7,656)	(6,321)
Other operating expenses	(40)	(2,379)	(3,767)
Change in inventories	(41)	3,878	(5,127)
Internally generated assets	(42)	2,276	1,586
<b>EBIT</b>		<b>(822)</b>	<b>2,395</b>
Financial income	(43)	5,913	5,059
Financial expenses	(43)	(12,826)	(9,846)
<b>Profit/(loss) before taxes</b>		<b>(7,735)</b>	<b>(2,392)</b>
Income taxes	(44)	1,621	(3,253)
<b>Profit/(Loss) from continuing operations</b>		<b>(6,114)</b>	<b>(5,645)</b>
Net Profit/(Loss) from discontinued operations	(24)	(10,459)	(340)
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>		<b>(16,573)</b>	<b>(5,985)</b>
Group share		(16,573)	(5,985)
Minority interest share		-	-

## 2023 and 2022 Consolidated Comprehensive Income Statement

			(Euro thousands)	
	Note	2023	2022	
<b>Net Profit/(Loss) for the year</b>		<b>(16,573)</b>	<b>(5,985)</b>	
<i>Other comprehensive income/(expense) which may be subsequently reclassified to income/(loss) for the year:</i>				
Profits/(losses) from conversion of accounts of overseas companies	(27)	234	537	
Gains/(losses) on the effective portion of the Cash Flow Hedge:	(27)			
CFH Profit/(loss)		(752)	-	
Tax effect		180	-	
Total		(572)	-	
<i>Total other comprehensive income/(expense) which may not be subsequently reclassified to income/(loss) for the year:</i>				
Re-measuring of employee plan (IAS 19):				
Actuarial profits/(losses)	(27)	(96)	993	
Tax effect		-	-	
Closing Currency Conversion Reserve of Italtel Arg. in liq. exit from the consolidation scope	(27)	(653)	-	
Reversal into retained earnings of the closing Currency Conversion Reserve of Italtel Arg. in liq. exit from the consolidation scope	(27)	653	-	
<b>Total other income/(expense) directly recorded to net equity</b>		<b>(434)</b>	<b>1,530</b>	
<b>Total comprehensive income/(expense)</b>		<b>(17,007)</b>	<b>(4,455)</b>	
<b>Group share</b>		(17,007)	(4,455)	
<b>Minority interest share</b>		-	-	

Further information on the comprehensive income items is reported in Note 27 Other reserves including profit/(loss) and minority interest reserves

## Consolidated Cash Flow Statement at December 31, 2023 and 2022

(Euro thousands)

	Note	2023	2022
<b>A - Cash flows from operating activities deriving from continuing operations</b>			
Net income		(6,114)	(5,985)
Amortization, depreciation and write-downs		7,656	6,321
(Gains)/losses on disposed assets		8	7
(Increase)/Decrease in deferred taxes		(2,558)	1,686
Increase/(Decrease) of employee benefits provisions		(2,175)	(524)
Payment of employee benefit provision - preferential debt		-	(2,492)
Changes in other provisions		2,230	1,792
<b>Cash flow from activities before changes in working capital</b>		<b>(953)</b>	<b>808</b>
<b>Changes in working capital</b>			
(Increase) / Decrease in receivables		41,145	(943)
(Increase) / Decrease in inventories		(530)	4,594
(Increase) / Decrease of other assets		9,312	16,310
(Increase) of the receivable for the sale of the UBB business unit		(16,289)	-
Increase / (Decrease) in trade and other payables		(973)	(21,540)
Settlement of arrangement debts to suppliers and other preferential debts		(4,995)	(8,445)
<b>Total changes in working capital</b>		<b>27,670</b>	<b>(10,024)</b>
<b>Total (A) <sup>(1)</sup></b>	(23)	<b>26,717</b>	<b>(9,216)</b>
<b>B - Cash flow from investing activities</b>			
(Investments) and divestments in holdings and securities		(1)	(19)
(Increase) / Decrease in other financial assets		(432)	(82)
Divestment of fixed assets		4,549	3,195
Investments in property, plant & equipment		(915)	(891)
Investments in contracts for rights-of-use		(4,516)	(1,359)
Investments in property, plant & equipment		(2,334)	(1,649)
<b>Total (B)</b>	(23)	<b>(3,649)</b>	<b>(805)</b>
<b>C - Cash flow from financing activities <sup>(2)</sup></b>			
Share capital payments		-	4,823
Share premium reserve payments		-	42,955
Payment of arrangement financial payables		(5,575)	(20,078)
Granting and (repayments) of short-term loans		(361)	(852)
Granting / (repayments) payables for with recourse discount transactions		3,117	3,717
Repayment of loans to third parties		(467)	(876)
Repayment of finance leases		(2,873)	(1,461)
Repayment of financial lease liabilities to PSC S.p.A.		(215)	(346)
Repayment of financial lease liabilities to PSC Investimenti S.p.A.		(113)	(68)
Granting of financial lease liabilities to PSC Investimenti S.p.A.		302	-
Granting of finance leases		4,214	1,184
Increase / (Decrease) in other financial assets and liabilities		227	456
<b>Total (C)</b>	(23)	<b>(1,744)</b>	<b>29,454</b>
<b>D - Cash flows in the period (A+B+C) from continuing operations</b>		<b>21,324</b>	<b>19,433</b>
<b>E - Cash flow from operating activities deriving from discontinued operations</b>			
Net income		(10,459)	-
Amortization, depreciation and write-downs		38	-
<b>TOTAL (E)</b>		<b>(10,421)</b>	<b>-</b>
<b>F - Cash flow for the year (D+E)</b>		<b>10,903</b>	<b>19,433</b>



## CONSOLIDATED FINANCIAL STATEMENTS

G - Other equity changes	(31)	(490)
<b>H - Opening cash and cash equivalents</b>	<b>35,436</b>	<b>33</b>
<b>I - Cash and cash equivalents Assumption April 1, 2022</b>	<b>-</b>	<b>16,460</b>
<b>L - Closing cash and cash equivalents (F+G+H+I)</b>	<b>46,308</b>	<b>35,436</b>

- (1) Includes payment of taxes of Euro 836 thousand at December 31, 2023 and of Euro 1,156 thousand Euro at December 31, 2022.
- (2) In FY 2023 and 2022, there is no unpaid interest expense at the end of the fiscal year.
- (3) Further information on cash flows is reported in Note 23



## Statement of changes in Shareholders' Equity for years ended December 31, 2022 and 2023

						(Euro thousands)
	Group Share				Minority interest share	Total Shareholders' Equity
	Share capital	Reserves	Other reserves incl. net result	Total		
<b>January 1, 2022</b>	<b>50</b>	<b>-</b>	<b>(19)</b>	<b>31</b>	<b>-</b>	<b>31</b>
Transactions with shareholders (*):						
Increase in share capital & share premium reserve through cash payments to April 1, 2022	4,773	42,955	-	47,728	-	47,728
Increase in share capital & share premium reserve through conversion of unsecured loans to April 1, 2022	852	7,668	-	8,520	-	8,520
Total recapitalization at April 1, 2022	5,625	50,623	-	56,248	-	56,248
<b>Balance at April 1, 2022</b>	<b>5,675</b>	<b>50,623</b>	<b>(19)</b>	<b>56,279</b>	<b>-</b>	<b>56,279</b>
Comprehensive income/(expense) April 1 - December 31, 2022	-	-	(4,455)	(4,455)	-	(4,455)
Effect of application of IAS 29 on equity items of Italtel Argentina SA & Italtel de Chile SpA at December 31, 2022	-	-	(822)	(822)	-	(822)
<b>December 31, 2022</b>	<b>5,675</b>	<b>50,623</b>	<b>(5,296)</b>	<b>51,002</b>	<b>-</b>	<b>51,002</b>
First IFRS 16 application for Italtel Deutschland GmbH			6	6		6
<b>January 1, 2023</b>	<b>5,675</b>	<b>50,623</b>	<b>(5,290)</b>	<b>51,008</b>	<b>-</b>	<b>51,008</b>
2023 Comprehensive Profit/(Loss)	-	-	(17,007)	(17,007)	-	(17,007)
<b>December 31, 2023</b>	<b>5,675</b>	<b>50,623</b>	<b>(22,297)</b>	<b>34,001</b>	<b>-</b>	<b>34,001</b>

(\*) The company Italtel S.p.A. was incorporated on October 12, 2020 under the name "Nuovo Polo Impiantistico S.r.l." and subsequently converted into a joint-stock company. On April 1, 2022, the company changed its name to Italtel S.p.A.

Further information on net equity items is reported in Notes 25, 26 and 27



## Notes to the consolidated financial statements

### Note 1 - Introduction

Italtel S.p.A. is a joint-stock company with registered office in Rome, Viale Luigi Schiavonetti 270/F (Rome) and secondary offices in Milan, Via Caldera 21.

The company was incorporated on October 12, 2020 as "Nuovo Polo Impiantistico S.r.l." and is 100% owned by Gruppo PSC S.p.A. (in short PSC S.p.A.). Subsequently, the Shareholders' Meeting passed a resolution to legally convert the company into "Nuovo Polo Impiantistico S.p.A.". On April 1, 2022, the Deed of Transfer ("Deed of Recognition") was executed, involving the assumption by Nuovo Polo Impiantistico S.p.A. of the entirety of the corporate assets of Italtel (Assumption), the date on which the assuming company changed its name to Italtel S.p.A.

Italtel S.p.A. is currently owned 53.66% by PSC S.p.A., 28.62% by Clessidra Capital Credit SGR S.p.A. and 17.72% by TIM S.p.A.

These financial statements were approved by the Board of Directors on March 21, 2024 and authorized for publication in accordance with law.

All the amounts reported in the consolidated financial statements are expressed in thousands of Euro, unless otherwise indicated.

Compared to December 31, 2022, following the conclusion of the liquidation process, the company Italtel USA Ltd was cancelled from the register and the company Italtel Argentina SA in liquidation was deconsolidated, without any impacts on the Group shareholders' equity.

### Note 2 Method of presentation of the financial statements and accounting principles adopted

#### Basis of presentation

The consolidated financial statements at December 31, 2023 have been prepared in accordance with the general principles of accrual, consistency of presentation, materiality and aggregation, prohibition of offsetting, and comparability of information.

The Italtel Group's primary reporting is based on operating segments. With regard to the operating segments, only a single operating segment was identified as the benefits deriving from the sale of goods and provision of services, which characterizes the activities of the Group, are not significantly different based on the goods sold and services provided.

These consolidated financial statements, relating to the year ended December 31, 2023, are presented in Euro, being the currency in which the Group operates and consist of the Balance Sheet, Income Statement, Comprehensive Income Statement, Statement of changes in Shareholders' Equity, Cash Flow Statement and the Notes to the financial statements and are audited by EY S.p.A. in accordance with Article 14 of Legislative Decree No. 39 of January 27, 2010.

Italtel S.p.A. has prepared consolidated financial statements at December 31, 2023 in accordance with IFRS<sup>1</sup>. These standards were applied as of January 1, 2022, and the first financial statements ending December 31, 2022, with a comparison to the financial statements at December 31, 2021, are published in 2023.

The financial statements of Italtel S.p.A. fulfil the requirement for a true and correct presentation of the balance sheet, financial position, income statement and cash flows, in compliance with the general principles of going concern, the accruals concept, reliable presentation, correct classification, prohibition of offsetting and comparability of information.

---

<sup>1</sup>The term IFRS includes all of the "International Financial Reporting Standards", all of the International Accounting Standards ("IAS") and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC"), endorsed by the European Commission and contained in the relative E.U. Regulations.

## International Accounting Standards

The Company prepared the consolidated financial statements at December 31, 2023 in compliance with the IFRS issued by the IASB and endorsed by the European Commission. IFRS also include all the revised international accounting standards ("IAS") and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC").

The accounting standards and basis of preparation used until April 1, 2022 by Nuovo Polo Impiantistico S.p.A. were in accordance with Italian GAAP.

Reconciliations and a description of the effects of the transition from Italian GAAP to IFRS are provided in Note 6 to the financial statements at December 31, 2022.

The IASB (International Accounting Standard Board) and IFRIC (Financial Reporting Interpretation Committee) have approved a number of changes to IFRS (International Financial Reporting Standards) and certain interpretations, some of which already published in the Official Journal of the European Union, applicable for the first time at January 1, 2023 or changes and interpretations already issued but applicable to financial statements beginning after January 1, 2024. The changes made are shown below with indication of relevance or otherwise to the Company.

\*\*\*\*

Changes to accounting standards, interpretations and amendments applied from January 1, 2023:

- Commission Regulation (EU) 2022/357 of March 2, 2022, published in Official Journal L 68 of March 3, 2022, endorsing the following amendments
  - "Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies," issued in February 2021. The amendments are intended to support companies in deciding which accounting policies to illustrate in the financial statements.
  - "Amendments to IAS 8 - Definition of Accounting Estimates," issued in February 2021. The amendments are intended to support companies in distinguishing between changes in accounting policies and changes in accounting estimates.
- Commission Regulation (EU) 2022/1392 of August 11, 2022, published in Official Journal L 211 of August 12, 2022, adopting amendments to IAS 12\* "Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction." These amendments clarify how companies should account for deferred taxes on transactions such as leases and decommissioning obligations, and aim to reduce diversity in the recognition of deferred tax assets and liabilities on leases and decommissioning obligations.
- Commission Regulation (EC) 2023/2468 of November 8, 2023, published in the Official Journal L Series of November 9, 2023, adopts amendments to IAS 12 Income Taxes. The amendments introduced a temporary exception to deferred tax accounting related to the application of the provisions of Pillar Two published by the OECD, as well as targeted supplementary information for affected entities. In December 2021, the Organization for Economic Cooperation and Development (OECD) released a draft legislative framework for a global minimum tax to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profits from one jurisdiction to another in order to reduce the global taxation of corporate Groups.

The accounting standards, interpretations and amendments issued by the IASB/IFRIC and endorsed by the European Commission, applicable as of January 1, 2024, are as follows:

- Commission Regulation (EC) 2023/2822 of December 19, 2023, published in the Official Journal L Series of December 20, 2023, on amendments to IAS 1 *Presentation of Financial Statements*. The document aims to clarify how an entity should classify liabilities as current or non-current. Specifically, the amendments improve the information a company must provide when its right to defer settlement of a liability for at least 12 months is subject to covenants.

- Commission Regulation (EC) 2023/2579 of November 20, 2023, published in the Official Journal L Series of November 21, 2023, adopting amendments to IFRS 16 *Leases*. The amendments to IFRS 16 specify how the selling lessee subsequently evaluates sale and leaseback transactions.
- Commission Regulation (EC) 2023/2772 of July 31, 2023, published in the Official Journal L Series of December 22, 2023, for the adoption of sustainability reporting standards (ESRS).

The accounting standards, interpretations and amendments issued by the IASB/IFRIC that have not yet completed the relevant endorsement process and are applicable as of the expected date of January 1, 2025 are as follows:

- “Amendments to IAS7- Statement of Cash Flows” and “IFRS 7- Financial Instruments - disclosures: Supplier Finance Arrangements” issued on May 25, 2023.
- “Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability” issued on August 15, 2023.

The directors do not expect the adoption of these principles to have a significant impact on the consolidated financial statements.

## Consolidation method

The consolidated financial statements include the financial statements of Italtel S.p.A. and of the directly and indirectly controlled Italtel S.p.A. Group companies.

The financial statements used for the consolidation were prepared at December 31, 2023 and are those prepared and approved by the Board of Directors of the individual companies, appropriately adjusted, where necessary, in accordance with the accounting policies of the parent company.

The subsidiaries whose consolidation would not have significant effects both from a quantitative and qualitative viewpoint were not included in the consolidation scope and therefore not consolidated under the line-by-line method, to ensure an accurate representation of the balance sheet, income statement and financial situation of the Italtel Group. These entities were recognized at cost.

The criteria adopted for the line-by-line consolidation of the subsidiaries are as follows:

- the assets and liabilities, charges and income are recorded line-by-line, attributing to minority shareholders, where applicable, the relative share of net equity and of the net result, from the date on which control is assumed to that on which it is transferred outside the Group.
- the business combinations, in which the control of an entity is acquired, are recorded applying the purchase method. The acquisition cost is represented by the Fair Value, at the purchase date, of assets sold, of liabilities incurred and of capital instruments issued, and any other accessory charges directly allocated. The difference between the acquisition cost and the current value of the assets and liabilities acquired, if positive, is allocated to Goodwill, and if negative is recorded in the income statement.
- the gains and losses from operations between fully consolidated companies, not yet realized with third parties are eliminated if significant with the reciprocal payables and receivables also eliminated, in addition to the costs and revenues and the financial income and charges.
- the gains and losses deriving from the sale of a share of the investment in a consolidated company are recorded in the income statement for the amount corresponding to the difference between the sales price and the corresponding fraction of the assets and liabilities sold.

The holdings in companies in which the Italtel Group has a significant influence (hereafter associated companies), which is presumed to exist when the percentage holding is between 20% and 50%, are recognized under the net equity method, with the exception of the cases in which the application of this method to the investment does not impact the balance sheet and financial situation of the Italtel Group. In these cases, the investment is carried at cost. The application of the net equity method is described below:

- the book value of the investments is aligned to the net equity of the company adjusted, where necessary, to reflect the application of the accounting policies of the Parent Company and include, where applicable, the recording of any goodwill identified at the moment of the acquisition.
- the profits and losses pertaining to the Italtel Group are recognized in the consolidated income statement at the date when the significant influence begins and until the date of termination. Where losses in the investee result in a negative net equity, the book value of the investment is written down and any excess pertaining to the Group is recorded in a specific provision only when the Italtel Group is committed to comply with legal or implicit obligations of the associated company or in any case to cover the losses. The

equity changes of the associated companies not derived from the income statement are recorded directly as adjustments to the reserves.

- the gains and losses not realized generated on operations between the Parent Company/Subsidiaries and the associated companies are eliminated for the part pertaining to the Italtel Group. The losses not realized are eliminated except when they represent a permanent impairment in value.

The financial statements of the companies in the consolidation scope are prepared in the primary currency in which they operate (the functional currency). The consolidated financial statements were prepared in Euro, which is the functional currency of the Parent Company. The rules for the translation of financial statements of companies which operate in a foreign currency other than the Euro are the following:

- the assets and the liabilities were translated using the exchange rate at the balance sheet date.
- the costs and revenues were translated at the average exchange rate for the period.
- the "Translation reserve" includes both the foreign exchange differences generated from the translation of foreign currency transactions at a rate different than at the balance sheet date and those generated from the translation of the opening shareholders' equity at a different rate than that at the balance sheet date.
- the goodwill and the Fair Value adjustments related to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate at the reporting date.
- in the preparation of the consolidated cash flow statement the average exchange rates for the year are used to convert the cash flows of foreign subsidiaries.

The exchange rates applied are reported below.

	<b>2023 average</b>	<b>At December 31, 2023</b>	<b>2022 average</b>	<b>At December 31, 2022</b>
Argentinean Peso (*)	314.1127	892.9239	142.4061	188.5033
Brazilian Real	5.401	5.3618	5.296933	5.6386
US Dollar	1.0813	1.105	1.031011	1.0666
Polish Zloty	4.542	4.3395	4.7067	4.6808
Peruvian Nuevo Sol	4.0472	4.0818	3.960922	4.0459
Chilean Peso	908.2	977.07	921.0133	913.82
Colombian Peso(**)	4675.0	4267.52	5,050.705	5,172.47

(\*) The above table reports the average exchange rate of the Argentinian Peso for information purposes only. In the conversion of the Argentinian company's 2022 income statement, the year-end rate at December 31, 2022 was used and applied to the financial statements restated at current values in accordance with IAS 29 - Financial Reporting in Hyperinflationary Economies. In 2023, the Argentine company was deconsolidated.

(\*\*) The average exchange rate for the last two months of 2022, the period in which the transactions of the newly formed Colombian company took place, was used to convert the 2022 income statement of the Colombian company.

The lists of companies directly or indirectly held by the Parent Company are reported in Note 49.

In the Group's balance sheet as of December 31, 2023, Italtel Argentina SA in liquidation has been deconsolidated, as the activities carried out in 2023 mainly relate to liquidation activities and are not relevant to the representation of the Group's activities.

The deconsolidation in 2023 resulted in no change to Group equity.

Until December 31, 2022, since there is a hyperinflationary situation in the country, IAS 29 - Disclosures in Hyperinflationary Economies was applied.

The following information referred to that period.

In Argentina, as a result of a long observation period on inflation rates and other indicators, global consensus was reached on the verification of the conditions that determine the presence of hyperinflation in accordance with international accounting standards (IFRS International Financial Reporting Standards). It follows that, as from July 1, 2018, all companies operating in Argentina were required to apply the standard IAS 29 - Financial Reporting in Hyperinflationary Economies when preparing financial reports.

With reference to the Group, consolidated financial results at December 31, 2022 include the effects deriving from the application of the above-mentioned accounting standard, with effect from January 1, 2019.

In accordance with the standard IAS 29, the restatement of values in the entire financial statements requires the application of certain procedures and a valuation process by the Group concerning:

- in relation to the income statement, costs and revenues were revalued by applying the general consumer price index in order to reflect the loss of the local currency's purchasing power at December 31, 2022. In

order to restate the income statement into Euro, the year-end rate at December 31, 2022 was consistently applied instead of the average exchange rate for the period.

- As regards the balance sheet, monetary items were not restated since they are already expressed in the measuring unit current at the end of the year. non-monetary assets and liabilities were instead revalued to reflect the local currency's loss of purchasing power from the date on which the assets and liabilities were initially recorded, to year-end at December 31, 2022.
- the effect restated on the net monetary position for the part generated in 2022 was a charge of Euro 892 thousand and was recognized in the income statement among financial expenses.

As mentioned above, as of FY 2023 the Argentine company was deconsolidated.

## Summary of the main accounting standards and policies

The Consolidated Financial Statements were prepared in accordance with the cost criteria, except in cases specifically described in the following notes where the fair value was applied and are presented, where not otherwise indicated, in thousands of Euro.

The principal measurement criteria utilized are described below.

### A - Property, plant and equipment

Property, plant and equipment are measured at purchase or production cost, net of accumulated depreciation and any loss in value. The cost includes all charges directly incurred for bringing the asset to their condition for use, as well as dismantling and removal charges which will be incurred consequent of contractual obligations, which require the asset to be returned to its original condition. Subsequent costs are only capitalized where they increase the future economic benefits of the asset to which they relate. All other costs are recognized in the separate income statement when incurred.

The charges incurred for the maintenance and repairs of an ordinary nature are directly charged to the income statement in the year in which they are incurred. The capitalization of the costs relating to the expansion, modernization or improvement of owned tangible assets or of those held in leasing, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset in accordance with the component approach. Similarly, the replacement costs of components relating to complex assets are allocated as assets and depreciated over their residual useful life while the residual value of the component subject to replacement is recorded in the income statement.

The initial value of property, plant and equipment is adjusted for depreciation on a systematic basis, calculated on a straight-line basis when the asset is available and ready for use, based on the estimated useful life, net of the residual Recoverable Value.

The useful life estimated by Italtel of the various categories of assets is as follows:

- |                                       |              |
|---------------------------------------|--------------|
| ▪ Real estate                         | 33 years     |
| ▪ Plant and machinery                 | 6 - 10 years |
| ▪ Industrial and commercial equipment | 4 years      |
| ▪ Other assets                        | 4 - 9 years  |

The useful life of property, plant and equipment and their residual value are reviewed annually and updated, where necessary, at the end of each year.  
Land is not depreciated.

When the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is made separately for each part of the asset, with the application of the component approach principle.

In relation to the application of this policy, please refer to Note 2 "Basis of Presentation".

### B - Right-of-use on third-party assets

From January 1, 2019, operating leases, in which the lessor substantially retains the risks and rewards associated with ownership of the assets, are classified in accordance with IFRS 16. The accounting representation of leases

payable is through the recognition in the balance sheet of a liability of a financial nature, represented by the present value of future rentals, against the recognition to assets of the right-of-use of the leased asset.

The present value of financial liabilities for leasing contracts includes the following payments:

- fixed payments.
- variable payments based on an index or rate.
- exercise price of a redemption option, where the exercise of the option is considered reasonably certain.
- payment of penalties to terminate the contract, if the exercise of the option to terminate the contract is considered reasonably certain.
- optional payments after the non-cancelable period, if the extension of the contract beyond the non-cancelable period is considered reasonably certain.

Future payments are discounted using the incremental borrowing rate.

This rate is the free risk rate of the country in which the contract is negotiated and based on the term of the contract and then adjusted according to the Group's credit spread and the local credit spread.

On the effective date of the contract, the right-of-use is recorded at cost, which includes: the amount of the initial valuation of the lease liability, any payments due for the lease made on or before the effective date, the initial direct costs incurred for entering into the contract, and the present value of the estimated restoration and decommissioning costs under the contract, net of any incentives received. Thereafter, the right-of-use is amortized over the contractual life (or the useful life of the asset if shorter), subject to any impairment, and adjusted for any restatement of the lease liability.

The assets held through finance lease contracts, where the majority of the risks and rewards related to the ownership of an asset have been transferred to Italtel, are recognized as assets of Italtel at their fair value or, if lower, at the present value of the minimum lease payments.

Lease payments associated with the following types of leases are recognized in the income statement on a straight-line basis over the term of the respective leases:

- contracts for which the underlying asset is a low-value asset.
- contracts for which the payment for the right to use the underlying asset varies according to changes in facts or circumstances (unrelated to sales performance), which could not be predicted at the initial date.

The corresponding liability due to the lessor is recorded in the financial statements under financial payables. The assets are depreciated applying the same criteria and rates previously indicated for the other tangible assets, except where the duration of the lease contract is lower than the useful life and there is not a reasonable certainty of the transfer of ownership of the asset at the normal expiry date of the contract; in this case, the depreciation is over the duration of the lease contract. Any gains realized on the sale of leased assets are recorded under other liabilities and recorded in the income statement over the duration of the lease contract.

Payments are divided into principal and interest portions. The interest rate is calculated to produce a constant interest rate on the outstanding debt.

## C - Intangible Assets

An intangible asset is a non-monetary asset, identifiable and without physical substance, controllable and capable of generating future economic benefits. These assets are recorded at purchase and/or production cost, including the costs of bringing the asset to its current use, net of accumulated amortization, and any loss in value. Amortization begins when the asset is available for use and is recognized on a straight-line basis in relation to the residual possibility of use and thus over the estimated useful life of the asset, net of the residual recoverable value.

### (i) Research and Development Costs

Research and development costs are recorded in the income statement in the year incurred, with the exception of development costs recorded under intangible assets when they satisfy the following conditions:

- the project is clearly identified and the related costs are reliably identifiable and measurable.
- the technical feasibility of the project is demonstrated.
- there is a clear intention and capacity to complete the project and sell the intangible assets generated from the project.



- a potential market exists or, in the case of internal use, the use of the intangible asset is demonstrated for the production of the intangible assets generated by the project.
- the technical and financial resources necessary to complete the project are available.

The amount of development costs are recorded under intangible assets from the date in which the result generated from the project is commercialized. Amortization is on a straight-line basis over a period of 3 years, which represents the duration of the estimate of the useful life of the expenses capitalized.

*(ii) Industrial patents and intellectual property rights, licenses and similar rights*

The charges relating to the acquisition of industrial patents and intellectual property rights, licenses and similar rights are capitalized based on the costs incurred for their acquisition.

Amortization is calculated on a straight line basis in order to allocate the costs incurred for the acquisition of the right over the shorter between the expected utilization and the duration of the relative contracts, from the moment in which the rights acquired are exercisable.

In relation to the application of this policy, please refer to Note 2 "Basis of Presentation".

## D - Loss in value of intangible and tangible assets

*(i) Assets (Intangible and tangible) with finite useful life*

At each balance sheet date, the tangible and intangible fixed assets with a finite life are analyzed to identify the existence of any indicators, either internally or externally to Italtel, of impairment. Where these indications exist, an estimate of the recoverable value of the above-mentioned assets is made, recording any write-down in the income statement. The Recoverable Value of an asset is the higher between the fair value less costs to sell and its value in use, where this latter is the fair value of the estimated future cash flows from the use of the asset and those from its disposal at the end of the useful life. In defining the Recoverable Value, the expected future cash flows are discounted utilizing a pre-tax discount rate that reflects the current market assessment of the time value of money, and the specific risks of the asset. For an asset that does not generate sufficient independent cash flows, the realizable value is determined in relation to the cash-generating unit to which the asset belongs.

A reduction in value is recognized in the income statement when the carrying value of the asset, or of the cash-generating unit to which it is allocated, is higher than the recoverable amount. Where the reasons for the write-down no longer exist, the book value of the asset is restated through the income statement, up to the value at which the asset would be recorded if no write-down had taken place and amortization had been recorded.

## E - Financial Assets and Financial Liabilities

*a) Financial assets measured at amortized cost*

Financial assets for which the following requirements are verified are classified to this category: (i) the asset is owned as part of a business model whose objective is to own the asset for the purpose of collecting contractual cash flows; and (ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid. These are mainly trade receivables, financial assets and other assets.

Trade receivables that do not contain a significant financial component are recognized at the price defined for the relevant transaction (determined in accordance with IFRS 15 Revenue from Contracts with Customers).

The valuation criterion subsequent to the initial recording is at amortized cost, using the effective interest rate method. Long-term receivables for which there is no interest rate are accounted for by discounting future cash flows at the market rate if the increase in receivables is due to the passage of time, with subsequent recognition of the interest portion in the income statement under "Financial income and (expense)."

With reference to the impairment model, the Group evaluates receivables by adopting an expected loss logic ("Expected Loss").

For trade receivables the Group adopts a simplified approach to valuation which does not require the recording of periodic changes in credit risk, but rather the estimation of an Expected Credit Loss ("ECL") calculated over the entire life of the receivable (so-called lifetime ECL).

Specifically, the policy implemented by the Group involves a matrix approach according to the following steps:

- historical analysis of losses on trade receivables.

- definition of appropriate customer groupings according to credit risk characteristics highlighted by historical analysis.
- determination of the historical loss rate by customer grouping based on the losses recorded in relation to the amount of loans in the reporting period or in relation to due date bands if the relevant information is available without undue effort.
- possible adjustment of the historical loss rate based on current and prospective information (changes in the economic, regulatory and technological environment, industry outlook, etc.).

In the absence of a reasonable expectation of recovery, trade receivables are fully written down.

With regard to long-term financial receivables, the Group adopts the so-called general approach for valuation, which requires checking for any increase in credit risk at each balance sheet date.

Write-downs made in accordance with IFRS 9 and any positive effects associated with releases or reversals are recognized to the income statement.

#### *b) Financial assets at Fair value through the consolidated income statement ("FVOCI")*

Financial assets for which the following requirements are met are classified in this category: (i) the asset is held as part of a business model whose objective is achieved by both collecting contractual cash flows and selling the asset; and (ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

These assets are initially recognized in the financial statements at their Fair Value increased by any ancillary costs directly attributable to the transactions that generated them. In subsequent measurement, the valuation made at recognition is updated, and any changes in Fair Value are recognized to the comprehensive income statement. With reference to the impairment model reference should be made to a) above.

#### *c) Financial assets at Fair Value through the income statement ("FVPL")*

Financial assets not classified in any of the previous categories (i.e., residual category) are classified in this category. These are mainly derivative instruments that do not meet the requirements for hedge accounting.

Assets in this category are recorded at Fair value upon initial recognition. Ancillary costs incurred at the time of asset recognition are expensed immediately to the income statement. In subsequent measurement, FVPL financial assets are measured at Fair value.

Gains and losses arising from changes in fair value are recognized in the income statement in the period in which they are recognized, under "Financial income (expense)." Purchases and disposals of financial assets are accounted for on the settlement date.

Financial assets are removed from the balance sheet when the relevant contractual rights expire, or when all risks and rewards of ownership of the financial asset are transferred.

#### *(d) Financial liabilities (excluding derivative instruments)*

Financial liabilities include financial payables and trade and other payables.

Payables to banks and other lenders are initially recorded at Fair value less directly attributable transaction costs and are subsequently measured at amortized cost, applying the effective interest rate method. When there is a change in the expected cash flows, the value of the liabilities are recalculated to reflect this change, based on the present value of the new expected cash flows and on the internal yield initially determined.

Lease liabilities are initially measured at the present value of future payments.

Trade payables are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. Payables to suppliers are classified as current liabilities if payment will be made within one year of the balance sheet date. Otherwise, such payables are classified as non-current liabilities. Trade and other payables are initially recognized at Fair value and subsequently measured based on the amortized cost method.

Financial liabilities are derecognized when the underlying obligation is discharged, canceled or fulfilled.

#### *Measurement of the Fair value of financial instruments*

For the determination of the Fair value of financial instruments listed on active markets (bid price), the relative market quotation is used at the balance sheet date. In the absence of an active market, the Fair value is determined utilizing valuation models which are principally based on financial variables, as well as taking into

account, where possible, the prices recognized in recent transactions and the quotations of similar financial instruments.

#### *Hierarchical levels of Fair value measurement*

Derivative financial instruments and those available-for-sale are measured at Level 2 Fair value.

In relation to the financial instruments recorded in the balance sheet at Fair value, IFRS 7 requires that these values are classified based on the hierarchy levels which reflects the significance of the input utilized in the determination of Fair value. The following levels are used:

- Level 1 - assets or liabilities subject to valuation listed on an active market.
- Level 2 - input based on prices listed at the previous point, which are directly observable (prices) or indirectly (derivatives from the prices) on the market.
- Level 3 - input which is not based on observable market data.

#### **F - Inventories**

Inventories are recorded at the lower of purchase or production cost and realizable value represented by the amount that the Company expects to obtain from their sale in the normal course of operations. The cost of raw material, consumables, finished products and goods is calculated applying the FIFO method.

#### **G - Contract work-in-progress**

Contract work-in-progress, where not completed at the reporting date, is valued in accordance with the percentage of completion method, in which the costs, revenues and margins are recognized based on the advancement of the activities, determined with reference to the ratio between the costs incurred at the measurement date and the total expected costs. The measurement of contract work-in-progress reflects the current best estimate of the programs on the individual contracts. Periodically the estimates are updated. Any economic effects are recognized in the period in which the updates are made. Where the completion of an order may give rise to a loss, such will be recognized in its entirety in the period in which such is reasonably forecast on the basis of the provisions of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets." The contract work-in-progress is stated, net of any write-downs and/or losses on completion, in addition to advances concerning the contract in course of execution. This analysis is carried out contract by contract: where a positive differential emerges (due to works in progress greater than the amount of advances), the differences are classified to the account assets for works in progress; where this difference is negative the difference is classified among liabilities to the account "Advances on contract work-in-progress". Contract revenues include: contractually agreed fees as well as additional variable elements (work variants, price revisions, incentives, Claims and penalties). Variable components of contract revenues are estimated at the expected value or to the extent of the most probable amount. Variable fees are, moreover, recognized only to the extent that it is considered highly probable that when the uncertainty associated with the related valuation is subsequently resolved, there will be no significant downward adjustment in the amount of revenue recognized. The costs include: all costs referring directly to the order, costs attributable to the order activity in general and which may be allocated to the same order, in addition to any other cost which may be specifically recharged to the granting party according to the contract.

#### **H - Equity Investments**

Investments in subsidiaries, associates and joint ventures are accounted for using the equity method in accordance with the provisions of IAS 27 in the separate financial statements. Any losses in excess of shareholders' equity are recognized in the financial statements under the Provisions for other risks and charges, to the extent that the investor is committed to fulfilling its legal or implied obligations to the investee company or otherwise covering its losses. The separate financial statements include the share of results of subsidiaries and associated companies, accounted for by the equity method, from the date when significant influence begins until such influence ceases. Dividends received are recognized as a reduction in the value of equity investments. Equity investments are derecognized when the contractual rights to the cash flows from the assets expire or when the financial asset is disposed of by transferring substantially all the risks and rewards associated with it.

In relation to the application of this policy, please refer to Note 2 "Basis of Presentation".

Investments in other companies (other than investments in subsidiaries, associated companies and joint ventures): They are measured at fair value or at cost in the case of unlisted investments or investments for which fair value is unreliable or may not be determined, adjusted for any impairment.

## I - Cash and cash equivalents

Cash and cash equivalents principally include cash, bank deposits on demand and other highly liquid short-term investments (transformed into liquidity within ninety days). The elements included in net liquidity, if in Euro, are recognized at the nominal value corresponding to the Fair value and if in another currency at the current exchange rate at the balance sheet date. In order to calculate the net liquidity, the current accounts included in the account "Short-term financial liabilities" are deducted from the cash and cash equivalents, only if such offsetting has a legal basis.

## J - Assets held-for-sale and discontinued operations

Assets held-for-sale and discontinued operations or disposal Groups whose carrying amount will be recovered primarily through sale rather than through their continued use are classified as held for sale and presented separately from other assets and liabilities in the statement of financial position in accordance with IFRS 5. IFRS 5 requires that details of the major classes of assets and liabilities classified as held-for-sale be provided in the balance sheet or the notes to the financial statements.

The conditions that must be met before a discontinued asset or Group can be defined as "available-for-sale" are:

- 1) the asset (or Group being divested) must be available for immediate sale in its current condition, subject to conditions that are customary and usual for the sale of such assets (or Group being divested).
- 2) the sale must be highly probable.

A Discontinued Operation represents a portion of the entity that has been disposed of or classified as held-for-sale, and:

- (i) represents an important sector of activity or geographical area of operations. or
- (ii) is part of a coordinated plan to divest a major line of business or geographic area of operations. or
- (iii) is a subsidiary acquired solely for the purpose of resale.

The results of discontinued operations – whether discontinued or classified as held for sale – are shown separately in the separate income statement, net of tax effects. The corresponding values relating to the previous year, where present, are reclassified and are shown separately in the separate income statement, net of the tax effect, for comparative purposes.

Non-current assets held for sale and discontinued operations classified as held for sale are initially recognized in accordance with the applicable IFRS to each asset and liability and subsequently as the lower between the book value and the relative Fair value, less selling costs. Any subsequent impairments are recognized directly as an adjustment to the non-current assets held-for-sale and discontinued operations classified as held for sale and to the income statement. On the other hand, a reversal of an impairment loss is recognized for each subsequent increase in the Fair value of an asset net of costs to sell, but only up to the amount of the previously recognized total impairment loss. In compliance with the provisions of IFRS 5 (non-current assets held for sale and discontinued operations), non-current assets classified as held for sale or discontinued operations are not depreciated. Financial and other expenses attributable to the liabilities of a discontinued operation classified as held for sale should continue to be recognized.

## K - Shareholders' equity

### (a) Share capital

The share capital is the amount of the subscribed and paid-in capital of the Parent Company. The costs strictly related to the issue of new shares are classified as a reduction of the share capital, net of any deferred tax effect.

### (b) Reserves

These concern specific capital reserves relating to the Parent Company. In particular, they include the legal reserve through provisions recognized in accordance with Article 2430 of the Civil Code, which are increased by 1/20th of the net profits of the Parent Company until the reserve reaches 1/5th of the share capital of the Parent Company. Once 1/5th of the share capital is reached the reserve – if subsequently reduced for any reason – is integrated with annual provisions as indicated above.

*(c) Treasury shares*

In the case in which the Parent Company or an entity of the Italtel Group acquires shares of the Parent Company the value of the shares acquired is deducted from consolidated net equity until the shares are cancelled or sold. The value of treasury shares comprises the acquisition costs under the FIFO (First In First Out) method. The economic effects deriving from any subsequent sale are recorded to net equity.

*(d) Other reserves including the net result*

These include the results for the period and previous periods for the part not distributed or provisioned to reserves (in the case of profits) or recapitalized (in the case of losses), the fair value of the hedging derivatives on future transactions, net of the relative tax effect (see point E – Derivative Instruments above) and the effects deriving from the conversion into Euro of the financial statements of foreign companies whose functional currency is a currency other than the Euro.

**L - Employee benefit provisions**

The Group recognizes different forms of defined benefit plans and defined contribution plans, in line with the local conditions and practices in the countries in which it carries out its activities. The premiums paid for defined contribution plans are recorded in the income statement for the part matured in the year.

The defined benefit plans, which include employee leaving indemnities in accordance with article 2120 of the Civil Code, are based on the period of employment service and on the remuneration received by each employee over a pre-determined period of employment. In particular, the liability relating to employment leaving indemnity is recognized in the financial statements based on the current actuarial value, as qualifying as a benefit due to employees based on a defined benefit plan. The recognition in the financial statements of a defined benefit plan requires an estimate of the value of the services matured by employees for their employment service in current and previous years through actuarial techniques and the discounting of these services in order to determine the present value of the commitments. The determination of the present value of Italtel S.p.A.'s commitments is made using the "Projected Unit Credit Method." This method, which relates to the "matured benefits" techniques, considers each period of service by employees at the company as a source of an additional unit of right: the actuarial liability must be quantified only on the basis of the service matured at the valuation date; therefore, the total liability is normally proportioned based on the ratio between the service years matured at the valuation date and the total number of years at the expected settlement of the benefit. In addition, this method considers future increases in remuneration, of whatever nature (inflation, merit, contractual renewals etc.), up to the termination of employment.

In 2013, the Group applied for the first time the new version of IAS 19 "Employee benefits" (hereafter "IAS 19 R"), issued by the IASB on June 16, 2011 and approved by the European Union on June 5, 2012 with Regulation No. 475/2012.

The application of IAS 19 resulted in the immediate recognition of actuarial profits and losses directly to Other comprehensive profits (losses) as the option to apply the corridor method was no longer applicable, which Italtel utilized until 2012.

With the introduction of Legislative Decree No. 124/93, the possibility is established to allocate a portion of employee leaving indemnity for the financing of the complementary pension. The 2007 Finance Law, which postponed to January 1, 2007 the introduction of the new complementary pension regulation established by Law No. 296/2006, establishes for the conferment to the complimentary pension of the employee leaving indemnity maturing, explicitly or implicitly, by June 30, 2007.

Following the publication of the enacting decree of the 2007 Finance Act in relation to the Complementary Pension Reform concerning the Employee Leaving Indemnity, the accounts prepared after the publication of these decrees must apply the valuation criteria in accordance with the new regulations.

Account was taken of the effects deriving from the new provisions, measuring for IFRS purposes only the liability relating to the Employee Leaving Indemnity matured that remained in the company, as the portion maturing is paid to a separate entity (complementary pension or INPS fund) without these payments resulting in further obligations on the company related to the employment service in the future and are therefore considered defined contribution pension plans and recognized as such.

Also for the employees that, explicitly, decided to maintain the Employee Leaving Indemnity in the company, and therefore in accordance with the previous regulations, the Employee Leaving Indemnity matured from January 1, 2007 was paid to the Treasury Fund managed by INPS and was therefore considered a defined contribution plan.

## M - Provisions for risks & charges

Provisions for risks and charges relate to costs and expenses of a defined nature and of certain or probable existence whose amount or date of occurrence is uncertain as of the balance sheet date. Provisions are recorded when: (i) the existence of a current obligation is probable, legal or implied, deriving from a past event; (ii) it is probable that compliance with the obligation will result in a charge; (iii) the amount of the obligation can be reasonably estimated. Provisions are recorded at the value representing the best estimate of the amount that the Company would rationally pay to discharge the obligation or to transfer it to a third party at the balance sheet date. When the financial effect of the time is significant and the payment dates of the obligations can be reliably estimated, the provision shall be discounted at the average cost of debt to the company; the increase of the provision due to the passing of time is recorded in the income statement in the account "Net financial income/(expenses)".

The costs which the company must incur to implement restructuring programs are recorded in the year in which the program is formalized and it is expected that the restructuring will take place.

The provisions are periodically updated to reflect the changes in the estimate of the costs, of the time period and of the discounting rate; the revision of estimates are recorded in the same income statement accounts in which the provision was recorded.

## N - Recognition of sales and services revenues

In accordance with IFRS 15, revenues are recognized on the transfer of control of goods or services to the customer, for an amount which reflects the payment which the company deems it is entitled to in exchange for the transfer of goods or services to the customer. The process underlying revenue recognition follows the stages contained in IFRS 15:

- 1) Contract identification: takes place when the parties approve the contract (with commercial substance) and identify the respective rights and obligations: that is, the contract must be legally enforceable and the rights to receive goods and/or services and the terms of payment can be clearly identified, and the company considers it probable that the payment will be collected.
- 2) Identifying performance obligations: the principal performance obligations are identified, that is, the commitment to transfer goods and services that are distinct.
- 3) Determining the transaction price: this is the overall amount contractualised with the counterparty for the entire contractual duration; the company has established that the contractual duration is that deriving from the contractual obligations between the parties.
- 4) Allocating the transaction price to the performance obligation: the allocation takes place proportionally to the respective standalone sales price, determined on the basis of price lists (where present) or estimated by applying an appropriate margin to the purchase/production cost of the good/service.
- 5) Revenue recognition: revenues are recognized net of returns, discounts and allowances and recorded in relation to revenue-type characteristics:
  - Services revenue  
Services revenue is recognized in a separate income statement with reference to the service's stage of completion. Revenues from contract work-in-progress are recorded with reference to the advancement of the work (completion method percentage).
  - Sales revenue  
Sales revenue is recognized on delivery when the control of the goods is transferred to the customers. Equipment that is sold separately to services is invoiced on delivery.

The Group includes all or part of the amount of variable consideration in the transaction price only to the extent that it is highly likely that when the uncertainty associated with the variable consideration estimated under the expected value or most probable value method is subsequently resolved, there will be no significant downward adjustment to the amount of cumulative revenue recognized.

The recognition of revenues may generate the recording of an asset or liability deriving from contracts. Specifically:

- Assets deriving from a contract represent the right to payment in exchange of goods or services which have been transferred to the customer, when the right is conditional on something other than the passage of time.
- Liabilities deriving from a contract represent the obligation to transfer goods or services to the customer, for which the company has received (or is owed) a payment from the customer.



### O - Public Grants

Public grants are recognized when there is a reasonable certainty that the conditions established by the Government Bodies for their concession will be realized and are recognized in direct correlation to the costs incurred.

The public grants relating to property, plant and equipment are recorded as deferred revenue in the account "Other liabilities" under non-current liabilities and "Other payables and liabilities" of current liabilities, respectively for the long and short-term portions. The deferred revenue is recorded in the income statement as income on a straight-line basis in accordance with the useful life of the asset to which the grant was received.

Operating grants are recorded in the income statement in the account "Other income".

### P - Recognition of costs

Costs are recorded when relating to goods and services sold or consumed in the year or when there is no future utility.

### Q - Income taxes

Current income taxes are calculated based on the estimate of the assessable income for the year, applying the current tax rates at the balance sheet date to calculate the payable to the tax authorities.

Deferred tax assets/liabilities are calculated on the temporary differences between the assessable base of the assets and the liabilities and the relative book values in the financial statements. The deferred tax assets are recognized only for those amounts for which it is probable there will be future assessable income to recover the amounts.

Deferred taxes are calculated taking into account the rate established for the reversal period and the applicable rate or substantially applicable at the reporting date.

Current and deferred income taxes are recorded in the income statement, except those relating to accounts directly credited or debited to equity, in which case the fiscal effect is recognized directly to equity.

Other taxes not related to income, such as taxes on property, are included under "Operating expenses".

Taxes are compensated when the income tax is applied by the same fiscal authority, there is a legal right of compensation and the payment of the net balance is expected.

### R - Translation of accounts in currencies other than the Euro

Foreign currency transactions are converted into Euro using the exchange rate at the transaction date.

The foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

### S - Dividends

They are recorded when the right of the shareholders to receive the payment arises, which normally occurs at the shareholders' meeting for the distribution of dividends. Dividends are recognized to net profit (loss) unless the company has opted for the equity method, in which case the dividends are recognized as a reduction in the book value of the investment.

## Note 3 Use of estimates

The preparation of the financial statements in accordance with applicable accounting standards has required the use of accounting estimates and assumptions based on complex and/or subjective judgments, historical experience, and other factors that are considered to be reasonable in relation to present circumstances and knowledge available at the date of the financial statements. The utilization of these accounting estimates impacts the value of the assets and liabilities and the information on the contingent assets and liabilities at the balance sheet date, as well as the amount of the revenues and costs in the period; actual results may differ from estimates due to the uncertainty regarding the assumptions and conditions upon which the estimates are based. The estimates and related assumptions are constantly revised. The effects of these revisions are recognized through profit or loss in the period in which the estimates are revised.

## Note 4 Significant accounting policies

The accounting policies which require greater subjectivity by the Directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the rested consolidated financial statements are briefly described below:

- **Impairments:** in accordance with the accounting policies applied by the Group, the tangible and intangible assets with finite life are verified to ascertain if there has been a loss in value which is recorded by means of a write-down, when it is considered there will be difficulties in the recovery of the relative net book value through use. The verification of the existence of the above-mentioned indicators requires the Directors to make valuations based on the information available within the Group and from the market, as well as historical experience. In addition, when it is determined that there may be a potential impairment loss, the Group determines this through using the most appropriate technical valuation methods available. The correct identification of the indicators of the existence of a potential reduction in value as well as the estimates for their determination depends on factors which may vary over time impact upon the valuations and estimates made by the Directors.
- **Deferred taxes:** the accounting of the deferred tax assets is made on the basis of the expectations of future assessable income. The valuation of the expected assessable income in order to record the deferred tax asset depends upon factors which may change over time and result in significant effects on the valuation of the deferred tax assets.
- **Provisions for risks and charges:** The value of the provisions recorded in the financial statements relating to these risks represents the best estimate at that date made by Management. This estimate results in the adoption of assumptions concerning factors which may change over time and which may, therefore, have significant effects compared to the present estimates made by the Directors for the preparation of the company's consolidated financial statements.

## Note 5 Presentation of the financial statements

The financial statements adopted are as follows:

- for the Balance Sheet, current and non-current assets and current and non-current liabilities are presented separately. Current assets are those that are intended to be realized, sold, or consumed in the Company's normal operating cycle; current liabilities are those that are expected to be settled in the Company's normal operating cycle or in the twelve months subsequent to the end of the fiscal year.
- for the Income Statement, expense and income items are presented according to their nature.
- for the Comprehensive Income Statement, a separate statement has been prepared.
- for the Cash Flow Statement, the indirect method is used.

## Note 6 Significant events in 2023

### Sale of the Carini real estate complex

On April 14, 2023, the sale deed for the real estate complex in Carini (in the Metropolitan City of Palermo) for Euro 4,000 thousand was signed with H Exchange S.r.l., a real estate company linked to the Hightel Towers group. A rental contract was simultaneously signed with the buyer to cover the transitional period for transfer to new offices, to take place by April 2024. The new offices will be located in Palermo. The relocation of the Carini hub is part of the plan to modernize the Italian offices, which seeks to improve the quality of work environments by establishing more modern and functional sites, and also to optimize operating costs and energy consumption with a view to eco-sustainability. A total of 149 people work at Carini, mostly technicians and engineers engaged in research and development laboratories on software design and the development of innovative network design and engineering, automation and information security services.

### Sale of Ultrabroadband (UBB) business unit

November 17, 2023, saw the close of the transfer of the Ultra-broadband (UBB) business unit to Fibermind, a company of the Maticmind Group. The subject of the acquisition was the business unit dedicated to the design of FTTH (Fiber-To-The-Home) passive fiber optic access networks and FWA (Fixed Wireless Access) radio technology, and employing a specialist team of approximately 90 professionals.

The operation's goal is to accelerate the growth of the Company through a strategic focus on digital transformation, network integration solutions and services across multiple ICT fields, as well as on strengthening segments such as cybersecurity, the cloud, analytics and automation, and IoT.

The sale of the UBB business unit (UBB Branch) was achieved through the incorporation on July 12, 2023 of Broadband Lab S.r.l. (Newco), originally wholly-owned by Italtel S.p.A. and with an initial subscribed and paid-up share capital of Euro 10 thousand. Subsequently, pursuant to the agreement of August 2, 2023, as amended and supplemented, signed between Italtel S.p.A. and Fibermind S.r.l. regarding the sale of the UBB Business Unit, an increase in the share capital of Newco. was approved for a total of Euro 17,778 thousand, then subscribed by Italtel on November 17, 2023 through the contribution in kind of the UBB Business Unit, the value of which was determined on the basis of an appraisal pursuant to Article 2465 of the Civil Code. Likewise, on November 17, 2023, at the same time as the above contribution, Italtel sold its stake in Broadband to the company Fibermind S.r.l.. On February 20, 2024, the first tranche of the price amounting to Euro 5,000 thousand was collected.

As required by IFRS 5, as of December 31, 2023 the receivable for the sale of the Broadband Lab S.r.l. investment was recorded in the balance sheet under Assets held for sale and discontinued operations.

### Outsourcing of ICT services

From October 1, 2023, ICT services were outsourced by the transfer of the respective business unit to a leading ICT sector company and the stipulation of a 5-year service contract. The transfer included 21 human resources, the business unit assets, severance pay, and debts to staff.

The main objective of the outsourcing was to recover the productivity of the company's varied ICT services and accelerate the digital transformation fundamental for the achievement of company goals.

### Reorganization

In 2023, the Company launched an optimization and corporate resizing plan with interventions to renew staff and update technical, commercial and managerial skills. The goal is to reposition the company to ensure its sustainability and accelerate growth on new markets, including through a plan to revise the workforce, which no longer matches the altered business and market environment.

In May 2023, the Company concluded a trade union agreement to carry out the reorganization process to address the current challenges and guarantee sustainability over the medium term.

## Note 7 Disclosure on financial risks

### Liquidity risk

Liquidity risk occurs when the Group does not hold or meets difficulties in sourcing the necessary funds to meet future financial commitments. The Group risk concerns resources generated or absorbed by operating and investing activities and the potential difficulties in attaining financing to support the operating activities in a timely manner.

The cash flows, financing requirements and the liquidity of the companies of the Group are monitored and managed centrally under the control of the Group Finance Office, with the objective of guaranteeing efficient management of the financial resources.

See Note 30 Financial liabilities for a description of the provisions and credit lines available to manage liquidity risk.

During fiscal year 2023, Italtel S.p.A. used cash of Euro 11.2 million to settle the trade and financial payables generated by the transaction of the assumption of the composition liabilities of Beta TLC S.p.A., which took place on April 1, 2022, and which involved the legal transfer of commercial transactions with suppliers to the new company Italtel S.p.A. (formerly Nuovo Polo Impiantistico S.p.A.).

### Credit risk

The credit risk is the risk that a client or a commercial or financial partner creates a charge by not fulfilling a payment obligation.

The maximum theoretical exposure to credit risk at December 31, 2023 concerns the book value of Other assets, Trade receivables, Short-term financial assets and Cash and cash equivalents at banks, financial institutions and post offices for a total of Euro 128,396 thousand.

Financial assets are recorded in the financial statements net of the write-downs calculated on the basis of the risk of non-fulfilment by the counterparty. This risk is determined by considering the information available on the clients' solvency and by estimating the lifetime expected credit loss from the time of its initial recording and subsequent valuations, based on historical-statistical indicators.

The Group financial management monitors on a monthly basis the risk of non-payment of receivables, overdue receivables and credit lines granted to the largest clients of each Group company.

The largest exposure concerns trade receivables. At December 31, 2023, trade receivables amounted to Euro 46,458 thousand and are recorded net of an accumulated write-down of Euro 4,203 thousand.

At December 31, 2023 trade receivables, net of the doubtful debt provision, amounted to Euro 3.2 million, of which Euro 0.65 million may be offset against supplier payables and Euro 1.02 million concerning overdue receivables (within 30 days).

The without recourse factoring operations in place at December 31, 2023 totaled Euro 63.8 million.

Group cash and cash equivalents are deposited at leading financial counterparties.

### Interest rate risk

The Group utilizes external financing utilizes liquidity in on demand deposit accounts. In addition, the Group companies factor receivables deriving from their commercial activities on an ongoing basis. Changes in the market interest rates impact on the cost and return of the various forms of loans, commitments and factoring of receivables with an effect on the net financial charges of the Group.

### Currency risk

The Group is subject to market risk deriving from fluctuations in the exchange rates in currencies as it operates on any international basis.

The Italtel Group concludes purchase transactions in U.S. Dollars. As the Euro is the functional currency of the consolidated financial statements of the group, any changes in the Euro/ U.S. Dollar exchange rate have the following effects:

- An increase in the value of the Euro has potential positive effects on operating profits and negative effects on revenues from sales and services.
- A decrease in the value of the Euro has potential negative effects on operating income and positive effects on revenues from sales and services.

Operations expressed in currencies other than the Euro are insignificant within the overall activities of the Italtel Group; therefore, the effects of changes in the exchange rates between the Euro and foreign currencies other than the U.S. Dollar impact the Group result to a marginal degree.

A number of Group subsidiaries are located in countries not within the Eurozone. As the Group reference currency is the Euro, the income statements of these companies are converted into Euro at the average exchange rate and, at like-for-like revenues and margins of the local currency, changes in the exchange rate may result in effects on the value in Euro of revenues, costs and results.

The assets and liabilities of companies consolidated in currencies other than the Euro may be translated into Euro at varying exchange rates. In accordance with the accounting standards adopted, the effects of these changes are recorded directly in the net equity, in the account "Translation reserve".

Italtel S.p.A., in order to reduce the effects of changes in the Euro/U.S. Dollar exchange rate, undertakes derivative contracts to hedge the exchange rate risk on purchases in U.S. Dollars. In the financial statements prepared in accordance with IFRS approved by the European Commission the derivative contracts must be valued at their relative Fair value at the balance sheet date.



## CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2023, the company Italtel S.p.A. has outstanding forward purchase transactions to hedge foreign exchange risk regarding USD 10,535 thousand, equivalent to Euro 9,534 thousand at the December 31, 2023 exchange rate.

A forward contract was entered into in November 2023 to hedge foreign exchange risk in connection with purchases of materials and services denominated in U.S. dollars. In accordance with IAS 39 these hedging transactions, relating to future cash flows of an asset or liability recorded in the financial statements, are measured in the financial statements in accordance with the Cash Flow Hedge method. As of December 31, 2023, in connection with this hedging transaction, the Company recognized a negative equity reserve of Euro 752 thousand, gross of the tax effect of Euro 180 thousand. The hedging contract in place as of December 31, 2023 will expire in November 2024.



## Reconciliation of financial assets and liabilities in accordance with IFRS 7

In addition to the disclosure on financial risks, the following is a reconciliation between the financial assets and liabilities included in the balance sheet and financial situation of the Group and the classes of financial assets and liabilities envisaged by IFRS 9 (amounts in Euro thousands):

	Loans and receivables measured at "Amortized cost"	Investments valued at Fair Value (FVPL)	Derivative fin. instrument s and fin. assets at FV to the income statement (FVPL)	Hedge accounting derivatives and fin. assets at FV to the OCI (FVOCI)	Available-for-sale financial instrument s (FVOCI)	Total
<b>Non-current assets</b>						
Investments measured using the equity method	-	81	-	-	-	81
Medium/long term financial assets	216	-	-	-	-	216
Other assets	941	-	-	-	-	941
<b>Total non-current assets</b>	<b>1,157</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,238</b>
<b>Current assets</b>						
Trade receivables	46,458	-	-	-	-	46,458
Current tax receivables	489	-	-	-	-	489
Other receivables and assets	33,189	-	-	-	-	33,189
Short-term financial assets	515	-	-	-	-	515
Cash and cash equivalents	46,308	-	-	-	-	46,308
<b>Total current assets</b>	<b>126,959</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,959</b>
<b>Total assets</b>	<b>128,116</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,197</b>
	Loans and payables measured at "Amortized cost"		Derivative fin. instrument s and fin. liabilities at FV to the income statement (FVPL)	Derivative fin. instrument s and fin. liabilities at FV to net equity	Available-for-sale financial instrument s	Total
<b>Non-current liabilities</b>						
Medium/long term financial liabilities	6,723	-	-	-	-	6,723
Other liabilities	2,680	-	-	-	-	2,680
<b>Total non-current liabilities</b>	<b>9,403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,403</b>
<b>Current liabilities</b>						
Advances on contract work-in-progress	3,530	-	-	-	-	3,530
Trade payables	64,751	-	-	-	-	64,751
Current tax payables	282	-	-	-	-	282
Other payables and liabilities	27,768	-	-	-	-	27,768
Short-term financial liabilities	31,460	-	-	752	-	32,212
<b>Total current liabilities</b>	<b>127,791</b>	<b>-</b>	<b>-</b>	<b>752</b>	<b>-</b>	<b>128,543</b>
<b>Total liabilities</b>	<b>137,194</b>	<b>-</b>	<b>-</b>	<b>752</b>	<b>-</b>	<b>137,946</b>



## ASSETS

### Note 8 Property, plant and equipment

The accounts property, plant and machinery and the relative movements were as follows:

	Land	Property	Plant and machinery	Industrial equipment	Other assets	Assets in progress	Total
<b>Original cost</b>							
January 1, 2022	-	-	-	-	-	-	-
Assumption April 1, 2022	327	24,747	21,723	16,898	28,144	1,800	93,639
Increases	-	54	125	52	510	150	891
Write-downs/restorations	-	-	-	-	-	(5)	(5)
Disposals	(106)	(7,230)	(6,522)	(2,428)	(8,856)	-	(25,142)
Translation difference	-	-	10	-	(90)	-	(80)
Reclassifications	-	-	1,034	19	700	(1,745)	8
Reclassifications to Assets held-for-sale	(221)	(19,579)	(12,066)	-	-	-	(31,866)
Revaluation to Fair Value from assumption	-	2,008	-	-	-	-	2,008
<b>December 31, 2022</b>	-	-	<b>4,304</b>	<b>14,541</b>	<b>20,408</b>	<b>200</b>	<b>39,453</b>
<b>Accumulated depreciation</b>							
January 1, 2022	-	-	-	-	-	-	-
Assumption April 1, 2022	-	(20,482)	(20,906)	(16,331)	(27,220)	-	(84,939)
Depreciation	-	(7)	(333)	(257)	(477)	-	(1,074)
Disposals	-	4,455	6,402	2,427	8,845	-	22,129
Translation difference	-	-	(2)	-	70	-	68
Reclassifications	-	-	-	-	-	-	-
Reclassifications to Assets held-for-sale	-	16,034	11,832	-	-	-	27,866
<b>December 31, 2022</b>	-	-	<b>(3,007)</b>	<b>(14,161)</b>	<b>(18,782)</b>	-	<b>(35,950)</b>
<b>Net book value</b>							
January 1, 2022	-	-	-	-	-	-	-
<b>December 31, 2022</b>	-	-	<b>1,297</b>	<b>380</b>	<b>1,626</b>	<b>200</b>	<b>3,503</b>

	Land	Property	Plant and machinery	Industrial equipment	Other assets	Assets in progress	Total
<b>Original cost</b>							
January 1, 2023	-	-	4,304	14,541	20,408	200	39,453
Increases	-	11	135	170	572	27	915
Write-downs/restorations	-	-	-	-	-	(4)	(4)
Disposals	-	-	-	(501)	(3,754)	-	(4,255)
Translation difference	-	-	(7)	-	66	(1)	58
Reclassifications	-	-	(4)	126	80	(159)	43
<b>December 31, 2023</b>	-	<b>11</b>	<b>4,428</b>	<b>14,336</b>	<b>17,372</b>	<b>63</b>	<b>36,210</b>
<b>Accumulated depreciation</b>							
January 1, 2023	-	-	(3,007)	(14,161)	(18,782)	-	(35,950)
Depreciation	-	(6)	(392)	(227)	(492)	-	(1,117)
Disposals	-	-	-	456	3,283	-	3,739
Translation difference	-	-	9	1	(61)	-	(51)
Reclassifications	-	-	(1)	-	(70)	-	(71)
<b>December 31, 2023</b>	-	<b>(6)</b>	<b>(3,391)</b>	<b>(13,931)</b>	<b>(16,122)</b>	-	<b>(33,450)</b>
<b>Net book value</b>							
January 1, 2023	-	-	1,297	380	1,626	200	3,503
<b>December 31, 2023</b>	-	<b>5</b>	<b>1,037</b>	<b>405</b>	<b>1,250</b>	<b>63</b>	<b>2,760</b>

Investments for the year amounted to Euro 915 thousand and mainly concerned electronic equipment and computers for the technological renewal of the Company's systems.

Disposals in fiscal year 2023 amounted to Euro 4,255 thousand, amortized for Euro 3,739 thousand, and included the sale of IT equipment, personal computers and cell phones for Euro 3,941 thousand, amortized for Euro 3,469 thousand, which took place on October 4, 2023 with the corporate transaction for the sale of the ICT business unit of Italtel S.p.A. to Present S.p.A. Disposals also include the transfer of personal computers and cell phones for Euro 111 thousand, amortized for Euro 76 thousand, to the company Broadband Lab. S.r.l. sold as part of the transaction to contribute the UBB business unit of Italtel S.p.A.

At December 31, 2022, in accordance with IFRS 5, the balance of Property, Plant and Equipment was reclassified for Euro 4,000 thousand to Assets held-for-sale and discontinued operations following the signing of the preliminary contract for the sale of the Carini property. As required by IFRS 5, the relevant depreciation has not been calculated in FY 2022 or FY 2023. On April 14, 2023, the deed of sale was signed with H Exchange S.r.l. for the final transfer of the property.

At December 31, 2023, plant and machinery, industrial equipment, and other assets are not subject to liens, or special liens.

## Note 9 Right-of-use on third-party assets

Right-of-use on third-party assets have been classified as a specific item in the balance sheet and refer to the valuation of operating and finance leases in accordance with the methodology required by IFRS 16, which came into effect on January 1, 2019.

Property includes leases on the offices in Milan, Rozzano (Milan), Rome, Carini, the warehouse in Pregnana Milanese (Milan) and the external goods warehouse in San Pietro Mosezzo (Novara), as well as leased offices in Spain, Brazil, Peru and Germany, recognized as per IFRS 16.

During the year, increases of Euro 1,490 thousand were recognized related to property rental contracts, for Euro 1,713 thousand relating to telephone and electronic equipment and long-term car rental contracts for Euro 1,313 thousand.

Regarding Italy, a contract was signed in August for the rental of an apartment in Florence for use by employees to carry out activities at a client's premises. The carrying value is Euro 22 thousand.

The lease of the external warehouse with Ceva Logistics Italia S.r.l. was also renewed for Euro 78 thousand.

In July, a reduction in space occupied at the Rome office was negotiated with PSC S.p.A.. This renegotiation resulted in an adjustment to the value of the right-of-use, recognized in the previous year, of Euro 658 thousand. Effective October 1, 2023, the contract entered into with PSC S.p.A. was settled early, and Italtel entered into a new lease agreement for the Rome offices with PSC Investimenti S.r.l. in the amount of Euro 937 thousand.

As of December 31, 2023, the leases signed with PSC Group companies are as follows:

	Value right-of-use 01.01.2023	Increase	Decrease	Depreciation	Value right-of-use 31.12.2023
PSC S.p.A. – registered office in Rome*	1,602	2	(1,475)	(129)	-
PSC Investimenti S.r.l. – registered office in Rome	-	937	-	(39)	898
PSC Investimenti S.r.l.- Pregnana M. warehouse	305	22	-	(69)	258
<b>December 31, 2023</b>	<b>1,907</b>	<b>961</b>	<b>(1,475)</b>	<b>(237)</b>	<b>1,156</b>

\*settled in advance on September 30, 2022. The decrease of Euro 1,475 thousand includes Euro 658 thousand determined by the reduction of negotiated space as of July 1, 2023, and Euro 817 thousand corresponding to the net residual value at the date of early settlement.

Overseas, it is noted that the Spanish offices' rent was adjusted by Euro 19 thousand, the contract of the São Paulo offices in Brazil was extended by one year for Euro 90 thousand, and the offices in Peru were extended for Euro 160 thousand.

The increase of Euro 1,713 thousand in plant and machinery refers to increases in the Peruvian company's telephone and electronic plant and equipment for transactions and operational services provided.

Other assets include long-term car rental contracts for company service cars, cars assigned to employees and computer equipment.

As of January 1, 2023, the first application according to IFRS 16 was recognized for Italtel Deutschland GmbH's car leases, which were previously considered immaterial.

The changes in the right-of-use on third-party assets for FY 2022 and FY 2023 are as follows:

	Land	Property	Plant and machinery	Industrial equipment	Other assets	Assets in progress	Total
<b>Original cost</b>							
January 1, 2022	-	-	-	-	-	-	-
Assumption April 1, 2022	-	11,634	309	11	4,802	-	16,756
Increases	-	754	-	-	605	-	1,359
Write-downs/restorations	-	-	-	-	-	-	-
Disposals	-	(387)	-	(11)	(690)	-	(1,088)
Translation difference	-	(59)	7	-	5	-	(47)
Reclassifications	-	-	-	-	-	-	-
<b>December 31, 2022</b>	-	<b>11,942</b>	<b>316</b>	-	<b>4,722</b>	-	<b>16,980</b>
<b>Accumulated depreciation</b>							
January 1, 2022	-	-	-	-	-	-	-
Assumption April 1, 2022	-	(4,080)	(82)	(10)	(4,094)	-	(8,266)
Depreciation	-	(1,277)	(80)	(1)	(629)	-	(1,987)
Disposals	-	344	-	11	649	-	1,004
Translation difference	-	49	(1)	-	2	-	50
Reclassifications	-	-	-	-	-	-	-
<b>December 31, 2022</b>	-	<b>(4,964)</b>	<b>(163)</b>	-	<b>(4,072)</b>	-	<b>(9,199)</b>
<b>Net book value</b>							
January 1, 2022	-	-	-	-	-	-	-
<b>December 31, 2022</b>	-	<b>6,978</b>	<b>153</b>	-	<b>650</b>	-	<b>7,781</b>

	Land	Property	Plant and machinery	Industrial equipment	Other assets	Assets in progress	Total
<b>Original cost</b>							
January 1, 2023	-	11,942	316	-	4,722	-	16,980
First IFRS 16 application of Italtel Deutschland GmbH December 1, 2023	-	-	-	-	127	-	127
Increases	-	1,490	1,713	-	1,313	-	4,516
Write-downs/restorations	-	-	-	-	-	-	-
Disposals	-	(2,619)	-	-	(4,032)	-	(6,651)
Translation difference	-	58	(3)	-	(1)	-	54
Reclassifications	-	-	-	-	-	-	-
<b>December 31, 2023</b>	-	<b>10,871</b>	<b>2,026</b>	-	<b>2,129</b>	-	<b>15,026</b>
<b>Accumulated depreciation</b>							
January 1, 2023	-	(4,964)	(163)	-	(4,072)	-	(9,199)
Depreciation	-	(1,878)	(288)	-	(834)	-	(3,000)
Disposals	-	1,802	-	-	3,997	-	5,799
Translation difference	-	(49)	4	-	2	-	(43)
Reclassifications	-	-	-	-	-	-	-
<b>December 31, 2023</b>	-	<b>(5,089)</b>	<b>(447)</b>	-	<b>(907)</b>	-	<b>(6,443)</b>
<b>Net book value</b>							
January 1, 2023	-	6,978	153	-	650	-	7,781
<b>December 31, 2023</b>	-	<b>5,782</b>	<b>1,579</b>	-	<b>1,222</b>	-	<b>8,583</b>

## Note 10 Other intangible assets

The account Other intangible assets and the relative movements were as follows:

	Industrial patents and intellectual property rights, licenses and similar rights	Development costs	Fixed assets in progress	Other intangible assets	Total
<b>Original cost</b>					
<b>January 1, 2022</b>	-	-	-	-	-
Assumption April 1, 2022	1,034	3,606	833	-	5,473
Increases	78	1,570	1	-	1,649
Allocation of assumption price	-	-	-	12,768	12,768
Write-downs	-	-	(5)	-	(5)
Disposals	-	-	-	-	-
Translation difference	1	-	-	-	1
Amortization	(514)	(2,267)	-	(479)	(3,260)
Reclassifications	23	745	(770)	-	(2)
<b>December 31, 2022</b>	<b>622</b>	<b>3,654</b>	<b>59</b>	<b>12,289</b>	<b>16,624</b>
<b>Original cost</b>					
<b>January 1, 2023</b>	622	3,654	59	12,289	16,624
Increases	65	2,118	151	-	2,334
Write-downs	-	-	-	-	-
Disposals	(2)	-	-	-	(2)
Translation difference	1	-	-	-	1
Amortization	(502)	(2,437)	-	(638)	(3,577)
Reclassifications	25	-	(25)	-	-
<b>December 31, 2023</b>	<b>209</b>	<b>3,335</b>	<b>185</b>	<b>11,651</b>	<b>15,380</b>

Other intangible assets includes the recognition on April 1, 2022 of Euro 12,768 thousand related to the capitalization of the customer relationship valued as part of the PPA (Price Purchase Allocation) following the Assumption of Assets and Liabilities on April 1, 2022 by Italtel S.p.A. (formerly Nuovo Polo Impiantistico S.p.A.). As required by IFRS 3, valuations performed by a consulting firm to restate the assets and liabilities at fair value as of the Assumption date indicated an intangible asset related to the Company's ability to develop and maintain ongoing relationships with loyal customers that increases the Company's ability to generate profitability in the future. From the analysis conducted, a useful life of the customer relationship was determined to be 20 years.

Investments for the year in other intangible assets amounted to Euro 2,334 thousand. Specifically, Euro 2,118 thousand was invested in Development and Innovation activities.

The R&D activities carried out by Italtel S.p.A. in 2023 and 2022 were as follows:

	31/12/2023	31/12/2022
Research and Development	3,095	2,201
of which:		
- capitalized	2,118	1,570
- recognized to the Income statement	977	631
Amortization in the year of development costs	2,437	2,267

The net value of intangible assets concerning Development Costs was Euro 3,335 thousand at December 31, 2023 and Euro 3,654 thousand at December 31, 2022.



Development Costs were capitalized as the company considers these investments recoverable through revenues from the sale of the related products, forecast for 2024 and subsequent years. This assessment took into consideration the reference market, the features of the individual products compared to the main competitors and the current visibility.

## Note 11 Goodwill

The account goodwill and the relative movements were as follows:

	31/12/2023	31/12/2022
Value at January 1	12,601	-
Assumption at April 1, 2022	-	12,601
Increases	-	-
Write-downs	-	-
<b>Value at December 31</b>	<b>12,601</b>	<b>12,601</b>

The Assumption that took place on April 1, 2022 by Italtel S.p.A. (formerly NPI S.p.A.) of the assets and liabilities of Beta TLC S.p.A. (formerly Italtel S.p.A.) generated a negative difference to be preliminarily allocated to goodwill of Euro 27,377,159. The consulting firm Epyon Audit & Consulting was then engaged to evaluate the allocation of this amount according to the Purchase Price Allocation (PPA) method under IFRS 3.

The PPA indicated that a portion of this amount is attributable to the Customer Relationship, which concerns the Company's ability to maintain and develop relationships with its customers that improves the possibility of profitability generation in the future. The fair value was measured at Euro 12,768 thousand, with an estimated useful life of 20 years.

For the purpose of determining the residual value of goodwill post-PPA, the assets and liabilities recorded in the balance sheet at the Assumption date were measured at fair value. This analysis revealed the existence of a surplus value referring to the property owned located in Carini (Palermo). This building was the subject of a preliminary deed of sale entered into by the company on February 15, 2023, which set the sale price at Euro 4,000 thousand, for a surplus over the net carrying amount at the Assumption date of Euro 2,008 thousand.

From the preceding paragraphs, it follows that the remaining post-allocation goodwill at April 1, 2022 was Euro 12,601 thousand.

<i>Euro/000</i>	Amount
<b>Goodwill to be allocated</b>	<b>27,377</b>
Customer relationship	12,768
Step up Carini building	2,008
Goodwill allocated	14,776
Goodwill (residual)	12,601

Source: Epyon analysis

As part of the PPA, an impairment test was carried out on the amount of Euro 27,377 thousand preliminarily attributed to goodwill at April 1, 2022, in order to verify that the future cash flows, deriving from the 2022-2026 five-year plan, were capable of generating future economic benefits such as to justify the value of goodwill in its entirety and thus confirm the absence of impairment losses at the pre-allocation stage.

The purpose of the work was to prepare asset-side valuations in accordance with IAS/IFRS, necessary for the impairment tests, in order to verify that the economic value of the CGU (Recoverable Amount, in the value-in-use configuration), was not less than the corresponding carrying amount recognized in Italtel S.p.A.'s financial statements (Carrying Amount) as of the Reference Date.

The assessment was carried out using the methodological criteria deemed most suitable for the purpose, consistent with the guidelines outlined by international accounting standards on impairment testing (IAS 36, IAS 38 and IFRS 13).

### Application

The international accounting standard IAS 36 requires the assessment of impairments to tangible and intangible fixed assets amid indicators that such a loss may exist.

In the case of goodwill, as in all the other intangible assets with an indefinite useful life, the value must be tested annually or more frequently through the "impairment test" process if extraordinary negative events occur involving a presumption of loss of value.

### Identification of the CGUs (Cash Generating Units) and allocation of goodwill

In accordance with international accounting standards, a standalone asset not representing goodwill and incapable of generating cash flows independently from other assets or groups of assets, cannot be subjected to a separate impairment test in respect of the assets it is linked to.

For these purposes, goodwill must be allocated to a CGU or groups of CGUs, in accordance with the maximum aggregation constraint coinciding with the operating segment notion indicated in IFRS 8.

### Impairment testing process and evaluation system

The recoverability of the value of goodwill recorded in the financial statements was tested by comparing the carrying amount of the CGU to which it is allocated with its recoverable amount, defined under IAS 36 as the higher of the fair value of an asset or cash-generating unit, less costs to sell and its value in use. The Company determines the value in use and, where the value in use is less than the carrying amount of individual CGUs, proceeds to determine the Fair value less costs to sell.

### General considerations and choice of valuation methods

The recoverable amount, as mentioned, is the greater of an asset's fair value less costs of disposal and its value in use. For the purpose of determining the recoverable amount, the value in use was estimated using the Unlevered Discounted Cash Flow financial method.

In terms of the Company's business, in fact, trends in sales and related costs, on the one hand, and trends in investments and working capital, on the other, are drivers that justify the adoption of the Unlevered Discounted Cash Flow financial method for the purpose of estimating the value in use of the CGU.

In fact, the UDCF method correlates the value of a company's economic capital with its ability to produce cash flows at an operating level, for the remuneration of third-party lenders and shareholders. In view of the purposes of this valuation report, this choice appears to be consistent with the guidelines drawn by international accounting standards (IAS 36) regarding the estimation of value in use for the purpose of impairment testing.

### Analyses on goodwill at December 31, 2023

The Company Italtel S.p.A. re-performed the goodwill impairment test as of December 31, 2023 based on the assumptions described below.

The impairment exercise carried out to assess the recoverability of the net carrying amount of goodwill at December 31, 2023 was conducted assuming the existence of a single CGU, coinciding with the entire company Italtel S.p.A..

The assessment conducted at December 31, 2023 confirmed the recoverability of carrying amounts related to the Italtel CGU; no potential impairment losses were identified with respect to assets in the net capital employed of the December 31, 2023 financial statements, including goodwill.

The recoverability of goodwill and other assets pertaining to the Italtel CGU was tested by determining the value in use by discounting Italtel S.p.A.'s cash flows based on a sensitivity whose first year is the FY 2024 budget, while sustainable growth assumptions were considered for the following years. The 2022-2026 Business Plan was not used for the purpose of conducting the test as it was considered outdated due to the changed environment. A new business plan is being prepared.

The rate used for discounting future cash flows (WACC) is 11.2%. This value was obtained by determining at the reference date the financial and market parameters underlying the determination of the weighted average cost of capital net of the tax effect (risk free rate, size and market risk premium). The growth rate used to determine cash flows ("g rate") was assumed to be 1%.

On the outcome of these assessments, sensitivity analyses were finally conducted by acting on the key parameters, namely (i) WACC and (ii) growth rate g, with the same operating assumptions assumed in the base case.

The sensitivity analyses did not involve the identification of impairment loss scenarios at December 31, 2023.

The Directors confirm the value of Euro 12,601 thousand recorded in the financial statements at December 31, 2023.

## Note 12 Investments valued at equity

The item Investments valued at equity shows no changes:

	31/12/2023	31/12/2022
Value at January 1	81	-
Assumption at April 1	-	81
Adjustments in the year	-	-
Acquisitions	-	-
<b>December 31</b>	<b>81</b>	<b>81</b>

At December 31, 2023 and 2022 none of the associated companies had securities listed on regulated markets.

## Note 13 Medium - long term financial assets

Medium - long term financial assets consist only of Investments in other companies, and the related changes are as follows:

	31/12/2023	31/12/2022
January 1	215	-
Assumption at April 1	-	196
Increases	1	19
Increases - incorporation Broadband Lab S.r.l.	10	-
Share capital increase Broadband Lab S.r.l.	17,779	-
Decreases - disposal Broadband Lab S.r.l.	(17,789)	-
<b>December 31</b>	<b>216</b>	<b>215</b>

The equity investments in other companies are all valued at cost.

Investments in other companies during the year increased by Euro 1 thousand in connection with the subscription of the shareholding in the ABI Lab Consortium whose corporate purpose is to carry out research, study and design activities in the field of technologies dedicated to banking.

The list of holdings is shown in Note 48.

On July 12, 2023, Broadband Lab S.r.l. was established, whose capital was 100% subscribed by Italtel S.p.A. in the amount of Euro 10 thousand. Subsequently, following the August 2, 2023 agreement signed with Fibermind S.r.l. regarding the sale of the UBB business unit, a capital increase of Euro 17,778 thousand was approved and subscribed for on November 17, 2023 by Italtel S.p.A. through the contribution in kind of the business unit. Simultaneously, Italtel sold its investment in the company Fibermind S.r.l.. For further details, please refer to Note 24 Assets held-for-sale and discontinued operations.

The book value of the other financial assets approximates their fair value.

## Note 14 Other assets

This account Other assets is comprised of:

	31/12/2023	31/12/2022
Security deposits	765	678
Receivables from tax authorities	46	31
Tax reimbursements requested	-	-
Other	130	212
Other non-current receivables doubtful debt provision	-	-
<b>December 31</b>	<b>941</b>	<b>921</b>

Security deposits mainly include deposits paid to guarantee lease contracts. These were mainly for the offices in Via Caldera for Euro 394 thousand and Carini for Euro 69 thousand, as well as long-term car rental contracts and electricity and gas utilities.

The Others account includes long-term prepayments for the suspension of costs accrued, which are expected to be reversed to the income statement beyond 12 months.

The book value of the other assets approximates their Fair Value.

## Note 15 Deferred tax assets and liabilities

This account Deferred tax assets is comprised of:

	31/12/2023	31/12/2022
Deferred tax assets	5,688	3,035
Deferred tax liabilities	(3,867)	(3,772)
<b>Total</b>	<b>1,821</b>	<b>(737)</b>

The breakdown of deferred taxes by type was as follows:

	Deferred tax assets		Deferred tax liabilities	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
<b>Temporary differences originating from:</b>				
- Capital grants and operating grants	-	-	(3,482)	(3,592)
- Goodwill Amortization	-	-	(342)	(126)
- Doubtful debts provision	21	30	-	-
- Inventory obsolescence provision	448	207	-	-
- Amortization and depreciation	55	-	-	-
- Other provisions for risks and charges	1,129	437	-	-
- Deferred tax assets interest expenses	1,228	556	-	-
- Other	66	16	(43)	(41)
- Deferred tax assets pertaining to Italtel S.p.A.'s tax losses	1,894	761	-	-
- For temporary differences concerning foreign subsidiaries in accordance with local tax laws	405	746	-	(13)
- Deferred tax assets pertaining to tax losses of overseas subsidiaries	262	282	-	-
<b>Changes in adoption of IFRS to equity</b>				
- Cash flow hedge reserve	180	-	-	-
<b>Total</b>	<b>5,688</b>	<b>3,035</b>	<b>(3,867)</b>	<b>(3,772)</b>

Deferred tax assets pertaining to tax losses of the Group's overseas companies refer to Italtel Brasil.

Deferred tax assets for temporary differences refer to the Group companies located in Peru and France.

## Note 16 Inventories

The account inventories and the related movements were as follows:

	31/12/2023	31/12/2022
Contract work-in-progress	4,992	11,755
Contract work-in-progress obsolescence provision	(639)	(634)
	4,353	11,121
Finished products and goods	50,395	46,462
Finished products and goods obsolescence provision	(29,703)	(33,461)
	20,692	13,001
Advances	145	538
<b>Total</b>	<b>25,190</b>	<b>24,660</b>

During the year, Italtel S.p.A. undertook scrapping of the materials in inventory for a total value of Euro 4,398 thousand, against which the inventory obsolescence provision of Euro 4,383 thousand was used.

The contract work-in-progress represents the costs suspended relating to the provision of goods and services on contracts stipulated with clients. For Euro 2,974 thousand, the decrease relates to the sale of UBB inventories contributed on November 17, 2023 to the company Broadband Lab S.r.l.

## Note 17 Contract work-in-progress

The contract work-in-progress amounts to Euro 2,266 thousand at December 31, 2023 (Euro 27,195 thousand at December 31, 2022).

The breakdown of contract work-in-progress by business area is follows:

	31/12/2023	31/12/2022
Telco Media & Cloud - gross value	10,504	7,749
Telco Media & Cloud - advances already invoiced	(9,333)	(6,904)
Telco Media & Cloud - net value	1,171	845
Private & Public sector - gross value	10,727	8,533
Private & Public sector - advances already invoiced	(9,730)	(6,473)
Private & Public sector - net value	997	2,060
Ultra Broad Band - gross value	125	155,445
Ultra Broad Band - advances already invoiced	(111)	(131,355)
Ultra Broad Band - net value	14	24,090
Foreign - gross value	1,913	3,256
Foreign - advances already invoiced	(1,829)	(3,056)
Foreign - net value	84	200
<b>Total</b>	<b>2,266</b>	<b>27,195</b>

Contract work-in-progress at December 31, 2023 and December 31, 2022 represents the valuation of the contracts with the clients based on the advancement of the activities.

The main change is determined by the transaction for the transfer of the Ultra Broad Band business unit to the company Broadband Lab S.r.l., by which the Work-in-Progress with the customer Open Fiber was transferred.

The net balance of advances received on contract work-in-progress amounts to Euro 3,530 thousand at December 31, 2023 (Euro 4,321 thousand at December 31, 2022).



The net balance of advances received on contract work-in-progress comprises:

	31/12/2023	31/12/2022
Telco Media & Cloud - gross value	5,951	6,305
Telco Media & Cloud - advances already invoiced	(7,477)	(8,588)
Telco Media & Cloud - net value	(1,526)	(2,283)
Private & Public sector - gross value	5,147	2,571
Private & Public sector - advances already invoiced	(5,730)	(2,947)
Private & Public sector - net value	(583)	(376)
Ultra Broad Band - gross value	-	4,031
Ultra Broad Band - advances already invoiced	-	(4,275)
Ultra Broad Band - net value	-	(244)
Foreign - gross value	2,284	2,276
Foreign - advances already invoiced	(3,705)	(3,694)
Foreign - net value	(1,421)	(1,418)
<b>Total</b>	<b>(3,530)</b>	<b>(4,321)</b>

## Note 18 Trade receivables

The account trade receivables is composed as follows:

	31/12/2023	31/12/2022
Trade receivables	50,475	66,891
Receivables from parent companies	24	38
Receivables from group companies	162	185
Cumulative write-down of receivables	(4,203)	(4,440)
<b>Total</b>	<b>46,458</b>	<b>62,674</b>

The movements of the cumulative write-downs of receivables are broken down as follows:

	31/12/2023	31/12/2022
<b>January 1</b>	<b>4,440</b>	<b>-</b>
Changes in the year:		
- Assumption April 1, 2022	-	4,221
- Increases	356	407
- Utilizations/Releases	(592)	(189)
- Translation differences of foreign currencies	(1)	1
<b>December 31</b>	<b>4,203</b>	<b>4,440</b>

The increases in the cumulative write-downs of receivables were recognized to the income statement to the account Other operating costs.

The receivables from related parties are broken down in Note 45 – Related party transactions.

The without recourse factoring operations in place at December 31, 2023 totaled Euro 63.8 million (at December 31, 2022 Euro 54.15 million).

The book value of the trade receivables approximates their Fair Value.

Below the trade receivables in currencies other than the Euro are listed, the functional currency of the Group:  
(thousands)

	31/12/2023		31/12/2022	
	Foreign currency	Euro	Foreign currency	Euro
US Dollar	1,565	1,417	13,417	12,580
UK Sterling	30	34	53	59
Brazilian Real	23,499	4,383	35,370	6,273
Peruvian Nuevo Sol	24,081	5,900	31,189	7,709
Colombian Peso	10,206,125	2,392	2,220,816	429
Chilean Peso	14,077	14	87,083	95

## Note 19 Current tax receivables

The account receivables for current taxes at December 31, 2023 amounted to Euro 489 thousand (at December 31, 2022 totaling Euro 580 thousand), representing the excess of the taxes paid by some foreign companies.

## Note 20 Other receivables and assets

This account Other receivables and assets is comprised of:

	31/12/2023	31/12/2022
Employee receivables	521	725
Social security institution receivables	69	335
Prepayments	820	757
Short-term tax receivables	7,451	4,467
Receivables from the state for subventions and grants	5,378	14,965
Other various receivables	2,661	4,892
<b>Total</b>	<b>16,900</b>	<b>26,141</b>

Employee receivables mainly refer to advances disbursed by the parent company in previous years for business trips for Euro 323 thousand (Euro 323 thousand at December 31, 2022), against which other current liabilities include the liability for expense claims to be received for trips made by employees. At December 31, 2023, the balance includes the advance salary paid to employees for the Temporary Lay-Off Scheme in December and withheld in January 2024, amounting to Euro 93 thousand (Euro 291 thousand at December 31, 2022).

Receivables from social security institutions refer entirely to Italtel S.p.A. and amount to Euro 69 thousand. They decreased by Euro 266 thousand due to the recovery of the receivable from the INPS of Euro 258 thousand recognized at December 31, 2022 for the Extraordinary Temporary Lay-off Scheme advanced by the company to employees.

Prepayments concern costs paid relating to the subsequent year.

Short-term tax receivables refer for Euro 5,615 thousand as of December 31, 2023 to the total excess of the VAT receivable in the 2023 tax year requested for refund by Italtel S.p.A. on February 16, 2024 following the submission of the annual VAT return and transferred to factoring on March 13, 2024. Compared with a total actual VAT receivable in fiscal year 2023 of Euro 15,569 thousand, the Company requested a refund and collected from the factoring company in the fiscal year Euro 9,954 thousand.

The receivables from the State for subventions and grants of Euro 5,378 thousand at December 31, 2023 (Euro 14,965 thousand at December 31, 2022) refer to grants for funded research and development projects, for which a reasonable certainty exists of their recognition under paragraph 7 of IAS 20. For a number of these grant receivables, advances that have already been collected are recorded in current liabilities. During fiscal year 2023, Euro 8,045 thousand was collected, of which Euro 7,960 thousand related to the Teleion project for which an advance of Euro 2,340 thousand had been collected in fiscal year 2020, which was transferred to 2023 to reduce the receivable.

Other receivables include advances to suppliers of Euro 1,721 thousand (Euro 3,932 thousand at December 31, 2022).

The book value of the other assets approximates their Fair Value.

## Note 21 Short-term financial assets

The account short-term financial assets and the relative movements were as follows:

	31/12/2023	31/12/2022
Other financial receivables	514	83
Short-term financial prepayments and accrued income	1	-
Monetary funds / Securities	-	-
<b>Total</b>	<b>515</b>	<b>83</b>

Other financial receivables at December 31, 2023 refer to the guarantee paid to the company Ebury for dollar position hedging transactions.

The book value of the other financial assets approximates their fair value.

## Note 22 Restricted current accounts

The balance of the Banks restricted current accounts refers for Euro 1,595 thousand to the restricted cash of the Group's Peruvian company (Euro 2,027 thousand at December 31, 2022), as a guarantee for work-in-progress for public companies, and for Euro 100 thousand to the balance of the current account opened by Italtel S.p.A. for the arrangement with creditors (Euro 100 thousand at December 31, 2022).

## Note 23 Cash and cash equivalents

The account cash and cash equivalents is broken down as follows:

	31/12/2023	31/12/2022
Cash at banks, financial institutions and post offices	44,602	33,300
Cheques	-	-
Cash	11	9
<b>Total</b>	<b>44,613</b>	<b>33,309</b>

The amounts shown can be readily converted into cash and do not have a significant risk of change in value.

## Cash flow generated by operating activities

Cash flow generated by operating activities amounts to Euro 26,717 thousand, whereas cash flow absorbed by discontinued operations was Euro 10,421 thousand (cash flow absorbed in 2022 was Euro 9,216 thousand).

Cash flow absorbed by operating activities before working capital changes of Euro 953 thousand is accompanied by the change in net working capital, with the generation of cash of Euro 27,670 thousand. This includes the payment of arrangement debts of Euro 4,995 thousand (Euro 8,445 thousand in 2022).

## Cash absorbed by investing activities

During the year ended December 31, 2023, investing activities absorbed cash of Euro 3,649 thousand (Euro 805 thousand last year), principally due to investments in property, plant and equipment for Euro 915 thousand, in right-of-use assets for Euro 4,516 thousand, and in intangible assets for Euro 2,334 thousand. The sale of fixed assets resulted in the receipt of Euro 4,549 thousand, mainly on the sale of the Carini assets for Euro 4,000 thousand and of the UBB and ICT business unit (Euro 3,195 thousand in 2022, of which Euro 3,000 thousand for the sale of property in Castelletto - Settimo Milanese).

## Cash absorbed by investing activities

Investing activities in 2023 reported a decrease in cash flow of Euro 1,744 thousand, as compared to an increase of Euro 29,454 thousand for the previous year.

The cash generation in 2022 was due to the cash payment by Shareholders totaling Euro 47,778 thousand.

In 2023, arrangement financial debts of Euro 5,575 thousand were paid (Euro 20,078 thousand in 2022).

## Note 24 Assets held-for-sale and discontinued operations

In accordance with IFRS 5, the financial figures related to the UBB business unit sold on November 17, 2023, have been reclassified into specific accounts on the balance sheet and income statement.

At December 31, 2023, assets include the value of the receivable from Fibermind S.r.l. for the sale of the equity investment in Broadband Lab S.r.l., to which Italtel S.p.A. transferred the ultra-broadband (UBB) business unit in accordance with the framework agreement signed by the parties on August 2, 2023, and subsequently amended. In accordance with agreement, the sale of the UBB business unit was to take place by transferring the assets and liabilities related to the business unit to a newly incorporated company, the shares of which were sold to Fibermind S.r.l. at the same time. In July 2023, execution of the agreement, Italtel S.p.A. thereby established the company Broadband Lab S.r.l., subscribed the entirety of its share capital for Euro 10,000, and submitted the amount to the notary public appointed by the parties for all obligations related to the transaction. Following an analysis by Mr. Lorenzo Pozza, the value of the increase in Broadband Lab S.r.l. share capital was measured at Euro 17,778 thousand and was to be subscribed by Italtel S.p.A. by transferring the assets and liabilities of the UBB business unit on November 17, 2023.

The assets and liabilities transferred are presented below:

	(Euro thousands)
<b>Assets</b>	
Property, plant and equipment	36
Work in progress to order at invoice value	26,623
<b>Liabilities</b>	
Payables to staff	(565)
Employee benefits	(974)
Risks and other charges provision	(6,000)
<b>Net carrying amount of assets and liabilities transferred</b>	<b>19,120</b>
Subscription of the increase in share capital of the shareholding Broadband Lab S.r.l.	(17,779)
<b>Loss on the sale of the business unit recognized to the income statement</b>	<b>1,341</b>

Therefore, subscription of the share capital of Euro 17,778 thousand, against the net carrying amount of the assets and liabilities transferred on November 17, 2023, resulted in a net loss on equity investments of Euro 1,341 thousand.

As a result of this agreement, the UBB business unit was sold to the counterparty at a price that could not be determined at the balance sheet date. Italtel S.p.A. initially recognized the receivable equal to the carrying amount of the equity investment sold of Euro 17,789 thousand (Euro 10 thousand paid when establishing the shareholding and Euro 17,779 thousand subscribed in exchange for payment in kind), prudently adjusted by Euro 1,500 thousand given the uncertainty of the provisional price, finalization of which will take place after approval of these financial statements. In accordance with the agreement, at the date of execution of the sale of the equity investment, Fibermind S.r.l. paid the first tranche of the price of Euro 5,000 thousand into an escrow account with the notary public, which was collected by Italtel S.p.A. on February 20, 2024.

The loss on the UBB business unit of Euro 10,459 thousand is shown in a separate item on the income statement.

The composition of the item is as follows:

		(Euro thousands)
	<b>Note</b>	<b>2023</b>
Revenues from sales and services	(33)	9,982
		-
Purchase of materials and external services	(35)	(4,092)
Personnel expense	(36)	(4,496)
Amortization, depreciation and write-downs	(37)	(38)
Other operating expenses	(38)	(6,000)
Change in inventories	(39)	(2,974)
		-
<b>Discontinued Operations operating profit/(loss)</b>		<b>(7,618)</b>
Loss on sale of investments	(43)	(2,841)
<b>Net profit/(loss) from discontinued operations</b>		<b>(10,459)</b>

At December 31, 2022, this item included among assets the sale value of the Carini (Palermo) complex, amounting to Euro 4,000 thousand, for which the preliminary deed of sale was signed on February 15, 2023 with the company H Exchange S.r.l.

Other discontinued assets and liabilities at December 31, 2022 concerned the company Italtel Arabia Ltd in liquidation and the company Italtel Argentina S.A.

Italtel Argentina SA, which is being liquidated, was deconsolidated without any effect on group equity.

Discontinued liabilities at December 31, 2023, concern the company Italtel Arabia Ltd, also in liquidation.



## SHAREHOLDERS' EQUITY AND LIABILITIES

### Note 25 Share capital

At December 31, 2023, and December 31, 2022, the share capital amounted to Euro 5,674,752.28 and was divided as follows:

- 3,045,000 Ordinary Shares owned by Gruppo PSC S.p.A.
- 1,005,596 A Shares owned by TIM S.p.A..
- 1,624,160 B shares owned by Clessidra Capital Credit SGR S.p.A.

Following the approval, by decree of the Court of Milan No. 10234/2021, Case No. 47652/2021 dated December 9, 2021, of the arrangement procedure of Beta TLC S.p.A. (formerly Italtel S.p.A.) and in execution of the arrangement obligations, the Company's shareholding structure, resulting from the assumption of the entire corporate assets of the old Italtel by the Assuming company (formerly Nuovo Polo Impiantistico S.p.A.), is as follows:

#### Gruppo PSC S.p.A.

It represents the majority shareholder of Italtel S.p.A. by virtue of a 53.66% holding, and also exercises management and coordination activities pursuant to Article 2497 and subsequent of the Civil Code with respect to its subsidiary Italtel S.p.A. Prior to the capital increases resulting from the approval of the arrangement procedure, it was the sole shareholder of Nuovo Polo Impiantistico S.p.A. (the Assuming company). PSC is held by:

- PSC Partecipazioni S.p.A., which owns 80.36% of the share capital.
- Fincantieri S.p.A., which owns 9.80% of the share capital.
- SIMEST S.p.A., which owns 9.64% of the share capital.

The majority shareholder Gruppo PSC S.p.A. is affected by a preventive composition procedure, currently pending before the Court of Lagonegro.

#### Clessidra Capital Credit SGR S.p.A.

The company holds a 28.62% equity interest; it acts as a manager of the FIA (alternative investment fund) Clessidra Restructuring Fund.

Clessidra was founded in 2003 with the aim of creating an asset management company operating in the highly professional Italian private equity market and dedicated to the domestic upper-middle market segment, becoming one of the leading private equity fund managers in Italy.

The company today is an independent platform operating in alternative investments (private credit and private equity) and factoring, able to offer a wide range of products and services for institutional investors and small and medium-sized Italian companies. The Clessidra Group operates through three companies with operational autonomy, Clessidra Capital Credit, Clessidra Private Equity, and Clessidra Factoring.

#### TIM S.p.A.

With a 17.72% holding, TIM is listed on the Euronext regulated market in Milan and is one of the leading telecommunications companies in Italy and also has a significant presence in South America, particularly in Brazil. The company provides fixed-line and mobile telephone services, in addition to high-speed Internet and TV connectivity services. TIM is listed on both the Milan and New York stock exchanges (on the FTSE MIB index of the Italian Stock Exchange).

The share capital increase from Euro 50,000, fully paid-in by Gruppo PSC S.p.A., to Euro 5,674,752.28, was made through cash payments of Euro 4,772,722.49 and the conversion of the arrangement liabilities to TIM S.p.A. and Clessidra Capital Credit SGR S.p.A. totaling Euro 852,029.79.

Specifically:

	Cash payment	Conversion of payables	(Euro) Total
Gruppo PSC S.p.A.	2,995,000.00	-	2,995,000.00
TIM S.p.A.	900,000.00	105,596.03	1,005,596.03
Clessidra Capital Credit SGR S.p.A.	877,722.49	746,433.76	1,624,156.25
<b>Total at December 31, 2023</b>	<b>4,772,722.49</b>	<b>852,029.79</b>	<b>5,624,752.28</b>

At December 31, 2023, and December 31, 2022, all shares issued had been subscribed and paid-in.

At December 31, 2023, the Company did not hold treasury shares.

## Note 26 Reserves

The Reserves account is composed as follows:

	31/12/2023	31/12/2022
Legal reserve	-	-
Share premium reserve	50,623	50,623
<b>Total</b>	<b>50,623</b>	<b>50,623</b>

Following the capitalization of the Company resulting from the Assumption transaction on April 1, 2022, the share premium reserve was paid by the new shareholders. The payment was made in cash for Euro 42,955 thousand and by the conversion of the arrangement liabilities assumed on April 1, 2022 in the amount of Euro 7,668 thousand. Specifically:

	Cash payment	Conversion of payables	(Euro thousands) Total
Gruppo PSC S.p.A.	26,955	-	26,955
TIM S.p.A.	8,100	950	9,050
Clessidra Capital Credit SGR S.p.A.	7,900	6,718	14,618
<b>Total</b>	<b>42,955</b>	<b>7,668</b>	<b>50,623</b>

## Note 27 Other reserves including profit/(loss) and minority interest reserves

The breakdown of the account is as follows:

	31/12/2023	31/12/2022
Prior year results carried forward	(6,171)	(839)
FTA (First Time Adoption) IFRS Reserve	4	(2)
Employee benefits remeasurement reserve IAS 19	897	993
Cash Flow Hedge reserve recognized in other comprehensive income	(572)	-
Translation reserve	118	537
IAS/IFRS First Time Application Reserve	-	-
Stock option plan reserve	-	-
Loss for the year	(16,573)	(5,985)
<b>Total</b>	<b>(22,297)</b>	<b>(5,296)</b>

At December 31, 2023, prior year results carried forward included the net result for 2022.

The deconsolidation of Italtel Argentina SA, in liquidation, resulted in the elimination of the cumulative currency conversion reserve, which had a positive balance at December 31, 2022, of Euro 653 thousand. The contra entry for the currency conversion reserve was retained earnings and losses carried forward, which thereby increased by Euro 653 thousand to Euro 6,173 thousand.

At December 31, 2022, the account Prior year results carried forward increased due to the effect, among others, of the application of IAS 29 - Financial Reporting in Hyperinflationary Economies to the 2022 financial statements of the Group's Argentinian company. In accordance with this standard, net equity accounts in the financial

statements of Italtel Argentina S.A., expressed in Argentinian Pesos, were restated to take account of the local inflationary effect. The accounting standard establishes that the counter-entry of the revaluation of net equity accounts must be recorded to the income statement of the year in which it occurs, in an allocated account under financial charges. The cumulative revaluation effect at December 31, 2022, was negative and amounted to Euro 890 thousand. As of December 31, 2022, the same revaluation effect was recognized for the Chilean company, in the amount of Euro 69 thousand.

In the FTA reserve, the increase of Euro 6 thousand on January 1, 2023, concerned the first-time application of IFRS 16 related to vehicle leases by Italtel Deutschland GmbH, which had previously been deemed to be of insignificant amount. The negative Euro 2 thousand of the previous year concerned the first-time IFRS application based on Italian GAAP by the company Nuovo Polo Impiantistico (now Italtel S.p.A.) as described in the annual financial report for the year ended December 31, 2022.

Other reserves include Euro 897 thousand (Euro 993 thousand in 2022) generated from the employee benefits remeasurement in application of IAS 19 revised which provides, from January 1, 2013, for the elimination of the corridor method and the immediate recognition of the actuarial gains and losses in the comprehensive income statement.

At December 31, 2023 actuarial losses were recorded in the comprehensive income statement totaling Euro 96 thousand, without any tax effect. (At December 31, 2022, actuarial gains were recorded in the comprehensive income statement totaling Euro 993 thousand, without any tax effect).

The movements in the Employee benefits remeasurement reserve IAS 19 were as follows:

	2023	2022
<b>January 1</b>	<b>993</b>	<b>-</b>
Post-employment benefits actuarial gains(losses)	(96)	993
<b>December 31</b>	<b>897</b>	<b>993</b>

The Cash Flow Hedge Reserve is broken down in the table below:

	2023	2022
<b>January 1</b>	<b>-</b>	<b>-</b>
Gains/(losses) on the effective portion of the Cash Flow Hedge:	(752)	-
Tax effect	180	-
<b>December 31</b>	<b>(572)</b>	<b>-</b>

The translation reserve concerns the affects from the conversion into Euro of financial statements of the subsidiaries who prepare their financial statements in a functional currency other than the Euro.

The movements in the translation reserve were as follows:

	2023	2022
<b>January 1</b>	<b>537</b>	<b>-</b>
Elimination of the currency conversion reserve related to Italtel Argentina SA, a deconsolidated company in liquidation	(653)	-
Conversion of opening net equity and consolidation adjustments	203	593
Conversion of Profit/(loss)	31	(56)
<b>December 31</b>	<b>118</b>	<b>537</b>

## Note 28 Employee benefit provisions

The employee benefits provisions are broken down as follows:

	31/12/2023	31/12/2022
Post-employment benefits	10,815	13,025
Deferred benefits provisions for foreign companies	35	-
<b>December 31</b>	<b>10,850</b>	<b>13,025</b>

The post-employment benefits provision refers only to Italtel S.p.A.

With the entry into force in 2007 of the provisions established by the pension reform the balance sheet prepared after the reform must apply valuation criteria in line with a new regulation, illustrated in Note 2 - I - Employee Benefits, valuing for IAS purposes only the liability concerning post-employment benefits matured under the pre-existing regulation. That matured after the pension reform represents a defined contribution plan in that these payments do not involve further obligations for the company related to future employment service.

In accordance with IAS 19, for the valuation of post-employment benefits, the "Projected Unit Credit Cost" method was used as follows:

	31/12/2023	31/12/2022
<b>ECONOMIC ASSUMPTIONS</b>		
Increase in the cost of living*	2% annually	5.9% for the year 2023; 2.3% for the year 2024 and 2% annually from 2025
Discount rate	3.08% annually	3.63% annually
Salary increases	-	-
Annual increase in employee benefit obligation	3% annually	5.93% for the year 2023; 3.33% for the year 2024 and 3% annually from the year 2025
<b>DEMOGRAPHIC ASSUMPTIONS</b>		
Probability of death	Italian population data recorded by ISTAT in 2007 based on gender	Italian population data recorded by ISTAT in 2007 based on gender
Probability of invalidity	Projections for 2010 from the INPS tables by age and gender. This probability was created from the age and gender of the pensions at January 1, 1987, commencing from 1984, 1985 and 1986 relating to the personnel of the credit division	Projections for 2010 from the INPS tables by age and gender. This probability was created from the age and gender of the pensions at January 1, 1987, commencing from 1984, 1985 and 1986 relating to the personnel of the credit division
Probability of dismissal	Annual frequencies of 3% were taken into account; departures in the business plan for the years 2023 and 2024 were taken into account	Annual frequencies of 3% were taken into account; departures in the business plan for the years 2023 and 2024 were taken into account
Probability of retirement	It was assumed that the first pensionable requisites valid for the General Compulsory Insurance were reached	It was assumed that the first pensionable requisites valid for the General Compulsory Insurance were reached
Probability of advances	Annual value of 3% was considered	Annual value of 3% was considered

\* For the choice of the annual inflation rate, reference was made to the Update Note to the DEF 2023 published on September 27, 2023, which reports a consumption deflator for the years 2023, 2024 and 2025 of 5.6%, 2.4% and 2%, respectively. From 2024, based on the above and taking account of current trends in inflation, a constant rate of 2% has been assumed.

Changes in the post-employment benefit were as follows:

	31/12/2023	31/12/2022
<b>January 1</b>	<b>13,025</b>	<b>-</b>
Assumption April 1, 2022	-	17,031
IFRS adjustment – actuarial losses/(profits)	96	(993)
Increase (decrease) for the year including reduction for pension reform	29	(434)
Financial expense/(income)	448	67
Utilizations in the year	(2,783)	(2,646)
Increase in the year - foreign companies	35	
<b>December 31</b>	<b>10,850</b>	<b>13,025</b>

Actuarial losses calculated for the year 2023 amount to Euro 96 thousand (as compared to actuarial gains of Euro 993 thousand in 2022) and are recognized with an offsetting entry in shareholders' equity in the IAS 19 Employee Benefits Restatement Reserve.

The interest cost recognized to financial expenses in the income statement is Euro 448 thousand.

## Note 29 Provision for risks and charges

The account provisions for risks and charges and the related movements were as follows:

	Contractual guarantees	Other risks	Total
<b>January 1, 2022</b>	-	-	-
Changes in the year:			
Assumption at April 1	35	11,990	12,025
- Increases	68	1,982	2,050
- Utilizations/Releases	-	(2,667)	(2,667)
- Exchange differences	-	(11)	(11)
<b>December 31, 2022</b>	<b>103</b>	<b>11,294</b>	<b>11,397</b>
Changes in the year:			
- Increases	4	3,893	3,897
- Utilizations/Releases	-	(1,419)	(1,419)
- Exchange differences	-	11	11
- Reclassifications	-	(259)	(259)
<b>December 31, 2023</b>	<b>107</b>	<b>13,520</b>	<b>13,627</b>

Contractual guarantees represent the estimated value of costs to be incurred for the technical assistance guaranteed on plant sold and are allocated by the Group's German company in accordance with local legislation. A provision of Euro 4 thousand was set aside during the year.

The provision for risks and other charges of Euro 13,520 thousand at December 31, 2023, includes:

- future losses on work-in-progress for Euro 383 thousand.
- contract risks and future charges in relation to contracts currently in progress for Euro 2,379 thousand.
- provisions for employee departures for Euro 2,870 thousand.
- provisions for pending legal disputes for Euro 100 thousand.
- estimated future charges for the liquidation of Beta TLC S.p.A. (formerly Italtel S.p.A.) for Euro 42 thousand (as a result of the assumption, the legal entity is non-operative) and of a number of foreign companies in the amount of Euro 32 thousand.
- contingent liabilities related to the arrangement liabilities of Beta TLC S.p.A. recognized on April 1, 2022, for Euro 7,005 thousand.
- the Brocchi assistance provision, amounting to Euro 239 thousand, established over the years on a voluntary basis for employees for welfare purposes.
- For potential charges of foreign companies, mainly related to legal disputes with former employees for Euro 395 thousand and other risks for Euro 75 thousand.

The increases for the year relate for Euro 576 thousand to future charges on work-in-progress, for Euro 289 thousand to provisions for future losses on work-in-progress, for Euro 100 thousand for legal disputes, and for Euro 2,870 thousand to employee departure charges. Euro 58 thousand was also allocated for probable disputes with former employees of the foreign companies.

The provisions utilized during the year by Italtel S.p.A. amounted to Euro 1,366 thousand and mainly related to the coverage of internal costs associated with the execution of contracts for Euro 421 thousand, future losses on work-in-progress executed in the year for Euro 202 thousand, the provision for employee charges for Euro 292 thousand, the coverage of costs incurred by the Company on behalf of Beta TLC S.p.A. for Euro 21 thousand, for which a total provision of Euro 200 thousand had been accrued, and to charges incurred for the settlement of the preferential arrangement liabilities assumed on April 1, 2022, for Euro 24 thousand. The Brocchi provision was also used during the year for Euro 6 thousand and, following an updated assessment of contract risks, excess provisions were released for Euro 400 thousand.



The foreign companies of the Group used Euro 53 thousand to cover costs incurred for legal disputes with former employees.

### Note 30 Medium/long-term and short-term financial liabilities

Medium-term and short-term financial liabilities at December 31, 2023, and at December 31, 2022, were composed as follows:

	31/12/2023			31/12/2022		
	Short-term	Medium/long-term	Total	Short-term	Medium/long-term	Total
Unsecured loans at subsidized rates to Banks	263	109	372	124	715	839
Liabilities to banks - unsecured debt arrangement liabilities	10,136	-	10,136	5,575	10,136	15,711
Liabilities to other lenders - unsecured debt arrangement liabilities	10,110	-	10,110	-	-	-
<b>Loans and arrangement liabilities</b>	<b>20,509</b>	<b>109</b>	<b>20,618</b>	<b>5,699</b>	<b>10,851</b>	<b>16,550</b>
Liabilities for finance leases	2,491	5,660	8,151	1,693	4,603	6,296
Accrued liabilities for interest on finance leases to third parties	33	-	33	32	-	32
Liabilities for finance leases to PSC Group companies	242	954	1,196	421	1,616	2,037
Accrued liabilities for interest on finance leases to PSC Group companies	19	-	19	23	-	23
<b>Medium/long-term financial liabilities</b>	<b>23,294</b>	<b>6,723</b>	<b>30,017</b>	<b>7,868</b>	<b>17,070</b>	<b>24,938</b>
Bank loans	1,314	-	1,314	1,675	-	1,675
<b>Total payables to financial institutions</b>	<b>24,608</b>	<b>6,723</b>	<b>31,331</b>	<b>9,543</b>	<b>17,070</b>	<b>26,613</b>
Other payables	6,835	-	6,835	3,717	-	3,717
Hedging derivatives	752	-	752	526	-	526
Accrued expenses and deferred income	17	-	17	8	7	15
<b>December 31</b>	<b>32,212</b>	<b>6,723</b>	<b>38,935</b>	<b>13,794</b>	<b>17,077</b>	<b>30,871</b>

The gross financial debt at December 31, 2023 amounted to Euro 38,935 thousand, of which Euro 20,246 thousand related to the arrangement liabilities of Beta TLC S.p.A. (formerly Italtel S.p.A.) assumed on April 1, 2022 by the Company. Of these, Euro 10,136 thousand was to banks and Euro 10,110 was to other lenders. The composition plan was based on the assumption commitment signed by Gruppo PSC S.p.A., PSC Partecipazioni S.p.A. and Nuovo Polo Impiantistico S.p.A. for the establishment of an "indirect" continuity arrangement with the assumption by a NewCo (the Nuovo Polo Impiantistico S.p.A.), through the novation of all the bankruptcy liabilities on the date of approval of December 9, 2021. This "Assumption Commitment" was naturally partially amended on September 14, 2021, in accordance with and in relation to the contents of the new Agreement between PSC Partecipazioni, Gruppo PSC, the Assuming company, TIM and Clessidra. It follows that, against the transfer to PSC of all of Italtel's assets and the simultaneous release for Italtel, the Assuming company's commitment specifically covered:

- payment in full, within twelve months from the date of final approval, of preferential financial receivables.
- satisfaction of unsecured Class II creditors consisting of the financial creditors Pillarstone Italy S.p.A. and Unicredit S.p.A., as well as a residual receivable of Banca Ifis S.p.A, holders of pledges on the shares representing the entire share capital of Italtel and the equity financial instruments issued in the past by Italtel, who are offered payment of 15.5% of the par value of their respective receivables, in three installments, of which: (i) 5.5% within the 15th month after final approval. (ii) 5% within the 25th month after final approval. and the remaining 5% within the 33rd month after final approval.

- the satisfaction of the remaining Class III unsecured creditors to whom cash payment is offered in an amount equal to 15% of their respective receivables, in three equal installments with due dates (slightly longer than for Class II) at the 18th, 27th and 36th months after final approval, respectively.
- the satisfaction of the unsecured financial receivables currently held by Clessidra S.p.A., exclusively by converting them into shares of the Assuming company's share capital.

The following table breaks down the financial liabilities assumed at April 1, 2022 by class (preferred and unsecured).

(Euro thousands)			
Lender	Subsidized loans	Arrangement liabilities preferred	Unsecured payables
Ministry for University and Scientific Research	416	-	-
Intesa Sanpaolo	5,182	-	-
<i>amortized cost adjustment</i>	(71)	-	-
Unicredit	-	4,634	70
RSCT Fund	-	5,077	15,639
Clessidra	-	1,803	-
BPM	-	3,092	-
IFIS Bank	-	-	2
<b>TOTAL</b>	<b>5,527</b>	<b>14,606</b>	<b>15,711</b>

The subsidized loans and preferential financial payables were settled in full last year, in December 2022, in the amount of Euro 20,078 thousand, within the 12-month period from the date of approval of December 9, 2021. The difference in the balance paid from the value assumed on April 1, 2022 is due to the final settlement of interest accrued on the senior debt.

The unsecured financial payable to banks was Euro 10,136 thousand at December 31, 2023 (Euro 15,711 thousand at December 31, 2022). In accordance with the endorsement decree, the first instalment of Euro 5,575 thousand was paid to banks as Class II creditors in March 2023. The second and third instalments, amounting to Euro 5,068 thousand, are due in January 2024 and September 2024.

At December 31, 2023, Euro 10,110 thousand was reclassified from other current liabilities to current financial liabilities. Other liabilities to other lenders at December 31, 2023, represents the remaining balance of the Unsecured Arrangement Liabilities recognized with the Assumption of April 1, 2022, of Euro 10,110 thousand, to be paid in March and December 2024. Euro 3 thousand of the total is to be paid to associates.

The first instalment of the unsecured payable to suppliers, Class III creditors, was paid in June 2023 for a total of Euro 4,995 thousand. The second and third instalments are to be paid in March 2024 and December 2024, respectively.

In Q1 2024, the Company paid the second instalment of the arrangement liability to banks for Euro 5,068 thousand and to unsecured suppliers for Euro 5,026 thousand. The remaining balance of the arrangement liability at the date of approval of these financial statements was Euro 10,152 thousand.

Liabilities under finance leases, recognized in accordance with IFRS 16, amounted to Euro 9,399 thousand (Euro 8,388 thousand at December 31, 2022), of which Euro 2,785 thousand was short-term (Euro 2,169 thousand at December 31, 2022) and Euro 6,614 thousand was medium to long-term (Euro 6,219 thousand at December 31, 2022).

These balances include Euro 46 thousand from the parent company S.p.A. for previously renting the Rome office and Euro 1,169 thousand from PSC Investimenti S.r.l. for renting the warehouse in Pregnana Milanese and for the new lease agreement for the head office in Rome. In addition, accrued expenses of Euro 19 thousand related to interest on financial lease contracts accrued and unsettled at December 31, 2023.

Accrued liabilities include Euro 33 thousand for interest on liabilities for unpaid lease payments at December 31, 2023.

The changes in liabilities resulting from the application of IFRS 16 are presented below:

	31/12/2022	Increase	Decrease	31/12/2023
Liabilities for finance leases to third parties	6,296	4,182	(2,327)	8,151
Liabilities for finance leases to PSC Group companies	2,037	959	(1,800)	1,196
<b>Total Liabilities for finance leases</b>	<b>8,333</b>	<b>5,141</b>	<b>(4,127)</b>	<b>9,347</b>
Accruals for interest to third parties	32	33	(32)	33
Accruals for interest to the company Gruppo PSC	23	19	(23)	19
<b>Total Liabilities for finance leases</b>	<b>8,388</b>	<b>5,193</b>	<b>(4,182)</b>	<b>9,399</b>

In Italy in 2023, a new lease agreement was signed for the Carini office for Euro 813 thousand. The lease agreement for the warehouse was renewed for Euro 78 thousand, and a lease agreement was signed for an apartment for Euro 22 thousand. New and renewed vehicle lease agreements in 2023 amounted to Euro 1,065 thousand. A total of Euro 1,391 thousand in payments to third parties and Euro 35 thousand in early settlements of lease agreements were made during the year.

Finance lease liabilities to the companies of Gruppo PSC increased due to the signing of the new lease agreement for the Rome offices with PSC Investimenti S.r.l. for Euro 937 thousand and for an adjustment to the lease on the Pregnana warehouse for Euro 22 thousand. Effective as of July 2023, the space leased by PSC S.p.A. for the Rome office was reduced, which resulted in an adjustment in the financial liability of Euro 658 thousand. This contract was settled in advance on September 30, 2023, for a remaining balance Euro 813 thousand. Payments made to the company Gruppo PSC during the year amounted to Euro 330 thousand.

In 2023, liabilities for finance leases were recognized by a number of foreign companies of the Group. Lease agreements for offices were recognized for Euro 19 thousand by the Spanish company to adjust the lease payment, for Euro 90 thousand to extend the lease agreement for the São Paulo (Brazil) offices by 1 year, and for Euro 160 thousand for the office expansion in Peru. The Peruvian company also obtained finance leases for electronic and telephone equipment to be used in service provision for Euro 1,713 thousand. Finally, new vehicle leases were obtained for a total of Euro 247 thousand.

Financial payables to related parties are detailed in Note 45 - Related Party Transactions.

Short-term bank loans amounted to Euro 1,314 thousand and concerned Brazil for Euro 940 thousand and Peru for Euro 374 thousand. (At December 31, 2022, it was Euro 1,675 and consisted of short-term loans of the companies in Brazil and Peru.)

The balance of other payables was Euro 6,835 thousand (Euro 3,717 thousand at December 31, 2022) and represents the value of an advance on invoices issued, a transaction carried out with Clessidra Factoring S.p.A.

At December 31, 2023, the liability for currency hedging derivatives amounted to Euro 752 thousand. (At December 31, 2022, it amounted to Euro 526 thousand.)

Accrued expenses amounted to Euro 41 thousand and included interest accrued on lease payables of Euro 33 thousand.

## Condensed Balance Sheet

The condensed balance sheet at December 31, 2023 and 2022 is reported below.

(Euro thousands)

	31/12/2023	31/12/2022	Changes
<b>Non-current assets and liabilities:</b>			
+ Goodwill	12,601	12,601	-
+ Property, plant and machinery and other intangible assets	26,723	27,908	(1,185)
+ Other assets	1,238	1,217	21
+ Deferred tax assets	1,821	(737)	2,558
- Employee provisions	(10,850)	(13,025)	2,175
- Provisions for risks and charges	(13,627)	(11,397)	(2,230)
- Other liabilities	(2,680)	(10,535)	7,855
<b>Non-current assets and liabilities</b>	<b>15,226</b>	<b>6,032</b>	<b>9,194</b>
<b>Working capital:</b>			
+ Inventories	25,190	24,660	530
+ Trade receivables and Works in progress	48,724	89,869	(41,145)
+ Other receivables	17,389	26,721	(9,332)
+ Assets held-for-sale	16,289	4,518	11,771
- Trade payables	(68,281)	(66,110)	(2,171)
- Other payables	(28,050)	(38,444)	10,394
- Liabilities related to assets held-for-sale	(374)	(892)	518
<b>Working capital</b>	<b>10,887</b>	<b>40,322</b>	<b>(29,435)</b>
<b>Total net capital employed</b>	<b>26,113</b>	<b>46,354</b>	<b>(20,241)</b>
<b>Net financial debt / (Net liquidity)</b>	<b>(7,888)</b>	<b>(4,648)</b>	<b>(3,240)</b>
of which cash	(46,308)	(35,436)	(10,872)
<b>Total shareholders' equity</b>	<b>34,001</b>	<b>51,002</b>	<b>(17,001)</b>
Share capital	5,675	5,675	-
Other reserves including the net result	28,326	45,327	(17,001)
<b>Total Debt and Net Equity</b>	<b>26,113</b>	<b>46,354</b>	<b>(20,241)</b>

## Financial results

The net debt was as follows:

(Euro thousands)

	31/12/2023	31/12/2022	Changes
Short-term bank loans	1,314	1,675	(361)
Long-term bank loans	-	715	(715)
Short-term financial arrangement liability to banks	10,137	15,711	(5,574)
Short-term financial arrangement liability to other lenders	10,110	-	10,110
Subsidized loans (bank and other)	372	124	248
Liabilities for finance leases	8,151	6,294	1,857
Financial liabilities to Gruppo PSC	1,215	2,059	(844)
Other financial payables	7,586	4,243	3,343
Accrued expenses and deferred income	50	50	-
<b>Gross debt</b>	<b>38,935</b>	<b>30,871</b>	<b>8,064</b>
Cash in hand and similar	(11)	(9)	(2)
On demand bank current accounts	(44,602)	(33,300)	(11,302)
Restricted current accounts	(1,695)	(2,127)	432
Short-term financial receivables	(515)	(83)	(432)
<b>Net debt / (Net liquidity)</b>	<b>(7,888)</b>	<b>(4,648)</b>	<b>(3,240)</b>

The net financial position shows a net cash balance and went from Euro 4,648 thousand at December 31, 2022, to Euro 7,888 thousand at December 31, 2023.

The gross debt, net of the reclassification of the arrangement liability for Euro 10,110 thousand, decreased by Euro 2,046 thousand. In 2023, a payment of Euro 5,575 thousand was made on arrangement debts, in accordance with the arrangement procedure.

Cash increased by Euro 11,304 thousand due mainly to inflows related to factoring carried out at the end of the year.

The financial position adjusted for the extraordinary item due to arrangement financial payables and finance lease liabilities recognized in accordance with IFRS 16 would be positive (net cash) for Euro 37,501 thousand (Euro 28,712 thousand at December 31, 2022).

## Note 31 Other liabilities

This account Other liabilities is comprised of:

	31/12/2023	31/12/2022
Trade payables - Arrangement liabilities	-	10,242
Medium/long term accrued expenses and deferred income	2,680	246
Deposits	-	47
<b>Total</b>	<b>2,680</b>	<b>10,535</b>

At December 31, 2023, other non-current liabilities for the arrangement liabilities related to trade payables to third parties and to companies of the Group were reclassified to short-term financial liabilities are to be paid in March 2024 and December 2024.

Deposits decrease as a result of the reimbursement of the security deposit paid by Seli-kab to guarantee the lease agreement for the premises at the Carini (Palermo) offices signed on May 3, 2021. This contract was terminated on April 14, 2023, following the sale of the property to H Exchange S.r.l., the company that took over the lease agreement and received payment for the security deposit.

Deferred income, attributable almost entirely to the Peruvian companies of the Group, refer to revenue related to future periods.

The book value of the other liabilities approximates their Fair Value.

## Note 32 Trade payables

The account is composed as follows:

	31/12/2023	31/12/2022
Trade payables	64,724	61,697
Payables to associated companies	-	4
Payables to holding companies	26	34
Payables to group companies	1	54
<b>Total</b>	<b>64,751</b>	<b>61,789</b>

The payables to Related parties are broken down in Note 45 Related party transactions.

The book value of the Trade Payables approximates their Fair Value.



The trade payables in currencies other than the Euro, the group functional currency, are listed below:

(thousands)

	31/12/2023		31/12/2022	
	Foreign currency	Euro	Foreign currency	Euro
US Dollar	20,724	18,756	28,265	26,500
Brazilian Real	25,015	4,665	13,976	2,479
Polish Zloty	96	22	96	21
Colombian Peso	10,054,172	2,356	7,218,523	1,396
Peruvian Nuevo Sol	44,829	10,983	41,535	10,266
Chilean Peso	2,319	2	37,505	41

### Note 33 Current tax liabilities

Current tax liabilities amount to Euro 282 thousand at December 31, 2023 (Euro 353 thousand at December 31, 2022) for income tax payables:

	31/12/2023	31/12/2022
IRES	9	-
IRAP	4	-
Income taxes – foreign countries	269	353
<b>Total</b>	<b>282</b>	<b>353</b>

### Note 34 Other payables and liabilities

The account other payables and liabilities is broken down as follows:

	31/12/2023	31/12/2022
Employee payables	5,815	6,075
Social security institutions	2,328	2,927
Accrued expenses and deferred income	10,901	11,090
VAT	1,105	2,014
Withholding taxes to be paid	1,742	1,787
Other taxes	378	531
Customer advances	3,584	4,571
Other liabilities	1,915	9,096
<b>Total</b>	<b>27,768</b>	<b>38,091</b>

Employee payables of Euro 5,815 thousand at December 31, 2023 include accrued deferred remuneration to employees, travel expense declarations, recognized to Other current receivables, and payables for employee accrued and untaken vacation leave.

Social security institution payables at December 31, 2023 amounted to Euro 2,328 thousand and included contributions to be paid in January 2024 on December salaries and 13th month salary.

Accruals and deferred income include revenues received for the future provision of goods and services.

They also include advances for public grants for Euro 888 thousand and employee payables for a total of Euro 934 thousand. The payables include amounts due for the INPS Treasure, the open funds, the Cometa and Multifond funds, Metasalute, Cadit, and the trade unions.

At December 31, 2023, the remaining balance of the Unsecured Arrangement Liabilities recognized with the Assumption of April 1, 2022, of Euro 10,110 thousand, was reclassified to short-term financial liabilities. The first instalment was paid in June 2023 for a total of Euro 4,995 thousand.

The book value of the other liabilities approximates their Fair Value.

## INCOME STATEMENT

The income statement for 2023 is compared with that of 2022, which, being the first year of operations after the Assumption on April 1, 2022, includes just nine months of activity.

At December 31, 2023, in accordance with IFRS 5, the income statement figures related to the sale of the UBB business unit were reclassified to net profit/(loss) on discontinued operations as described under Note 24.

### Note 35 Revenues from sales and services

The following tables present revenues from sales and services recognized in 2023, broken down by market and by region.

The prior year refers to the first year of operations from April 1 to December 31, 2022.

The account includes revenues from sales of Euro 272,727 thousand (Euro 229,406 thousand for the previous year) and the increase in contract work-in-progress of Euro 7,213 thousand (decrease of Euro 20,246 thousand for the previous year).

#### i) Revenues from sales and services broken down by market

	2023	2022
Telco, Medium & Cloud Provider	76,368	55,797
Private & Public sector	69,642	39,999
Ultra Broad Band	9,982	14,941
Foreign	123,948	98,423
<b>Total</b>	<b>279,940</b>	<b>209,160</b>
Reclassification of net profit/(loss) from discontinued operations – UBB BU	(9,982)	-
<b>Total</b>	<b>269,958</b>	<b>209,160</b>

#### ii) Revenues from sales and services broken down by region

	2023	2022
Italy	155,502	110,319
Other European countries	58,547	44,520
Central and South America	65,887	54,231
USA	3	52
Asia	1	38
<b>Total</b>	<b>279,940</b>	<b>209,160</b>
Reclassification of net profit/(loss) from discontinued operations – UBB BU	(9,982)	-
<b>Total</b>	<b>269,958</b>	<b>209,160</b>

Revenues from related companies are detailed in Note 45 Related party transactions

### Note 36 Other income

This account Other income is comprised of:

	2023	2022
Grants	850	1,288
Gains on disposals	7	3
Other	7,113	5,652
<b>Total</b>	<b>7,970</b>	<b>6,943</b>

Public grants for Euro 850 thousand (Euro 1,265 thousand in 2022) concern grants for costs incurred for research and development.

The item Other concerns prior year income for Euro 708 thousand (Euro 841 thousand in 2022), Euro 1,960 thousand of commercial contributions received from Cisco (Euro 3,452 thousand in 2022), the gain on the outsourcing of the ICT business unit for Euro 1,705 thousand (for details on the transaction, see Note 6), and the release of provisions for Euro 531 thousand (Euro 729 thousand in 2022).

Income from related companies are detailed in Note 45 Related party transactions.

### Note 37 Purchases of materials and services

The account purchase of materials and services was broken down as follows:

	2023	2022
Purchases of materials	135,498	90,575
Purchases of services	66,679	49,770
<b>Total</b>	<b>202,177</b>	<b>140,345</b>
Reclassification of net profit/(loss) from discontinued operations – UBB BU	(4,092)	-
<b>Total</b>	<b>198,085</b>	<b>140,345</b>

The breakdown of purchases on materials and services by the Italtel Group from related companies is reported in Note 45 Related party transactions, to which reference should be made.

Purchases of services include the cost for outsourced ICT services in Q4 2023.

### Note 38 Personnel expense

Personnel expense is broken down as follows:

	2023	2022
Salaries and wages	55,715	43,217
Social security charges	16,027	12,124
Post-employment benefits	2,601	1,993
Other non-recurring expenses	4,106	528
Other	2,831	1,872
<b>Total</b>	<b>81,280</b>	<b>59,734</b>
Reclassification of net profit/(loss) from discontinued operations – UBB BU	(4,496)	-
<b>Total</b>	<b>76,784</b>	<b>59,734</b>

The average headcount is 1,309 for 2023 and was 1,465 in 2022.

Additional information on the breakdown by category, qualification and department is contained in the Directors' Report, in the Human Resources and Sustainability section.

Personnel costs at December 31, 2023, include non-recurring charges for Italtel S.p.A. totaling Euro 4,106 thousand concerning indemnities paid during the year (Euro 868 thousand) and the provision at year-end for personnel charges under the ongoing restructuring (Euro 2,870 thousand).

## Note 39 Amortization, depreciation and write-downs

The account amortization, depreciation and write-downs was broken down as follows:

	2023	2022
Development costs	2,437	2,267
Patents and intellectual property rights	502	514
Other intangible assets	638	479
Property	6	7
Right-of-use on Leased Property - IFRS 16	1,878	1,277
Plant and machinery	392	333
Right-of-use on Plant and Machinery - IFRS 16	288	80
Industrial & commercial equipment	227	257
Right-of-use on Leased Industrial and Commercial Equip. IFRS 16	-	1
Other assets	492	477
Right-of-use on Other Leased Assets - IFRS 16	834	629
<b>Total</b>	<b>7,694</b>	<b>6,321</b>
Reclassification of net profit/(loss) from discontinued operations – UBB BU	(38)	-
<b>Total</b>	<b>7,656</b>	<b>6,321</b>

In the valuation of the PPA, a portion of the goodwill that emerged from the April 1, 2022 Assumption transaction was allocated to the Customer relationship for Euro 12,768 thousand. A useful life of 20 years was estimated for this asset.

## Note 40 Other operating expenses

This account Other operating expenses is comprised of:

	2023	2022
Other operating charges	1,878	2,578
Provisions for risks	6,145	782
Write-down of receivables	356	407
<b>Total</b>	<b>8,379</b>	<b>3,767</b>
Reclassification of net profit/(loss) from discontinued operations – UBB BU	(6,000)	-
<b>Total</b>	<b>2,379</b>	<b>3,767</b>

The account miscellaneous operating costs includes prior year charges of Euro 206 thousand (Euro 617 thousand in 2022).

The allocation to the provision for risks includes Euro 6,000 thousand for the liabilities related to the sale of the UBB business unit, which, as described at Note 24, has been reclassified among net profit/(loss) on discontinued operations.

The doubtful debt provision of Euro 356 thousand (Euro 407 thousand in 2022) refers to specific trade receivables whose uncollectability was assessed according to the IFRS 9 methodology.

## Note 41 Change in inventories

The following table highlights the principle components of the account:

	2023	2022
Contract work-in-progress and products in work in progress	(6,779)	(3,059)
Finished products and goods	7,683	(2,068)
<b>Total</b>	<b>904</b>	<b>(5,127)</b>
Reclassification of net profit/(loss) from discontinued operations – UBB BU	2,974	-
<b>Total</b>	<b>3,878</b>	<b>(5,127)</b>

The change in inventories of finished products and goods includes the use of the provision for the scrapping in the year of obsolete or no-longer-saleable inventory written-down in previous years.

## Note 42 Internally generated assets

Internally generated assets of Euro 2,276 thousand in 2023 (Euro 1,586 thousand for the previous year) refers for Euro 2,118 thousand to the capitalization of development costs having the characteristics described in the relevant accounting standard (Euro 1,570 thousand in 2022).

## Note 43 Financial income and expenses

The following table highlights the principal components of the account.

	2023			2022		
	Charges	Income	Net expense /(income)	Charges	Income	Net expense /(income)
Currency differences	5,691	5,772	(81)	5,633	4,758	875
Bank interest	374	70	304	343	16	327
Other	6,761	71	6,690	3,870	285	3,585
Financial charges on UBB sale	2,841	-	2,841	-	-	-
<b>Total</b>	<b>15,667</b>	<b>5,913</b>	<b>9,754</b>	<b>9,846</b>	<b>5,059</b>	<b>4,787</b>
Reclassification of net profit/(loss) from discontinued operations – UBB BU	(2,841)	-	(2,841)	-	-	-
<b>Total</b>	<b>12,826</b>	<b>5,913</b>	<b>6,913</b>	<b>9,846</b>	<b>5,059</b>	<b>4,787</b>

Net financial expenses went from Euro 4,787 thousand at December 31, 2022, to Euro 6,913 thousand at December 31, 2023.

Net currency differences were positive at Euro 81 thousand (negative Euro 875 thousand for the previous year). The balance includes the Euro 526 thousand gain on the closure at maturity of the repurchase agreements in US dollars taken out in 2022.

Others includes interest paid to Group companies for Euro 45 thousand arising from lease agreements signed with the parent company, PSC S.p.A., and the affiliate PSC Investimenti S.p.A. accounted for in accordance with IFRS 16 (Euro 39 thousand in the previous year).

Other financial income and expenses increased Euro 3,105 thousand from 2022 due mainly to factoring expenses.

The financial charges on UBB sale, amounting to Euro 2,841 thousand, concern the loss on the sale of the UBB business unit by selling the equity investment in Broadband Lab S.r.l. and the transfer of the UBB business unit to that company by Italtel S.p.A. As described at Note 24, this charge has been reclassified among net profit/(loss) on discontinued operations.



## Note 44 Income taxes

Income taxes reported a net gain of Euro 1,621 thousand for the year ended December 31, 2023 (net expense of Euro 3,253 thousand in 2022).

IRAP recognized for the year under review by Italtel Latam S.r.l. amounted to Euro 4 thousand.

Current taxes, all from foreign countries, amounted to Euro 772 thousand. IRES for Italtel Latam S.r.l. amounted to Euro 4 thousand, and the net balance of deferred tax assets was Euro 2,357 thousand. Income taxes include a net gain of Euro 44 thousand related to prior-year taxes.

Reconciliation of effective taxes relating to the Group is broken down as follows:

	2023	2022
Profit/(loss) before taxes	(18,194)	(2,392)
Theoretical taxes <sup>(a)</sup>	4,366	574
IRAP	(4)	-
Prior year taxes	44	(187)
Deferred tax liab. recognized on contributions from prev. years	197	(2,979)
Tax deductible amortization of goodwill	168	(126)
Difference between the tax rate on foreign entities	(353)	(289)
Non-deductible loss on sale of investments	(682)	-
Non-deductible (exempt) tax components	(1,706)	(220)
Deferred utilization/recognition not recognized in prior years	-	492
Non-recognized deferred taxes	(67)	(34)
Other changes	(342)	(484)
<b>Effective tax</b>	<b>1,621</b>	<b>(3,253)</b>

(a) Determined applying the theoretical tax rate of 24% to the pre-tax result

## Note 45 Related party transactions

Related party transactions were as follows:

December 31, 2022	Trade receivables	Financial receivables	Other receivables	Trade payables	Financial payables	Other liabilities
<b>Associated companies:</b>						
Cored - Reti Duemila consortium in liquidation	-	-	-	-	-	(4)
Consorzio Exprivia Soc.Consortile	-	-	-	(4)	-	(2)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>(6)</b>
<b>Group companies:</b>						
Alpitel S.p.A.	185	-	-	(37)	-	(5)
PSC Investimenti S.r.l.	-	-	-	(7)	(322)	-
PSC Partecipazioni S.r.l.	-	-	-	(4)	-	-
<b>Total</b>	<b>185</b>	<b>-</b>	<b>-</b>	<b>(48)</b>	<b>(322)</b>	<b>(5)</b>
<b>Parent company:</b>						
PSC S.p.A.	38	-	-	(34)	(1,738)	-
<b>Total</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>(34)</b>	<b>(1,738)</b>	<b>-</b>
<b>Other related parties:</b>						
TIM Group	9,855	-	-	(1,078)	-	-
Clessidra Factoring S.p.A.	-	-	-	(3,133)	-	-
<b>Total</b>	<b>9,855</b>	<b>-</b>	<b>-</b>	<b>(4,211)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>10,078</b>	<b>-</b>	<b>-</b>	<b>(4,297)</b>	<b>(2,060)</b>	<b>(11)</b>

December 31, 2023	Trade receivables	Financial receivables	Other receivables	Trade payables	Financial payables	Other liabilities
<b>Associated companies:</b>						
Cored - Reti Duemila consortium in liquidation	-	-	-	-	-	(3)
Consorzio Exprivia Soc.Consortile	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	<b>(3)</b>
<b>Group companies:</b>						
Alpitel S.p.A.	162	-	-	-	-	-
PSC Investimenti S.r.l. <sup>(*)</sup>	-	-	-	(1)	-	-
PSC Partecipazioni S.r.l.	-	-	-	-	-	-
<b>Total</b>	<b>162</b>	-	-	<b>(1)</b>	-	-
<b>Parent company:</b>						
PSC S.p.A. <sup>(*)</sup>	24	-	-	(72)	-	-
<b>Total</b>	<b>24</b>	-	-	<b>(72)</b>	-	-
<b>Other related parties:</b>						
TIM Group	7,568	-	-	(728)	-	-
Clessidra Factoring S.p.A.	-	-	-	(5,883)	(6,834)	-
FC Consulting S.r.l.	-	-	-	-	-	-
<b>Total</b>	<b>7,568</b>	-	-	<b>(6,611)</b>	<b>(6,834)</b>	-
<b>Total</b>	<b>7,754</b>	-	-	<b>(6,684)</b>	<b>(6,834)</b>	<b>(3)</b>

(\*) Payables are shown without considering the effect of application of IFRS 16 to lease agreements

In 2022 and 2023, the Italtel Group reports the following related party transactions:

2022	Sales	Purchases	Income / Financial (expenses)	Other
<b>Associated companies:</b>				
Cored - Reti Duemila consortium in liquidation	-	-	-	-
Consorzio Exprivia Soc.Consortile	-	-	-	(2)
<b>Total</b>	-	-	-	<b>(2)</b>
<b>Group companies:</b>				
Alpitel S.p.A.	-	(110)	-	184
Alpitel Brasil Ltda	-	(2)	-	-
PSC Investimenti S.r.l.	-	(54)	(7)	-
PSC Partecipazioni S.r.l.	-	-	-	(4)
<b>Total</b>	-	<b>(166)</b>	<b>(7)</b>	<b>180</b>
<b>Parent company:</b>				
PSC S.p.A.	-	(326)	(39)	31
<b>Total</b>	-	<b>(326)</b>	<b>(39)</b>	<b>31</b>
<b>Other related parties:</b>				
TIM Group	66,192	(1,311)	(708)	-
Clessidra Factoring S.p.A.	-	-	(217)	-
<b>Total</b>	<b>66,192</b>	<b>(1,311)</b>	<b>(925)</b>	-
<b>Total</b>	<b>66,192</b>	<b>(1,803)</b>	<b>(971)</b>	<b>209</b>

2023	Sales	Purchases	Income / Financial (expenses)	Other
<b>Associated companies:</b>				
Cored - Reti Duemila consortium in liquidation	-	-	-	-
Consorzio Exprivia Soc.Consortile	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Group companies:</b>				
Alpitel S.p.A.	-	(14)	-	30
Alpitel Brasil Ltda	-	-	-	-
PSC Investimenti S.r.l. <sup>(*)</sup>	-	(125)	-	-
PSC Partecipazioni S.r.l.	-	-	-	-
<b>Total</b>	-	<b>(139)</b>	-	<b>30</b>
<b>Parent company:</b>				
PSC S.p.A. <sup>(*)</sup>	-	(212)	-	34
<b>Total</b>	-	<b>(212)</b>	-	<b>34</b>
<b>Other related parties:</b>				
TIM Group	73,004	(2,015)	(64)	-
Clessidra Factoring S.p.A.	-	-	(1,331)	-
FC Consulting S.r.l.	-	(20)	-	-
<b>Total</b>	<b>73,004</b>	<b>(2,035)</b>	<b>(1,395)</b>	-
<b>Total</b>	<b>73,004</b>	<b>(2,386)</b>	<b>(1,395)</b>	<b>64</b>

(\*) Purchases and financial expenses are shown without considering the effect of application of IFRS 16 to lease agreements

The senior executives matured emoluments totaling Euro 3,140 thousand in 2023 (Euro 1,153 thousand in 2022). These emoluments were as follows:

	2023	2022
Current Emoluments	3,009	1,081
Post-employment benefits	131	72
<b>Total</b>	<b>3,140</b>	<b>1,153</b>

## Note 46 Guarantees and Commitments

The Italtel Group has undertaken rental contracts of an operating nature concerning essentially offices, vehicles and IT equipment. At December 31, 2022 and 2021, these contracts were accounted for in accordance with IFRS 16, which came into effect on January 1, 2019. The following table summarizes the outstanding commitments with respect to contracts not accounted for under IFRS 16 as they are of low value or of short duration.

	31/12/2023	31/12/2022
<b>To be repaid</b>		
- within one year	193	406
- between one and two years	113	215
- between two and three years	-	135
- between three and four years	-	-
- between four and five years	-	-
- over five years	-	-
<b>Total</b>	<b>306</b>	<b>756</b>

At December 31, 2023, Italtel S.p.A. had outstanding sureties of Euro 20,034 thousand, broken down into bank guarantees of Euro 1,269 thousand and insurance guarantees of Euro 18,765 thousand, of which Euro 7,055 thousand were issued against requests for reimbursement of VAT credit. Insurance guarantees have differentiated maturities until July 2027.

## Note 47 Independent Auditors' fees

In accordance with Article 37, paragraph 16 of Legislative Decree No. 39/2010, enacting amendments to the Civil Code, which supplemented Article 2427 of the Civil Code with No. 16-bis, the following table reports the fees for 2023 for the auditing of accounts and other services provided to the companies of the Italtel Group by EY S.p.A.

	Italtel S.p.A.	Subsidiaries	Italtel Group
Audit services	246	87	333
Other services	16	-	16
<b>Total 2023 costs for auditing and other services</b>	<b>262</b>	<b>87</b>	<b>349</b>

## Note 48 Subsequent events

Regarding the composition procedure in which Gruppo PSC S.p.A. is involved, on November 28, 2023, the Nextalia Credit Opportunities Fund presented a binding offer as underwriter of the composition with the Gruppo PSC creditors, which was formally accepted by the Board of Directors of Gruppo PSC.

In February 2024, the assumption operation proposal obtained, with large majorities, the favor of the voting creditors of Gruppo PSC Group. Following approval by the court, expected by May, the agreement will be executed in accordance with legal provisions and the specific provisions of the assumption operation.

## Note 49 List of investee companies

### A) List of companies included in the consolidation scope under the line-by-line method

Company (activities)	Registered Office	Currency	Share capital	% held	
1) Italtel S.p.A. (telecommunications systems and services)	Rome	Euro	5,674,752.28	53.66 28.62 17.72	Gruppo PSC S.p.A. Clessidra Capital Credit SGR S.p.A TIM S.p.A.
<b>Italian subsidiaries</b>					
2) Italtel Latam S.r.l.	Milan	Euro	10,000	100	Italtel S.p.A.
3) Italtel S.r.l.	Milan	Euro	1,800,000	100	Italtel Latam S.r.l.
<b>Overseas subsidiaries</b>					
4) Italtel S.A. (telecommunication systems)	Madrid (Spain)	Euro	2,820,575	100	Italtel S.p.A.
5) Italtel Argentina S.A. in liquidation (telecommunication systems)	Buenos Aires (Argentina)	P.A.	4,030,000	71.46 28.54	Italtel S.r.l. Italtel Latam S.r.l.
6) Italtel Brasil Ltda (telecommunication systems)	Sao Paulo (Brazil)	Real Brazilian	15,456,636	93.66 6.34	Italtel Latam S.r.l. Italtel S.r.l.
7) Italtel Deutschland GmbH (commercial)	Düsseldorf (Germany)	Euro	40,000	100	Italtel S.p.A.
8) Italtel France Sas (commercial)	Courbevoie (France)	Euro	40,000	100	Italtel S.p.A.
9) Italtel Poland Sp.Zo.O. (commercial)	Warsaw (Poland)	Zloty	400,000	100	Italtel S.p.A.
10) Italtel Arabia Ltd (commercial) in liquidation	Riyadh (Saudi Arabia)	SAR	3,287,980	90 10	Italtel S.p.A. Italtel S.r.l.
11) Italtel Perú S.a.c. (commercial)	Lima (Peru)	Nuevo Sol	10,028,000	90 10	Italtel S.r.l. Italtel S.p.A.
12) Ausoitaltel S.A. (commercial)	Quito (Ecuador)	USD	500,000	1 99	Italtel S.r.l. Italtel Latam S.r.l.
13) Italtel de Chile S.p.A.	Santiago (Chile)	Chilean Peso	1,000,000	100	Italtel Latam S.r.l.
14) Nueva Italtel Colombia Sas	Bogotá (Colombia)	Colombian Peso	2,025,037,000	100	Italtel S.p.A.

**B) List of companies valued under the net equity method**

Company (activities)	Registered Office	Currency	Share capital	% held		Book value
<b>Italian associated companies</b>						
15) Cored - Consorzio Reti 2000 in liquidation (broadband networks)	Milan	Euro	260,000	30	Italtel S.p.A.	76
16) Consorzio Exprivia Scarl	Milan	Euro	20,000	25	Italtel S.p.A.	5

**C) List of investments in other companies valued at cost**

Company (activities)	Registered Office	Currency	Share capital	Shares % held		Book value
<b>Other companies valued at cost</b>						
17) Cefriel - S.c.r.l. (training and research)	Milan	Euro	1,173,393	4.93	Italtel S.p.A.	36
18) Consorzio Milano Ricerche (Milan Research Consortium) (design and research)	Milan	Euro	172,456	8.3	Italtel S.p.A.	15
19) Consel - Consorzio Elis per la Formazione Professionale Superiore - S.c.r.l.	Rome	Euro	51,000	2.5	Italtel S.p.A.	1
20) SISTEL - Comunicações, Automação e Sistemas S.A. (telecommunication systems)	Monte de Caparica (Portugal)	Euro	10,338,838	0.88 0.72	Italtel S.p.A. Italtel BV	29 7
21) Parco Scientifico e Tecnologico della Sicilia S.c.p.A. (research)	Palermo	Euro	7,626,733	0.04	Italtel S.p.A.	3
22) CONAI National Packaging Consortium (management of packaging)	Rome	Euro	variable	0.005	Italtel S.p.A.	1
23) COFRIDIP Consortium	Padua	Euro	28,402	9.09	Italtel S.p.A.	2
24) Technology District, Sicily Micro e Nano Sistemi S.c.a.r.l.	Catania	Euro	597,313	4.65	Italtel S.p.A.	27
25) SI-LAB Sicilia S.c.a.r.l.	Palermo	Euro	30,000	18.50	Italtel S.p.A.	6
26) Open Hub Med S.c.a.r.l.	Milan	Euro	886,061	9.31	Italtel S.p.A.	67
27) Made S.c.a.r.l.	Milan	Euro	250,000	1	Italtel S.p.A.	3
28) Meccatronica Cluster Sicilia S.c.a.r.l.	Termini Imerese (PA)	Euro	6,000	0.03	Italtel S.p.A.	-
29) "Circular and Sustainable Made in Italy" Foundation	Milan	Euro	-	-	Italtel S.p.A.	8
30) "RESTART" Foundation	Rome	Euro	180,000	5.56	Italtel S.p.A.	10
35) ABI Lab – Centre for Banking Research and Innovation	Rome	Euro	503,736	0.09	Italtel S.p.A.	1



## Note 50 Grants and economic benefits received from public sector entities

Pursuant to Article 1, paragraph 125 of Law No. 124 of 2018, the following table highlights the information concerning grants and other economic benefits received from Italian Public Sector entities during 2023.

(Euro)				
Type	Grantor	Project	Subsidized rate	Amount collected at December 31, 2023
Non-refundable grant	MIMIT	Teleion	-	7,960,497
Advances	European Union	AI@Edge	-	101,813
Advances	European Union	Nancy	-	167,695
Advances	European Union	Clever	-	79,367
Advances	European Union	Ambitious	-	193,467
Non-refundable grant	Ministry for University and Scientific Research	Servify	-	84,997
<b>Total</b>				<b>8,587,836</b>

Milan, March 21, 2024

For the Board of Directors

The Chief Executive Officer



# INDIPENDENT AUDITOR'S REPORT



EY S.p.a.  
Via Meravigli, 12  
20123, Milano

Tel: +039 02722121  
Fax: +039 02722122037  
ey.com

## Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of  
Italtel S.p.A.

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Italtel Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

#### Basis for Opinion

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

We are independent of Italtel Group in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

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

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

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

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

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



## **Report on compliance with other legal and regulatory requirements**

### **Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010**

The Directors of Italtel S.p.A. are responsible for the preparation of the Report on Operations of Italtel Group as at December 31, 2023, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of Italtel Group as at December 31, 2023 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Italtel Group as at December 31, 2023 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan - April 5, 2024

EY S.p.A.  
Signed by: Mauro Ottaviani , Auditor

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

