FINANCIAL REPORT
AS OF AND FOR THE
SIX MONTHS ENDED JUNE 30, 2024
LIBRA HOLDCO SARL

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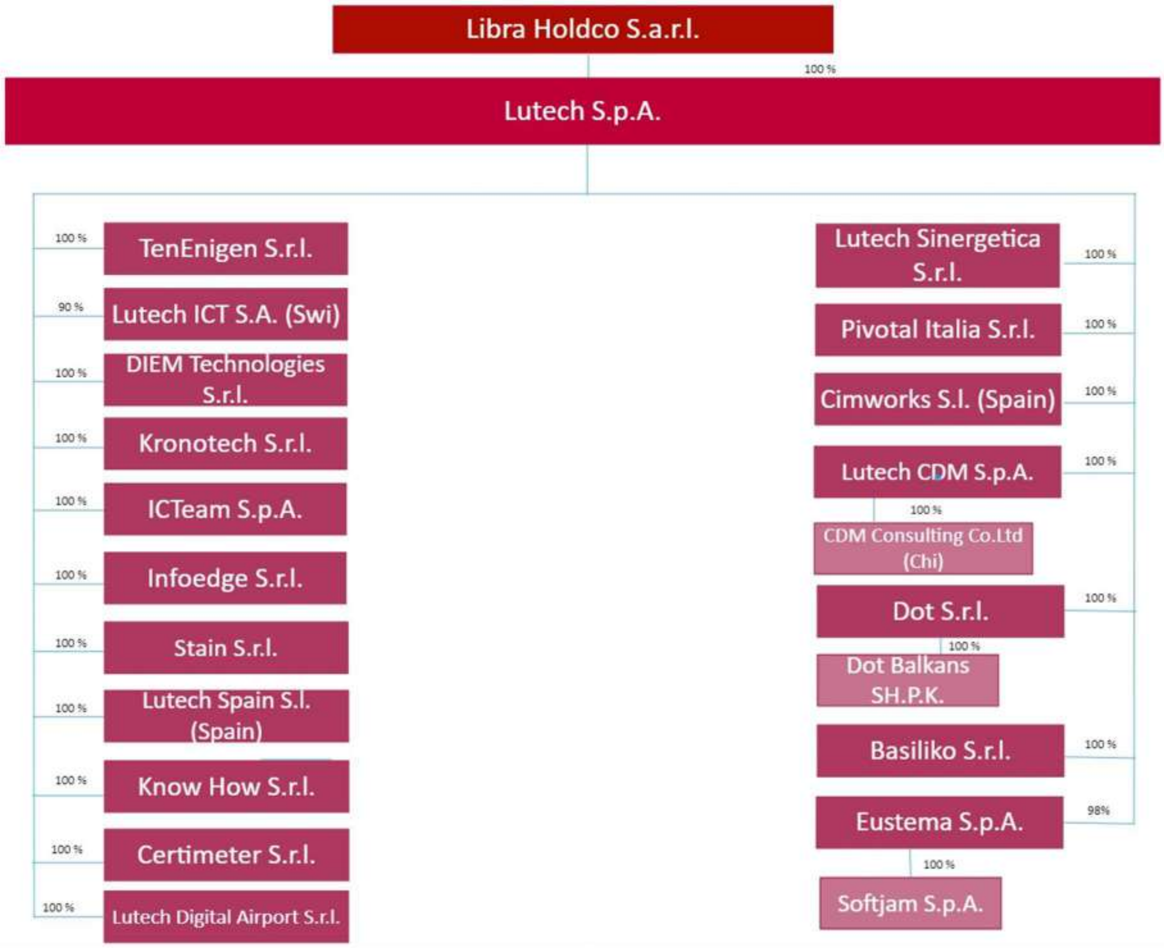
1-3 Boulevard de la Foire – L-1528 Luxembourg

UNAUDITED CONDENSED FINANCIAL REPORT
AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2024

(with comparative financial data for the six months ended June 30, 2023)

INTRODUCTION

The Group structure includes twenty-two controlled entities within the perimeter of Libra Holdco S.a.r.l. (the "Company" or "Holdco"), as shown in the chart below:



Libra HoldCo SARL is a Luxembourg incorporated and Luxembourg tax resident limited company. Following the merger of Libra GroupCo S.p.A. and Libra Italy Solution S.r.l. in Lutech S.p.A., now the latter is the issuer of the €338,000,000 Senior Secured Notes due in 2027 (the "Senior Secured Notes").

To further improve profitability and in line with the integration plan, the implementation of a number of synergies, including the ones related to the acquisitions made in 2021-2023, is in progress.

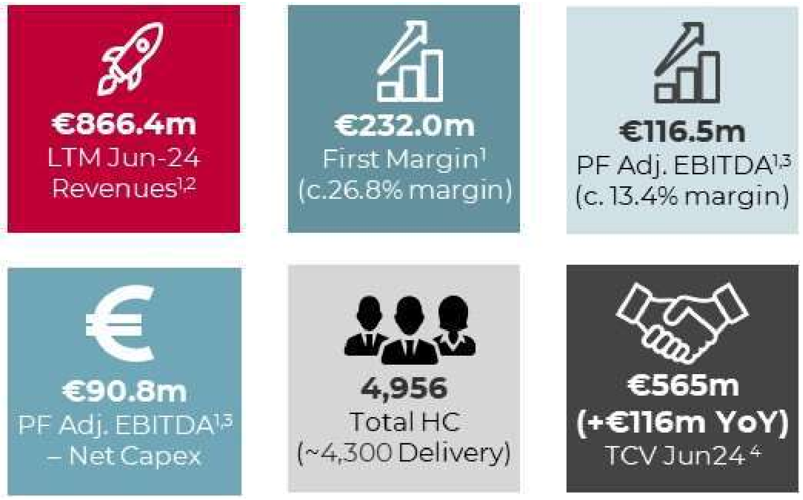
This document includes the Unaudited Consolidated Financial Statements as of and for the six-month period ended June 30, 2024 of Holdco with the comparative figures as of and for the six-month period ended June 30, 2023, and the pro forma consolidated Group financials for the six-month period ended June 30, 2023 to give effect to the Lutech Advanced Solutions, Eustema S.p.A., and Softjam S.p.A. acquisitions and the Finwave perimeter disposal as if they were completed as of January 1, 2023. To be noted that the consolidation perimeter also include the result for the sole month of June 2024, of Lutech Digital Airport, the company acquired on June 20, 2024 from SEA S.p.A. which was awarded with the ICT services management contract at Linate and Malpensa airports.

COMPANY ACTIVITIES AND OPERATIONS

Lutech Group is an Italian leader and European competitor in designing, enabling, securing and managing digital transformation solutions and innovative technologies.

- System Integrator across the entire digital ecosystem: vertical digital solutions combined with horizontal digital solutions and supporting infrastructures.
- Dedicated offering in 6 core verticals with industry process knowledge supported by specific digital enabling technologies and competences.
- Large and diversified customer base with long-established relationships and low churn.
- Partnerships with leading digital platforms' providers and top tier technology vendors across core tech Infrastructures.

Key performance indicators as of and for the twelve-month period ended June 30, 2024[(1)] of the Company are summarized below:



Notes: (1) data for the twelve-month period ended June 30, 2024 (June 24 LTM) reflect the change in perimeter due to the acquisitions completed in H1-23 (Lutech Advanced Solutions S.p.A.), Q1-24 (Eustema S.p.A and Softjam S.p.A.) and the disposal of H2-23 (fintech perimeter); (2) Revenues (Products and Services); (3) LTM Adjusted EBITDA (incl. synergies) Full Perimeter includes (i) €105.5m of LTM Adjusted EBITDA, (ii) €1.2m implemented cost saving synergies and (v) €9.8m of synergies to be achieved pursuant to the ongoing integration of Lutech Advanced Solutions. (4) Total contract value actual for H124

We offer our IT services, software and digital platforms to our customers across three distinct types of business lines:

- Industry-Cross Solutions (horizontal)
- Industry-Specific Solutions (vertical)
- Infrastructure Solutions

which we operate across all of six industry verticals: (i) Financial Services; (ii) Public Sector & Healthcare; (iii) Energy & Utilities; (iv) Telecommunications & Media; (v) Manufacturing and (vi) Fashion & Retail.

Our Industry-Cross solutions (horizontal) business line leverages on a full spectrum of horizontal digital capabilities, including: (i) Digital experience – market leader in Salesforce, (ii) Cloud – end-to-end offering to enable customer cloud journey, (iii) Application modernisation – In demand custom development capabilities, (iv) Cyber – end-to-end offering including SOC; (v) ERP – SAP, Infor and Microsoft; (vi) Digital Workplace solutions

Our Industry-Specific solutions (vertical) business line leverages on a full set of core capabilities specific for each of the verticals in particular Energy & Utilities, Digital Manufacturing, Financial Services, Public Sector and Telco & Media.

Our Infrastructure Solutions business line comprises the design, provision, operation and security of next generation infrastructures through innovative IT solutions, as well as the services we manage through our network and cloud operation centers.

We are deeply involved in several research and development projects within the following key areas, spanning across all our industry verticals: e-government, digital industry, digital security, smart city, energy, digital media, cloud, Big Data, digital twins and AI. Our employees hold best-in-class certifications issued by our partners and we have a highly sophisticated team that specializes in software development, software modernization, software architecture and technology architecture and infrastructure.

In particular, we have a technological platform where our employees are dedicated to a wide application of innovative development methodologies and specialization based on technologies and competencies. Our employee base holds approximately 6,000 certifications, in aggregate, including Salesforce.com, SAP, INFOR, Cloudera, Docker, ServiceNow, AWS, UIPath, Google, MS Azure, PTC, CISCO, NetApp, Checkpoint, VMware, Dell EMC, Apache Kafka, Apache Spark and Apache Hadoop, allowing us to deliver innovative solutions in high growth areas of digital, cloud and cybersecurity.

RECENT DEVELOPMENTS

As anticipated in previous report, on 1 July 2024 the merger by incorporation of Lutech Advanced Solution S.p.A. into Lutech S.p.A. became effective.

On 20 June 2024 Lutech S.p.A. completed the acquisition of Airport ICT Services S.r.l., which, pursuant to a public tender process, has been awarded a nine-year IT services management contract from the operator of Linate and Malpensa airports in Milan. After the acquisition, the company was rebranded as Lutech Digital AirPort S.r.l. and it will provide IT infrastructure and administration services to SEA S.p.A, which operates the Milan airports.

On August 1, 2024, Lutech S.p.A. reached an agreement to acquire Abex Italia S.r.l. recognized as a platinum partner (with certified personnel) of Dassault Systems, with a strong presence in the manufacturing, and focussed on consulting and maintenance on Dassault Platform. The acquisition is subject to the customary conditions, including obtaining regulatory approvals, and the closing is expected by the end of FY24.

On August 20, 2024, Lutech S.p.A. reached an agreement to acquire Sapim S.A., a company incorporated under the laws of Spain, recognized as one of the most experienced Spanish SAP consulting entities, and which is also a gold partner of SAP. Sapim S.A. offers a spectrum of SAP-related services, such as implementation, customization and maintenance. Sapim S.A. is primarily focused on the public administration and energy sectors. The acquisition is subject to the customary conditions, including obtaining regulatory approvals, and the closing is expected by the end of FY24.

Despite the ongoing inflationary pressure and the geopolitical instability, which remains the largest threat to the global economy, thanks to the performance of the Italian IT market in the first few months of 2024, digital transformation remains one of the top strategies in the enterprise segment to overcome this time of uncertainty. The Group’s directors and management are optimistic that they will be able to seize on opportunities for organic growth and harness significant synergies with all the recently acquired companies.

CORPORATE GOVERNANCE AND CORPORATE BODIES

Libra HoldCo, a separate entity, is a non-operating holding company managed by a board of director.

Board of directors of Holdco		
Name	**Date of birth**	**Position**
Philippe Santin	1954	Class A manager
Dieudonné Sebahunde	1973	Class A manager
Mariapaola Testa	1991	Class B manager
Laurent Thailly	1977	Class B manager

The Group's corporate governance is overseen by the board of directors of Lutech S.p.A., which consists of:

Board of directors		
Name	**Date of birth**	**Position**
Tullio Pirovano	1956	Chairman
Giuseppe Di Franco	1967	Group CEO
Luca Donna	1971	Director
Anna Gatti	1972	Director
Gabriele Cipparrone	1975	Director
Mariapaola Testa	1991	Director
Roberto Lancellotti	1964	Director
Marc Henkel	1983	Director
Giancarlo Rodolfo Aliberti	1961	Director

In compliance with the applicable Italian legislation, Lutech S.p.A. has also appointed a board of statutory auditors to supervise compliance with the relevant legislation and company by-laws and to evaluate the adequacy of the control and accounting systems.

Statutory auditors		
Name	**Date of birth**	**Position**
Mario Broggi	1952	Chairman
Gianluca Donnini	1971	Statutory auditor
Alessandro Rebora	1969	Statutory auditor
Chiara Setti	1972	Statutory auditor – alternate
Vito Giudice	1979	Statutory auditor – alternate

Independent auditors	
KPMG S.p.A.	Via Vittor Pisani 25 - Milan

CERTAIN MATERIAL RISKS AND UNCERTAINTIES

Set forth below are certain material business and operational risks and uncertainties. These material risks and uncertainties are not the only ones faced by the Group, and we may face additional risks, including those in relation to competition in our business, cost savings measures implemented by us, development of new services and products and rapid changes in the technology services, delay or failure in payment for our services by customers, risks associated with operating in several different jurisdictions, risks related to the services we provide to government and other public entities and risks relating to litigation, tax, regulatory regime and regulatory investigations, quality audits by our customers and other claims. The occurrence of the risks described below or additional risks could have a material adverse impact on the Group's business, financial condition and results of operations.

Pursuant to article 2428, 6-bis of the Italian Civil Code, the following information is also provided on the Group's objectives and policies for financial risk management, including its hedging policy for each main group of expected transactions and its exposure to price risk, credit risk, liquidity risk and the risk of variations in cash flows.

Credit risk

Credit risk represents the Group's risk to potential losses resulting from non-compliance with the obligations assumed by the counterparties. The Group has over three thousand customers that we believe have good credit standing, and who are well distributed across various sectors without high concentration in a specific sector. Credit risk is therefore tied to the general economic conditions and the country risk, as the Group mainly operates in Italy. The Group assesses existing and potential customer solvency in advance and constantly monitors the recoverability of receivables in order to promptly identify any case of non-payment by customers and resolve them.

Liquidity risk

During the year, the Group had sufficient short and long-term credit facilities. The medium to long-term debt structure used to finance the various acquisitions, the availability of revolving and short-term credit facilities and the initiatives underway to centralise the cash pooling system of the acquired companies enable the Group to optimise the sources and application of funds and support it in developing its core business.

The type of financial structure adopted, the availability of the committed revolving credit facility of €95 million, the 2027 maturity of the Senior Secured Notes and the fact that they have mainly a fixed rate, mean that the Group is able to cover its operating and investment needs, even in the event of turbulent financial markets.

Market risk and hedging policies

The Group (and the subsidiary Lutech in particular) purchases products, services and software in foreign currency, mainly the US dollar. It hedges currency risk by making forward currency purchases to offset possible negative fluctuations in foreign currency transactions, considering the sales conditions agreed with customers.

Following the drawdown of Term Loan Agreement on March 30, 2023, the Group now has 70% of fixed rate loans.

The aim of the Group's operating and financial policies is to minimise the impacts of such risks on its performance, improving its results and net financial debt.

Risks connected to the general economic situation

The residual effects of the COVID-19 pandemic were compounded by the military invasion of Ukraine and the current Israeli–Palestinian conflict currently ongoing. The expected post-pandemic growth was therefore slowed by strong pressure on health systems, a scarcity of specialised resources, the unavailability of semi-conductors and price hikes, particularly for energy. These factors are expected to affect the Italian, European and global economies for at least 2024 and beyond. In a general economic situation which is not positive, the Group is well diversified, both in terms of the solutions offered and its markets which, though mainly Italian, exclude the presence of strong, dangerous concentrations. The Group does not operate on the Ukrainian and Russian markets and does not have direct interdependence on these countries.

In addition, the Group's costs and profitability in the future may be negatively affected by an increasing trend in inflation and rises in prices across various sectors that began in 2021, especially if the inflationary pressures persist over a longer period of time. Many European economies experienced significant increases in inflation since 2021 and it is anticipated that inflation may increase or remain at such levels in the short to medium term before returning to lower levels. Inflation levels may be exacerbated by geopolitical events, such as the impact of the ongoing conflict between Russia and Ukraine as well as the current Israeli–Palestinian conflict and the reactions thereto on global energy and raw material prices. Contraction in consumer and business spending as a result of heightened inflation and the resulting cost of living crisis may impact the Group's business, results of operations, financial condition and prospects.

Cybersecurity

Well-known cases in the public domain and experience operating in the ICT market in close contact with customers have made it clear that cyber-attacks are rapidly growing in number and sophistication. This trend is foreseen to continue in line with the digital transition underway. In recent years, the Group has invested heavily in consolidating and strengthening its IT infrastructure to the highest standards. The Group also helps its customers in the digitalisation process with specific consulting services for systems and information security and manages IT infrastructure for its customers. However, the Group remains exposed to the risk of cyber-attacks that could affect its infrastructure and business continuity and expose it to the risks of litigation, the loss of customers and liabilities for attacks on its customers.

Customer relationships

The Group's growth through mergers and acquisitions can have a significant change in its financial structure, financial statements and reporting. In particular, the standalone financial statement of Lutech may be materially impacted, pending the completion of the integration and merger process of the acquired companies, as a result of the amount of goodwill paid, the financial debt, interest on the debt, extraordinary expense and the amortisation of goodwill, which is carried out over ten years in accordance with the Italian Accounting Principles. The credit reports available on the market, which the main customers use for supplier qualification processes, do not always track consolidated results and may therefore penalise the Group's score relevant for awarding contracts. Often, the customer may not necessarily re-evaluate and correct the assessment, which may result in certain difficulties in the customer relationship that can lead to temporary slowdowns in award of commercial contracts and arrangements.

Intellectual Property

The success of the Group's business depends on its ability to protect and enforce our trade secrets, copyrights, patents, domain names, trademarks and other intellectual property rights through its ability to enforce contractual arrangements designed to protect such intellectual property rights. Italian and EU intellectual property law may not provide sufficient protection for its products. Despite the Group's efforts to protect our intellectual property rights, unauthorized parties may not be deterred from misuse, theft or misappropriation of them, including trade secrets and information that the Group regards as proprietary.

If the Group is unable to protect its proprietary rights (including copyrights and trade secrets on our software and technologies), it may be at a competitive disadvantage compared to others who have not incurred the additional expense, time and effort which may be required to protect the innovative products that have enabled the Group to be successful to date. Any of these events could materially adversely affect the Group's financial condition, operating results and prospects.

Acquisitions

Pursuing strategic and opportunistic acquisitions of product and service providers, as well as entering into joint ventures and other business combinations, is a key component of the Group's business strategy. Despite its successful track-record of acquisition and integration of new businesses into its operations, there can be no guarantee that the Group will continue to be able to successfully identify suitable acquisitions, generate expected margins or cash flows or realize the anticipated benefits of such acquisitions or complete any particular acquisition, combination or other transaction on acceptable terms, which could prevent it from achieving its strategic goals.

Any integration process may require significant time and resources, which may disrupt the Group's day-to-day business and divert management's attention, and it may not be able to manage the integration process successfully.

Other disclosures

Libra HoldCo SARL (the holding company of Lutech SpA) and any of its subsidiaries (collectively referred to as the "Group"), the direct and indirect equity holders of the Group, and/or, in each case, any of their respective affiliates (including any funds, partnerships or other special purpose entities managed, advised or controlled by such persons, as applicable), and members of the Group's management, may trade at any time or time to time in the Senior Secured Notes or another series of debt issued by the Group, by means other than redemption, whether by tender offer, open market purchases and sales, negotiated transactions or otherwise, and such purchases or sales may be at prices below par. The amounts involved in any such transactions, individually or in the aggregate, may be material. Any such transactions may be with respect to a substantial amount of the Senior Secured Notes or another series of debt, with the attendant reduction in the trading liquidity of such class or series in any purchase transactions.

At 30 June 2024, the Group had sureties granted by banks and insurance companies to guarantee the correct fulfilment of non-financial bid and performance obligations taken on by the Group for approximately €87.8 million.

The agreement for the sale of the Gioia del Colle building in 2018 contained a reservation of title clause under which the building would return to Lutech in the event of non-payment. Should this occur, the Group would need to find a new buyer as the building is no longer deemed strategic; payments are regular.

On January 2024, in conjunction with the acquisition of Eustema and Softjam by Lutech SpA, a capital injection from the shareholders of €12.1 million was performed in relation to the reinvestment of the relevant proceed from the Eustema Sellers.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Income Statement

The condensed consolidated Income Statement below summarizes the Company's consolidated results of operations for the six months ended 30 June 2024 compared with the same period of the previous year.

€ in million	**30 June 2023(1)**	**30 June 2024(1)**
Revenues (Products and Services) (2)	**342.0**	**429.2**
Direct costs(3)	(249.3)	(314.8)
First margin(4)	**92.7**	**114.4**
First Margin as % of Revenues (Products and Services)	**27.1%**	**26.6%**
Indirect costs(5)	(54.8)	(65.4)
Adjusted EBITDA	**37.9**	**49.0**
Adjusted EBITDA margin	*11.1%*	*11.4%*
Non recurring items (6)	(7.7)	(7.4)
EBITDA	**30.2**	**41.5**
Depreciation of fixed tangible assets	(5.4)	(4.0)
Amortization of intangible fixed assets	(37.0)	(32.4)
Financial income / (charges)	(15.7)	(19.3)
Income taxes, current and deferred	(7.7)	(5.5)
Net profit / (loss)	**(35.7)**	**(19.7)**

(1) Six months ended 30 June 2023 and 30 June 2024.

(2) We define Revenues (Products and Services) as total production revenues *less* change in work in progress, semi-finished products and finished goods, internal work capitalized and other revenues and income.

(3) Represents cost of goods sold, consisting of costs relating to raw materials, consumables, supplies and goods, services, personnel expenses, use of third parties assets and depreciation of tangible assets directly related to the revenues.

(4) We define First Margin as Adjusted EBITDA further adjusted for certain indirect costs as specified in footnote (5) below.

(5) Represents: (i) sales and marketing costs, (ii) costs relating to unallocated employees, (iii) costs relating to internal projects, (iv) costs relating to overheads and (v) addbacks relating to certain depreciation and amortization included within the cost of goods sold.

(6) Primarily represents figures connected to past M&A activity, certain discontinued activities and certain one off costs and revenues, including (i) merger and post-merger integration costs in the amount of €3.7 million and €3.1 million for the six months ended 30 June 2023 and 30 June 2024, respectively, (ii) lay off costs in the amount of €1.8 million and €4.1 million for the six months ended 30 June 2023 and 30 June 2024 respectively, (iii) costs or negative EBITDA contribution associated with certain discontinued activities in the amount of €1.3 million and €0.0 million for the six months ended 30 June 2023 and 30 June 2024, respectively, (iv) certain one-off revenues and costs of €0.8 million and €0.2 million for the six months ended 30 June 2023 and 30 June 2024, respectively.

Our Revenues (Products and Services) increased by €87.2 million, or +25.5%, from €342.0 million for the six months ended 30 June 2023 to €429.2 million for the six months ended 30 June 2024 largely due to: (i) +5% of organic growth or +€16.9 million (ii) the change of consolidation period of Lutech Advanced Solutions, consolidated for six months in 2024 and for three months in 2023, impacting for €61.8 million; (iii) the disposal of the Finwave perimeter for -€24.2 million; (iv) the acquisition of Eustema and Softjam for €31.6 million; (v) the acquisition of Lutech Digital AirPort for €1.1 million;

Revenues (Products and Services) of Industry-Cross Solutions business line increased by €42.8 million, or +34.0%, from €126.0 million for the six months ended 30 June 2023 to €168.8 million for the six months ended 30 June 2024 largely driven by (i) €23.2 million due to the change in consolidation period of Lutech Advanced Solutions; (ii) €5.9 million due to the change in perimeter pursuant to the acquisition of Softjam; (iii) €1.1 million due to the change in perimeter pursuant to the acquisition of Lutech Digital AirPort and (iv) €12.6 million due to organic growth mainly due to the increase of Digital Experience, Cloud and Cyber areas.

Revenues (Products and services) in the Industry-Specific Solutions business line increased by €44.0 million, or +30.9%, from €142.5 million for the six months ended 30 June 2023 to €186.5 million for the six months ended 30 June 2024, on the account of (i) the change in consolidation period of Lutech Advanced Solutions for €39.3 million (ii) the acquisition of Eustema for €25.7 million, (iii) organic growth in other practices for €3.3 million mainly in the Telco sector, offset by (iv) the reduction due to the change in perimeter after the disposal of Finwave business for -€24.2 million.

Revenues (Product & Services) in our Infra Solutions business line increased by €0.4 million, from €73.5 million for the six months ended 30 June 2023 to €73.9 million for the six months ended 30 June 2024 due to the organic growth.

The First Margin increased by €21.6 million, or 23.3%, from €92.7 million for the six months ended 30 June 2023 to €114.4 million for the six months ended 30 June 2024, due to (i) an increase in the Industry-Cross Solutions business line by €11.6 and (ii) an increase in the Industry-Specific Solutions business line by €10.6 million partially offset by (iii) a decrease in the Infra Solutions business line by €0.5 million,

Our First Margin as a percentage of Revenues (Products and Services) decreased from 27.1% to 26.6%, largely as a consequence of a different revenue mix.

The €21.6 million increase in our First Margin was offset by a €10.5 million increase in our indirect costs, from €54.8 million for the six months ended 30 June 2023 to €65.4 million for the six months ended 30 June 2024, which was primarily driven by: (i) the change in consolidation period of Lutech Advanced Solutions for €9.3 million; (ii) the change in perimeter due to the acquisition of Eustema, Softjam and Lutech Digital AirPort for €6.5 million; (iii) the change in perimeter due to the disposal of Finwave business for -€4.8 million; (iv) -€0.4 million decrease mainly related to the reduction of internal projects.

The Adjusted EBITDA grew by €11.1 million, from €37.9 million in the six months ended 30 June 2023 to €49.0 million in the six months ended 30 June 2024.

The non-recurring items decreased by €0.3 million, from €7.7 million in the six months ended 30 June 2023 to €7.4 million in the six months ended 30 June 2024.

The EBITDA grew by €11.4 million, from €30.2 million in the six months ended 30 June 2023 to €41.5 million in the six months ended 30 June 2024.

Condensed Consolidated Balance Sheet

The condensed consolidated Balance Sheet below summarizes Company's consolidated Balance Sheet as of June 30, 2024 compared with the previous year.

€ in million	31 December 2023	30 June 2024
Total fixed assets	521.6	537.6
Total current assets, prepayments and accrued income	640.3	628.9
Total Assets	**1,161.9**	**1,166.5**
Total non-current payables due after one year, provisions for risks and charges and employees' leaving entitlement	455.1	466.7
Total current payables due within one year, accrued expenses and deferred income	439.7	440.8
Total Liabilities	**894.8**	**907.4**
Total net shareholders' equity	**267.2**	**259.0**
Total liabilities and net shareholders' equity	**1,161.9**	**1,166.5**

Consolidated Net Financial Indebtedness

€ in million	31 December 2023	30 June 2024
Liquid funds	**133.6**	**108.6**
Lutech Indebtedness (including accrued interests)	(442.7)	(449.3)
Other bank loans and borrowings	(7.3)	(3.8)
Amortized cost	15.0	12.8
Total Financial Indebtedness	**(435.0)**	**(440.3)**
Vendor related obligations and other financial arrangements	(12.5)	(14.9)
Factoring (non recourse)	-	(0.1)
Total Indebtedness	**(447.5)**	**(455.3)**
Net Financial Indebtedness (excluding Amortized costs)	**(313.9)**	**(346.7)**

Condensed Consolidated Cash Flow Statement

€ in million	30 June 2023[1]	30 June 2024[1]
Total cash flow from / (used in) operating activities	30.9	6.5
Total cash flow from / (used in) investing activities [2]	(214.9)	(48.9)
Total cash flow from / (used in) financing activities [3]	174.8	17.5
Change in liquidity funds	**(9.2)**	**(24.9)**
Liquid funds at the beginning of the period	67.8	133.6
Liquid funds at the end of the period	**58.5**	**108.6**

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(1) For the six-months ended 30 June 2023 and 30 June 2024.
(2) Total cash flow from / (used in) investing activities for the six months ended 30 June 2024 mainly includes investments related to the acquisition of Eustema, Softjam and Lutech Digital AirPort, research and development capitalized costs and other tangible and intangible capex.
(3) Total cash flow from / (used in) financing activities for the six months ended 30 June 2024 largely reflects the cash inflows from the shareholders injection (€12 million), and (ii) the impact of the change in perimeter considering the net financial position of Eustema, Softjam and Lutech Digital AirPort as of 30 June 2024.

Other financial information as adjusted data

€ in million	**30 June 2023**	**30 June 2024**
Net Capital Expenditure (for the six months ended) (1)	8.2	15.4
Cash Conversion	78.3%	78.0%
Net working capital	53.2	90.4
Free operating cash flow	32.6	31.1
LTM Adjusted EBITDA	74.1	105.5
LTM Adjusted EBITDA (incl. synergies) Full Perimeter(2)	111.7	116.5

(1) Net Capital Expenditure for the six months ended 30 June 2024 include €7.7m of non-recurring capex of which (i) 4.9m related to the acquisition of Lutech Digital Airport; (ii) €1.2m with reference to Lutech Advanced Solutions integration projects and facilities rationalization; (iii) €1.5m related to the implementation of the new ERP system and other projects.

(2) LTM Adjusted EBITDA (including synergies) Full Perimeter includes (i) €105.5m of LTM Adjusted EBITDA, (ii) €1.2m implemented cost saving synergies, and (iii) €9.8m of synergies to be achieved pursuant to the ongoing integration of Lutech Advanced Solutions.

REVENUES AND FIRST MARGIN BY BUSINESS LINE

The following view now provides the most recent and updated framework of the Group in term of business lines and competencies after the recent reorganization of delivery and sales functions. In addition, as represented in previous reports, the classification of revenues and margins of Lutech Advanced Solution is now tracked in the accounting systems in line with the Group taxonomies as such there is no longer need to represent the relevant values in a separate business line. It should be also noted that the comparative figures as of and for the six months ending 30 June 2023, were reorganized in order to be comparable with the figures as of and for the six months ending 30 June 2024, however the total amount of revenues and First Margin remain unchanged.

€ in million	**30 June 2023[1]**	**30 June 2024[1]**	**30 June 2024 vs 30 June 2023**	
Infra Solutions	73.5	73.9	0.4	0.5%
Industry-Cross Solutions	126.0	168.8	42.8	34.0%
Industry-Specific Solutions	142.5	186.5	44.0	30.9%
Revenues (Products and Services)	**342.0**	**429.2**	**87.2**	**25.5%**
Infra Solutions	12.1	11.6	(0.5)	-4.1%
Industry-Cross Solutions	36.1	47.7	11.6	32.0%
Industry-Specific Solutions	44.5	55.0	10.5	23.7%
First margin	**92.7**	**114.4**	**21.6**	**23.3%**
Infra Solutions	16.5%	15.8%		(0.7ppt)
Industry-Cross Solutions	28.7%	28.2%		(0.5ppt)
Industry-Specific Solutions	31.2%	29.5%		(1.7ppt)
First Margin as % of Revenues (Products and Services)	**27.1%**	**26.6%**		**(0.5ppt)**

(1) For the six months ended 30 June 2023 and 30 June 2024.

Revenues (Product and Services) for our Industry-Cross Solutions business line increased by +€42.8 million, or +34.0%, from €126.0 million for the six months ended 30 June 2023 to €168.8 million for the six months ended 30 June 2024. This business line benefited for (i) €23.2 million for the change in consolidation period of Lutech Advanced Solutions, (ii) for €5.9 million for the acquisition of Softjam, (iii) for €1.1 million for the acquisition of Lutech Digital Airport and (iv) for the organic growth of €12.6 million mainly related to Digital Experience, Cloud and Cyber areas. The First Margin in absolute value for our Industry-Cross Solutions business line increased by €11.6 million or 32.0%. First Margin as a percentage of Revenues (Products and Services) decreased by -0.5ppt, from 28.7% for the six months ended 30 June 2023 to 28.2% for the six months ended 30 June 2024, primarily due to a different mix of sales.

Revenues (Products and Services) for our Industry-Specific Solutions business line increased by €44.0 million, or +30.9%, from €142.5 million for the six months ended 30 June 2023 to €186.5 million for the six months ended 30 June 2024, largely due to (i) €39.3 for the change in consolidation period of Lutech Advanced Solutions, (ii) €25.7 million for the acquisition of Eustema, (iii) €3.3 million of organic growth offset (iv) by the reduction due to the change in perimeter after the disposal of Finwave business of -€24.2 million. The First Margin in absolute value for our Industry-Specific Solutions business line increase by €10.5 million or 23.7%. First Margin as a percentage of Revenues (Products and Services) for our Industry-Specific Solutions business line decreased by -1.7ppt, from 31.2% for the six months ended 30 June 2023 to 29.5% for the six months ended 30 June 2024 largely impacted by the disposal of Finwave business which carried a higher than average First Margin in percentage of Revenues given the proprietary products marginality.

Revenues (Product and Services) for our Infra Solutions business line increased by €0.4 million, or 0.5%, from €73.5 million for the six months ended 30 June 2023 to €73.9 million for the six months ended 30 June 2024, related to the organic growth. First Margin for the Infra Solutions business line (representing approx. 10% of total first margin for the six months ending 30 June 24 and approx. 13% of total first margin for the six months ending 30 June 2023) decreased by €0.5 million, or -4.1%, from €12.1 million for the six months ended 30 June 2023 to €11.6 million for the six months ended 30 June 2024. The First Margin as a percentage of Revenues (Products and Services) for our Infra Solutions business line decreased by 0.7ppt, from 16.5% for the six months ended 30 June 2023 to 15.8% for the six months ended 30 June 2024 due to a different sales mix.

REVENUES AND FIRST MARGIN BY VERTICAL

The following view now provides the most recent and updated framework of the Group in term of business lines and competencies after the recent reorganization of delivery and sales functions. In particular the breakdown by industry reflects now the brand-new organization of vertical competencies across the delivery and sales functions. It should be also noted that the comparative figures as of and for the six months ending 30 June 2023, were reorganized in order to be comparable with the figures as of and for the six months ending 30 June 2024, however the total amount of revenues and First Margin remain unchanged.

€ in million	**30 June 2023(1)**	**30 June 2024(1)**	**30 June 2024 vs 30 June 2023**	
Financial Services	62.5	39,6	(22.9)	-36.6%
Public Sector &Healthcare	53.8	106.6	52.8	97.9%
Energy & Utilities	63.6	102.3	38.7	60.9%
Telco & Media	62.4	77.3	14.9	23.9%
Manufacturing	68.2	75.2	7.0	10.3%
Fashion & Retail	31.5	28.2	(3.3)	-10.6%
Revenues (Products and Services)	**342.0**	**429.2**	**87.2**	**25.5%**
Financial Services	30.2%	27.7%		(2.5ppt)
Public Sector &Healthcare	20.9%	23.2%		2.3ppt
Energy & Utilities	25.0%	25.8%		0.8ppt
Telco & Media	20.7%	21.5%		0.8ppt
Manufacturing	34.8%	34.2%		(0.6ppt)
Fashion & Retail	32.0%	35.1%		3.1ppt
First Margin as % of Revenues (Products and Services)	**27.1%**	**26.6%**		**(0.5ppt)**

(1) For the six months period ended 30 June 2023 and 30 June 2024.

The Financial Services industry showed a decrease in Revenues (Products and Services) of €22.9 million, from €62.5 million for the six months ended 30 June 2023 to €39.6 million for the six months ended 30 June 2024, mainly driven by (i) the change in perimeter due to the disposal of Finwave business impacting for -€24.2 million partially offset by (ii) the change in consolidation period of Lutech Advanced Solutions impacting for €0.7 million and (iii) the change in perimeter due to the acquisition of Eustema and Softjam for €0.7 million. The Financial Services industry showed a decrease in First Margin as a percentage of Revenues (Products and Services) of -2.5ppt, from 30.2% for the six months ended 30 June 2023 to 27.7% for the six months ended 30 June 2024 largely impacted by the disposal of Finwave business which carried an higher than average First Margin as a percentage of Revenues.

The Public Sector & Healthcare industry showed an increase in Revenues (Products and Services) of €52.8 million, from €53.8 million for the six months ended 30 June 2023 to €106.6 million for the six months ended 30 June 2024, mainly driven by (i) the change in consolidation period of Lutech Advanced Solutions for €8.3 million (ii) €25.6 million for the change in perimeter due to the acquisition of Eustema and (iii) a very strong performance from the organic perimeter of €18.8 million (+35%) mainly in Cloud and Cyber areas. First Margin as a percentage of Revenues (Products and Services) increased by 2.3ppt, from 20.9% for the six months ended 30 June 2023 to 23.2% for the six months ended 30 June 2024, benefiting in particular from the higher margins from Eustema which brings added value projects carrying a higher than average margin in % of revenues (i.e. approx. 32%) and a recovery in efficiency.

The Energy & Utility industry showed an increase in Revenues (Products and Services) of €38.7 million, from €63.6 million for the six months ended 30 June 2023 to €102.3 million for the six months ended 30 June 2024, mainly driven by (i) the change in consolidation period of Lutech Advanced Solutions for €38.3 million which, as already anticipated in previous reports, brings a new set of skills and competencies well recognized across the industry; (ii) the change in perimeter due to the acquisition of Softjam and Lutech Digital AirPort for €1.9 million; offset by (iii) the decrease of €1.4m in the organic perimeter largely related to the Infra Solutions business line. First Margin as a percentage of Revenues (Products and Services) increased of 0.8ppt, from 25.0% for the six months ended 30 June 2023 to 25.8% for the six months ended 30 June 2024, driven by a more favorable sales mix and the efficiency improvement.

The Telco & Media industry showed an increase in Revenues (Products and Services) of €14.9 million, from €62.4 million for the six months ended 30 June 2023 to €77.3 million for the six months ended 30 June 2024, driven by: (i) the change in consolidation period of Lutech Advanced Solutions for €11.0 million mostly in the digital area (both horizontal and vertical); (ii) the change in perimeter due to the acquisition of Eustema for €1.6 million and (iii) organic growth for €2.3 million mainly related to the Infra Solutions business line. First Margin as a percentage of Revenues (Products and Services) increase of 0.8ppt, from 20.7% for the six months ended 30 June 2023 to 21.5% for the six months ended 30 June 2024, driven by a more favorable sales mix and efficiency improvement.

The Manufacturing industry showed a growth in Revenues (Products and Services) of €7.0 million, from €68.2 million for the six months ended 30 June 2023 to €75.2 million for the six months ended 30 June 2024, mainly driven by (i) the change in consolidation period of Lutech Advanced Solutions impacting for €3.2 million; (ii) the change in perimeter due to the acquisition of Softjam for €1.6 million and (iii) organic growth of €2.2 million mainly driven by ERP area. First Margin as percentage of Revenues (Products and Services) decrease of 0.6ppt, from 34.8% for the six months ended 30 June 2023 to 34.2% for the six months ended 30 June 2024, mainly driven by a less favorable sales mix.

The Fashion & Retail industry showed a decrease in Revenues (Products and Services) of €3.3 million, from €31.5 million for the six months ended 30 June 2023 to €28.2 million for the six months ended 30 June 2024 mainly driven by (i) lower Revenues in the old perimeter for €4.7 million mainly related to some specific contracts in the Cyber area, partially offset by (ii) the change in perimeter due to the acquisition of Softjam for €1.4 million. First Margin as a percentage of Revenues (Products and Services) increased by 3.1ppt, from 32.0% for the six months ended 30 June 2023 to 35.1% for the six months ended 30 June 2024, driven by a more favorable sales mix.

WORKFORCE

The number of employees of the Group as of 30 June, 2024 shown by function is presented in the charts below:

Total Headcount (HC) by Function

# of headcount	Total HC Jun23	% of total Jun23	Total HC Jun24	% of total Jun24
Delivery	4,212	88.6%	4,366	88.1%
Other functions	541	11.4%	590	11.9%
Total	**4,753**		**4,956**	

The increase in headcount by 203 is largely impacted by the change in perimeter following the acquisition of Eustema, Softjam and Lutech Digital AirPort and the disposal of the Finwave business.

Total Headcount by Role

# of headcount	Total Headcount	% of total
Directors	172	3.5%
Manager	622	12.5%
Employees	4,162	84.0%
Total	**4,956**	

Total Headcount by Gender

# of headcount	Total Headcount	% of total
Female	1,306	26.4%
Male	3,650	73.6%
Total	**4,956**	

Total Headcount by Age layer

# of headcount	Total Headcount	% of total
18-24	244	4.9%
25-29	762	15.4%
30-44	2,041	41.1%
45-54	1,219	24.6%
>54	690	13.0%
Total	**4,956**	

Total Headcount by years of seniority

# of headcount	Total Headcount	% of total
<5 years	2,649	53.4%
5-10	1,103	22.3%
11-25	981	19.8%
26-30	89	1.8%
>30 years	134	2.7%
Total	**4,956**	

PRO-FORMA UNAUDITED INCOME STATEMENT INFORMATION

For the purposes of presenting the relevant comparison of results, we present the pro forma unaudited consolidated group financials at 30 June 2024 by (i) including the results of the companies acquired in 2023 and the first six months of 2024 (i.e. Lutech Advanced Solutions acquired in March 2023, Eustema and Softjam acquired in January 2024, other than Lutech Digital AirPort , and (ii) excluding the results of Finwave business (disposal from December 2023) starting from 1 January 2023.

Consolidated pro-forma unaudited profit and loss statement for the six months ending 30 June 2024 with comparable figures as of 30 June 2023

€ in million	30 June 2023(1)	30 June 2024(1)
Revenues (Products and Services) (2)	**408.9**	**429.2**
Direct costs(3)	(300.0)	(314.8)
First margin(4)	**108.9**	**114.4**
First Margin as % of Revenues (Products and Services)	**26.6%**	**26.6%**
Indirect costs(5)	(67.1)	(65.4)
Adjusted EBITDA	**41.8**	**49.0**
Adjusted EBITDA margin	*10.2%*	*11.4%*
Non recurring items (6)	(9.4)	(7.4)
EBITDA	**32.4**	**41.6**
Depreciation of fixed tangible assets	(3.4)	(4.0)
Amortization of intangible fixed assets	(27.1)	(32.5)
Financial income / (charges)	(13.3)	(19.3)
Income taxes, current and deferred	(6.9)	(5.5)
Net profit / (loss)	**(18.3)**	**(19.7)**

(1) Six months ended 30 June 2023 and 30 June 2024.

(2) We define Revenues (Products and Services) as total production revenues *less* change in work in progress, semi-finished products and finished goods, internal work capitalized and other revenues and income.

(3) Represents our cost of goods sold, consisting of costs relating to raw materials, consumables, supplies and goods, services, personnel expenses, use of third parties assets and depreciation of tangible assets directly related to the revenues.

(4) We define First Margin as Adjusted EBITDA further adjusted for certain indirect costs as specified in footnote (5) below.

(5) Represents: (i) sales and marketing costs, (ii) costs relating to unallocated employees, (iii) costs relating to internal projects, (iv) costs relating to overheads and (v) addbacks relating to certain depreciation and amortization included within the cost of goods sold.

(6) Primarily represents figures connected to past M&A activity, certain discontinued activities and certain one off costs and revenues, including (i) merger and post-merger integration costs in the amount of €6.1 million and €3.1 million for the six months ended 30 June 2023 and 30 June 2024, respectively, (ii) lay off costs in the amount of €1.5 million and €4.1 million for the six months ended 30 June 2023 and 30 June 2024 respectively, (iii) costs or negative EBITDA contribution associated with certain discontinued activities in the amount of €0.4 million and €0.0 million for the six months ended 30 June 2023 and 30 June 2024, respectively, and (iv) certain one-off revenues and costs in the amount of €1.4 million and €0.2 million for the six months ended 30 June 2023 and 30 June 2024, respectively.

The criteria used for the preparation of the pro forma unaudited income statement include:

- the assumption that all acquisitions (and disposal) in FY23 / First six months of FY24 occurred on 1 January 2023, except for Lutech Digital AirPort as explained above.
- the homogenization of the accounting principles and practices.

The pro forma Revenues (Products and Services) increased by €20.3 million, or +5.0%, from €408.9 million for the six months ended 30 June 2023 to €429.2 million for the six months ended 30 June 2024. The Industry-Cross Solutions business line increased by €15.5 million, or +10.1%, from €153.3 million for the six months ended 30 June 2023 to €168.8 million for the six months ended 30 June 2024, mostly on the practices of Digital Experience, Cyber, Cloud Services and Digital Workplace areas. The Industry-Specific Solutions business line increased by €5.4 million, or +3.0%, from €181.1 million for the six months ended 30 June 2023 to €186.5 million for the six months ended 30 June 2024, largely on account digital public sector and digital advanced solutions areas, partially offset by digital financial services, manufacturing and energy areas. The Infra Solutions business line decrease by -€0.6 million or -0.9%, from €74.5 million for the six months ended 30 June 2023 to €73.9 million for the six months ended 30 June 2024.

Our pro forma First Margin increased by €5.5 million, or 5.0%, from €108.9 million for the six months ended 30 June 2023 to €114.4 million for the six months ended 30 June 2024, largely due to (i) an increase in the Industry-Cross Solutions business line of €4.5 million and (ii) an increase in the Industry-Specific Solutions business line of €1.7 million partially offset by (iii) a decrease in the Infra Solutions business line of -€0.7 million.

Our pro forma First Margin as a percentage of pro forma Revenues (Products and Services) is in line with prior year at 26.6%.

The €5.5 million increase in our pro forma First Margin has been improved also by €1.7 million decrease in the indirect costs, from €67.1 million for the six months ended 30 June 2023 to €65.4 million for the six months ended 30 June 2024, which was primarily driven by: (i) €0.2 million decrease in commercial costs, (ii) €0.5 million decrease in the internal projects and (iii) €1.0 million decrease in the overheads thanks to cost synergies impact and cost reductions programs put in place.

The pro forma Adjusted EBITDA grew by €7.2 million (+17.3%), from €41.8 million in the six months ended 30 June 2023 to €49.0 million in the six months ended 30 June 2024, and the Adjusted EBITDA margin grew positively by +1.2ppt from 10.2% to 11.4%.

The pro forma EBITDA increased by €9.2 million, from €32.4 million in the six months ended 30 June 2023 to €41.6 million in the six months ended 30 June 2024.

The pro forma adjustments to the Group's consolidated financial statements are based upon available information and assumptions which we believe are reasonable. The consolidated pro-forma profit and loss statement has been prepared for illustrative purposes only. Because of their nature, the consolidated pro-forma profit and loss statement address a hypothetical situation and, therefore, do not represent the financial position or results of operation had the acquisitions and/ or disposals actually occurred on the dates assumed in the consolidated pro-forma profit and loss statement or any other date. The consolidated pro-forma profit and loss statement presented above, are not indicative of our future results of operations or our financial position. The consolidated pro-forma profit and loss statement have not been prepared in accordance with the requirements of Regulation S-X of the United States Securities Act of 1933 or any generally accepted accounting standards. Neither the assumptions underlying the pro forma adjustments, nor the consolidated pro-forma profit and loss statement have been audited or reviewed in accordance with any generally accepted auditing standards.

ALTERNATIVE PERFORMANCE MEASURES

"**Revenues (Products and Services)**" is defined as total production revenues *less* change in work in progress, semi-finished products and finished goods, internal work capitalized and other revenues and income;

"**First Margin**" is defined as Adjusted EBITDA, adjusted for certain indirect costs such as overheads, sales and marketing costs and costs relating to certain internal projects and certain add-backs relating to depreciation and amortization and cost of goods sold. We present First Margin for certain periods because we believe it is a useful metric for investors to understand our gross results of operations before the effects of other income and costs, adjustments to financial assets and liabilities and income taxes and because management uses this to assess the financial performance of our business, including our business lines and industry verticals;

"First Margin as a Percentage of Revenues (Products and Services)" is defined as First Margin *divided* by Revenues (Products and Services), expressed as a percentage;

"**EBITDA**" is defined as net profit/(loss) for the year before income taxes, current and deferred, financial income and charges, amortization of intangible fixed assets and depreciation of tangible fixed assets. We present EBITDA because it is widely used by securities analysts, investors and other interested parties to evaluate the profitability of companies. EBITDA eliminates potential differences in performance caused by variations in capital structures (affecting net finance costs), tax positions (such as the availability of net operating losses against which to relieve taxable profits), and the cost and age of tangible assets (affecting relative depreciation expense), the extent to which intangible assets are identifiable (affecting relative amortization expense);

"**Adjusted EBITDA**" is defined as EBITDA before adjustments to financial assets and liabilities, other write down of fixed assets, as further adjusted for certain events and transactions that management considers to be non-recurring items, such as discontinued activities, merger and post-merger integration costs, certain one-off revenues and costs, lay off costs, transaction costs and abandoned deals costs, non-operating income, moving costs, overlapping costs related to service desk (discontinued) and adjustment for a deferred R&D grant. We present Adjusted EBITDA because we believe Adjusted EBITDA is a useful metric for investors to understand our results of operations and profitability because it permits investors to evaluate our recurring profitability from underlying operating activities. Additionally, we believe that Adjusted EBITDA provides investors with a tool to compare the historical performance of our business across different periods as our adjustments to net profit/(loss) for the year and the exclusion of certain costs and expenses include items not considered by management to be attributable to the day-to-day operation of our business;

"**Adjusted EBITDA (including synergies)**" is defined as Adjusted EBITDA after giving effect to the synergies that have been implemented and have been partially or fully realized in the periods under review;

"**Adjusted EBITDA Margin**" is defined as Adjusted EBITDA *divided by* Revenues (Products and Services), expressed as a percentage;

"**Net Capital Expenditure**" is defined as investments in tangible fixed assets and investments in intangible fixed assets net of disinvestments in tangible fixed assets. Net Capital Expenditure excludes the consideration paid by us for the acquisition of other businesses;

"**Net Working Capital**" is defined as inventory, trade receivables and other assets *less* payments on account, trade payables and other liabilities;

"**Free Operating Cash Flow**" is defined as Adjusted EBITDA *less* Net Capital Expenditure *less* change in Net Working Capital;

"**Cash Conversion**" is defined as (x) Adjusted EBITDA *less* Net Capital Expenditure *divided by* (y) Adjusted EBITDA, expressed as a percentage;

"**LTM Adjusted EBITDA**" is defined as Adjusted EBITDA for the twelve month period ending 30 June 2024;

"**LTM Adjusted EBITDA (including synergies)**" is defined as Adjusted EBITDA (including synergies) for the twelve month period ending 30 June 2024; and

"**LTM Adjusted EBITDA (including synergies) Full Perimeter**" is defined as LTM Adjusted EBITDA (including synergies) for the twelve month period ending 30 June 2024 as if the acquisitions and disposal made from July 2023 until June 2024 occurred as at 1 July 2023 (while in the Statutory financials statements the impact of the acquisitions and of the disposal included starting from the transaction date).

NOTES TO UNAUDITED CONDENSED REPORT OF THE COMPANY

ACCOUNTING PRINCIPLES AND CONSOLIDATION SCOPE

This unaudited condensed consolidated financial report presented in the previous pages is based on the financial information as of and for the six months ended 30 June 2024 of Company and the companies in which the Company directly or indirectly holds a majority investment or over which it has control.

A breakdown of the companies included in the consolidation scope at June 30, 2024 is provided below:

Legal Entity	%	Control	Business
LIBRA HOLDCO S.A.R.L.			Holding company
Lutech S.p.A.	100%	Direct	Cybersecurity, cloud solutions, customer engagement solutions, application development, next generation IT infrastructure, big data and cognitive computing
ICTeam S.p.A.	100%	Indirect	Consulting and system integration in the field of Big Data and Artificial Intelligence, consulting and software development in the Loyalty & Direct Marketing field
Infoedge S.r.l.	100%	Indirect	Business process consulting services with focus on the Insurance sector
Lutech CDM S.p.A.	100%	Indirect	Consulting, marketing and integration of solutions in the field of Product Lifecycle Management (PLM), Internet of Think (IoT), Enterprise Resources Planning (ERP) in the INFOR space (former CDM Tecnoconsulting S.p.A.)
Cimworks SL (Spain)	100%	Indirect	Consulting, marketing and integration of Product Lifecycle Management (PLM) solutions for the Spanish market
Know-How S.r.l.	100%	Indirect	Implementation of ERP solutions and related post-implementation assistance mainly on the INFOR space
Pivotal Italia S.r.l.	100%	Indirect	Consulting, marketing and integration of solutions in the field of Customer Relationship Management (CRM) and Product Lifecicle Management (PLM)
CDM Consulting CO. Ltd	100%	Indirect	Consulting and integration of Product Lifecycle Management (PLM), IoT, ERP solutions at the service of the multinational customers of the Group with local units in China
Tenenigen S.r.l.	100%	Indirect	Consulting and integration of solutions in the field of Customer Relationship Management (CRM) and Customer Experience (CX) with cloud solutions based on the Salesforce.com platform and in related training activities.
Lutech Sinergetica S.r.l.	100%	Indirect	Design, development and marketing of solutions for Energy Trading & Risk Management (ETRM).
DIEM Technologies S.r.l.	100%	Indirect	System integrator specialised in satellite communication systems and digital broadcasting solutions
Kronotech S.r.l.	100%	Indirect	Design, development and marketing of IoT solutions, mechanical, electronic, IT, telematic, process and office automation systems (security and access control)
Lutech ICT Solutions SA	90%	Indirect	System integrator of solutions in the datacenter and networking sector, set up in Switzerland to serve the local market and the local units of multinational customers of the Group
Lutech Spain SL	100%	Indirect	Software and services for financing application management for specialised operators in Spain
Certimeter S.r.l.	100%	Indirect	Recognized for its distinctive capabilities in Software Development, Cyber Security, Collaboration, Business Intelligence, Machine Learning, Big Data & Analytics and Salesforce technologies.
Dot S.r.l	100%	Indirect	Consulting company specialized in the Salesforce.com software products that mainly handles with Digital Transformation projects for Enterprise customers with an "Adaptive Agile" approach
Dot Balkans sh.p.k.	100%	Indirect	Nearshoring office in the Saleforce.com and ERP space
Basiliko S.r.l.	100%	Indirect	Company that accompanies Italian brands and retailers in the development of B2C and B2B e-Commerce networks on the Adobe Commerce platform, integrating them with the best ERP, PIM and CRM technologies
Stain S.r.l	100%	Indirect	Development and sale of MES software for the collection of production data, logistics management, quality and maintenance, with particular focus on the manufacturing market
Eustema S.p.A.	98%	Indirect	Vertical expertise in digital solutions for the public sector

Legal Entity	%	Control	Business
Softjam S.p.A.	98%	Indirect	Cloud capabilities specifically focused on Azure, and strong credentials in the Microsoft ecosystem
Lutech Digital AirPort S.r.l.	100%	Indirect	Captive company for the SEA Milan Airport contract

There are no exclusions due to the different nature of the businesses of the Group companies, nor are there any investments measured using the proportionate method. The investment in Lutech Consorzio[1] even if is 100% controlled by the group was excluded from the consolidation as its inclusion would have been irrelevant for the purposes indicated in the second paragraph of art. 29 Legislative Decree 127/1991. Investments in the associates Lombardia Gestione S.r.l. (49% held by Lutech) are recognised using the equity method. Companies in which Libra Holdco has an investment of less than 20% and which qualify as fixed assets are measured at cost adjusted for impairment.

The consolidated companies have the same reporting date as the consolidated financial report.
The profit and loss accounts of companies acquired or sold during the year are consolidated on the basis of the period under the Group's ownership. We also apply purchase accounting adjustments[2] in connection with such acquisitions to our financial report. The application of purchase accounting will result in different carrying values for existing assets and assets we may add to our balance sheet, which may include intangible assets, such as goodwill, software, and different amortization and depreciation expenses. Due to these and other potential adjustments, such as run rate calculations relating to the cost savings from the different acquisitions relating to our estimates of the full period impact of the expected cost savings for the relevant periods following such acquisitions and as a result of cost synergies resulting from such acquisitions, our financial report could be materially different once the adjustments are made.

Changes in the consolidation scope

Three companies became part of the Holdco group and thus were included in the consolidation scope in the period from 1 July 2023 to 30 June 2024 and four controlling investments were sold. The following table summarizes the relevant company information, investment percentage, including date of consolidation/deconsolidation:

	Opening/Closing financial statements	*Location*	*Investment %*
Lutech Digital AirPort S.r.l.	*31.05.2024*	*Milan*	*100%*
Eustema S.p.A.	*31.12.2023*	*Rome*	*98%*
Softjam S.p.A.	*31.12.2023*	*Genova*	*98%*
Finwave S.p.A.	*30.11.2023*	*Milan*	*100%*
Artis Consulting S.p.A.	*30.11.2023*	*Rome*	*100%*
Lutech NL B.V.	*30.11.2023*	*Netherland*	*100%*
Forward Software S.r.l.	*30.11.2023*	*Romania*	*100%*

Consolidation method

This unaudited condensed consolidated financial report have been prepared on the basis of the Company Group's reporting packages submitted by the consolidated companies and prepared by them in accordance with the Company's instructions, adjusted, where necessary, to align them with the Company Group's accounting policies which are based on the recognition and measurement criteria provided by the Italian Civil Code as integrated by the reporting standards promulgated by the Italian Accounting Standard Setter

[1] Certain Group companies, namely Lutech S.p.A., IC Team S.p.A., Lutech Sinergetica S.r.l., Tenenigen S.r.l., Lutech Advanced Solutions S.p.A., Lutech CDM S.p.A. and Infoedge S.r.l., jointly set up a consortium named "Consorzio Lutech" for the common objective of providing ICT services to Lutech customers for digital transformation.

[2] To note that the initial consolidation difference related to the acquisition of Lutech Advanced Solutions, Eustema, Softjam and Lutech Digital Airport was currently fully allocated to goodwill.

(Organismo Italiano di Contabilità – OIC) (the "Italian GAAP") and are in line with those applied for the preparation of our consolidated statutory financial statements as of 31 December 2023.

In this report we present certain financial measures that are not recognized by Italian GAAP or any other generally accepted accounting principles. We refer to these measures as "Alternative performance measures" or "non-GAAP measures" as they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with Italian GAAP, or are calculated using financial measures that are not calculated in accordance with Italian GAAP.

We believe that these and similar measures are based on reasonable assumptions and are used widely by the investment community, securities analysts and other interested parties, and are intended to assist in the analysis of our results of operations, profitability and ability to service debt.

These non-GAAP measures are not measurements of operating performance and do not necessarily indicate whether cash flow will be sufficient or available for cash requirements. Because all companies do not calculate such measures identically, the presentation may not be comparable to similarly entitled measures of other companies and you are cautioned not to place undue reliance on such financial information.

The accounting policies adopted in preparing these unaudited condensed financial report is the same as those adopted by the Company.

The carrying amounts of the assets, liabilities, costs, revenues and cash flows of subsidiaries directly or indirectly controlled by the Company are consolidated on a line-by-line basis.

Consolidation on a line-by-line basis takes place as follows:

- adjustments to comply with the Company's accounting policies as well as other adjustments necessary for consolidation purposes, such as reclassifications;

- consolidation of the financial reporting packages to be consolidated regardless of the percentage of investment held. The income statements of the companies acquired or sold during the year are consolidated over the period of the Company Group's ownership;

- elimination of the carrying amount of investments in consolidated companies, offsetting the corresponding share of net equity of the subsidiary at the acquisition date.

Where possible, positive differences are allocated to each identifiable asset acquired to the extent of the carrying amount of such asset and, in any case, no higher than their recoverable amount, as well as for each identifiable liability assumed, including the relevant tax effects. If the positive difference is not entirely allocated to separately identified assets and liabilities, the residual amount is recognized as goodwill in intangible fixed assets, unless it is required to be allocated to the income statement, fully or in part. The residual amount of the elimination difference is allocated to goodwill provided that the requirements are met for the recognition of goodwill as per the relevant accounting policy.

Any additional residual value that cannot be allocated to assets and liabilities and goodwill is taken to the income statement under "Other operating costs".

If negative, the consolidation difference is allocated, where possible, to assets recognized at carrying amounts in excess of their recoverable amount and to liabilities whose carrying amounts are lower than their settlement amount, net of the tax effect. Any residual negative difference is recognized in the specific "Consolidation reserve" under net equity, unless the difference is not the result of the net losses of the investee but rather the result of a good deal.

Any further unallocated consolidation difference that relates, wholly or in part, to the forecast net losses is recognized in the “Consolidation provision for risks and charges” which will be used in subsequent years to reflect the assumptions made when the investee was acquired and irrespective whether the forecast losses are actually incurred.

Undistributed profits and the other net equity reserves of subsidiaries and any other changes in subsidiaries’ net equity captions which took place after the acquisition date are recognised as an increase in consolidated net equity for the portion attributable to the Company Group, usually under “Retained earnings (losses carried forward)”, except for those attributable to exchange differences of foreign operations, which are treated as described below;

- elimination of balances and transactions between companies included in the consolidation scope and internal or intraGroup profits or losses;
- recognition of any deferred tax assets and/or liabilities;
- elimination of dividends received from consolidated companies and write-downs of investments included in the consolidation scope, so that they are not counted twice;
- reclassification of the Company’s shares held by consolidated companies to Reserve for own shares;
- calculation of the portion of consolidated net equity and net profit or loss for the year attributable to minority interests of the consolidated investees in order to present it separately in the consolidated financial report;
- measurement of controlling investments in unconsolidated subsidiaries, associates and joint ventures using the equity method;
- analysis and correct presentation in the financial report of the acquisition of further investments in already consolidated companies and of the sale of investments with or without losing control, as well as other changes in the consolidation scope; and
- preparation of the consolidated financial report.

The financial report of foreign investee companies prepared in currencies other than the Euro are preliminarily translated into Euro. Any adjustments necessary to bring these financial report into line with the Company Group’s accounting principles are made before translating them into Euro.

The translation process is carried out using:

- the spot exchange rate at the balance sheet date for the translation of assets and liabilities;
- the average exchange rate for the year for the income statement items and for the cash flows of the cash flow statement;
- the historical exchange rate at the time of their formation for the shareholders’ equity reserves (other than the reserve for translation differences).

The net effect of the translation is recognized in a special “Translation difference reserve” in the context of consolidated shareholders’ equity.

Exchange rates applied for the translation into Euros are as follows:

Currency	Closing Rate 31 December 2023	Closing Rate 30 June 2024	Average Rate 30 June 2024
RON (Romania)	4.9756	4.9773	4.9743
CHF (Switzerland)	0.9260	0.9634	0.9615
Renmimbi (China)	7.8509	7.7748	7.8011
Lek (Albania)	103.79	100.37	102.29

Fixed assets

Intangible fixed assets

Intangible fixed assets are recognized at historical cost, including transaction costs, net of amortization charged over the years to the individual assets.

They are amortized in line with their residual income generating potential and, if this cannot be determined, using a rate of 20%.

Deferred start-up and capital costs and development costs are recognized at cost, with the prior consent of the board of statutory auditors. Development costs are amortized in line with their income generating potential. When the company is not able to estimate this potential, the costs are amortized over not more than five years.

Goodwill, arising on the cancellation of equity investments of acquirees and the exchange of shares or quotas assigned to the share or quotaholders of the merged companies, is amortized on a straight-line basis. This rate is deemed appropriate to allow the company to recover the goodwill through future economic benefits while complying with the principle of cost recoverability.

Apart from that set out above, the other goodwill is amortized over ten years.

Leasehold improvements arising from extraordinary maintenance of third party assets are amortized over the shorter of the period of future use of the costs incurred and the lease term of the assets that have undergone maintenance.

Patents are amortized using a 10% rate.

Tangible fixed assets

Tangible fixed assets are recognized at purchase or production cost, including transaction costs and any costs that increase the carrying amount of the asset decreased by any large trade and cash discounts.

They are adjusted for depreciation and any write-downs.

Tangible fixed assets are usually depreciated systematically on a straight-line basis over their estimated useful lives using rates that match the ordinary tax rates.

Maintenance and repair costs that increase the value of an asset as they lengthen its useful life or lead to a significant and measurable increase in production capacity or occupational safety or an improvement in the environmental conditions are capitalized. Otherwise, they are expensed.

Extraordinary maintenance costs incurred to expand, modernize, replace or improve an asset are capitalized within the limits of its recoverable amount if they result in a significant and measurable increase in its production capacity, safety or useful life.

Depreciation taken to the income statement account is calculated using rates held to reflect the assets' utilization and estimated useful life. The depreciation rates applied, which are unchanged from the previous year and halved for assets acquired during the year to account for the lower production revenues, are as follows:

	2023	June24
LAND AND BUILDINGS		
Buildings	3%	3%
PLANT AND MACHINERY		
Plant and machinery	15%	15%
Air-conditioning systems	15%	15%
Alarm and CCTV systems	30%	30%
Electrical energy generation and transmission systems	15%	15%
Wired cabling telephone system	15%	15%
INDUSTRIAL AND COMMERCIAL EQUIPMENT		
Sundry equipment	15%	15%
	30%	30%
OTHER ASSETS		
Ordinary office furniture and equipment	12%	12%
Furnishings	15%	15%
Cars	25%	25%
Electronic equipment	20%	20%

Write-downs for impairment losses on tangible and intangible fixed assets

If, at the reporting date, there are indications of impairment losses on tangible and intangible fixed assets, the recoverable amount of such assets is estimated.

If the recoverable amount, being the higher of value in use and fair value less costs to sell, is lower than the corresponding carrying amount, the assets are written down.

When the recoverable amount of an asset cannot be estimated, it is tested for impairment at cash-generating unit ("CGU") level, that is, the lowest identifiable level for assets, which includes the assets to be measured and generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets.

The write-down is not maintained in subsequent years if the reasons therefore cease to exist. The write-down is reversed up to the amount the asset would have had if the write-down had never taken place, that is, net of the amortization/depreciation that would have been recognized in the absence of the write-down. Write-downs of goodwill and deferred charges cannot be reversed.

Financial fixed assets

Investments in associates are measured using the equity method.

Equity-accounting investments are initially recognized at acquisition cost, including the related transaction costs, which comprise bank and financial brokerage charges, i.e., commissions, costs and taxes.

Upon initial recognition, the acquisition cost of an equity investment is compared to the relevant share of the investee's net equity resulting from its most recent financial statements.

If an initial positive difference is identified which can be attributed to higher carrying amounts of the investee's assets, measured at present value, or to goodwill, the investment is recognized at acquisition cost, including the initial positive difference. Otherwise, the investment is impaired and the write-down is recognized as a write-down of equity investments in the income statement.

If an initial negative difference is identified which can be attributed to a good deal, the investment is recognized at the investee's higher net equity, adjusted compared to its cost, recognizing an undistributable reserve in net equity as a balancing entry. Should the initial negative difference be attributable to assets recognized at higher carrying amounts than their recoverable amounts, liabilities recognized at lower carrying amounts than their settlement amounts or forecast losses, the investment is initially recognized at acquisition cost and the difference is a provision for future risks and charges. The company will use this off-the-book provision in future years to adjust the investee's net profits or losses, in order to reflect the assumptions made upon acquisition.

The net profit or loss for the year and net equity shown in an investee's financial statements are subject to the same adjustments required for consolidation purposes. The company's share of an investee's adjusted net profit or loss increases or decreases the carrying amount of the investment, with a balancing entry in the income statement. Dividends received reduce the investment's carrying amount. Changes in the investee's net equity that did not affect its net profit or loss for the year increase or decrease its carrying amount and the specific undistributable reserve, without affecting the company's income statement. If, as a result of net losses, the carrying amount of an investment becomes negative, it is written off and, should the company be legally or otherwise bound to support its investee, the losses exceeding the write-off are recognized in the provisions for risks and charges.

If any impairment losses are identified, the investment is written down, even when the resulting carrying amount is lower than the amount arising from equity accounting.

Investments in other companies are measured at cost and adjusted for impairment.

Receivables are recognized under fixed or current assets depending on their intended use in relation to the company's ordinary activities that generate them. Accordingly, financial receivables are recognized under financial fixed assets, whereas trade receivables are recognized under current assets, regardless of their due date.

Financial receivables are recognized at their estimated realizable amount. Their nominal amount is adjusted through the provision for bad debts to their estimated realizable amount to account for possible insolvencies.

The amortized cost method is not applied when its effects are irrelevant, which is usually the case for current receivables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant.

Finance leases

In relation to the financial leasing contracts in place the relevant assets were recognized as "tangible fixed assets" in accordance with the transfer of the risks and benefit to the Company Group, while the financial lease payable relating to the same assets was accounted for within "other financial payables" on the basis of the principal amount of the installments due by applying the amortized cost. The relevant depreciation on assets and interest payable are accounted for within the income statement.

Current Assets – Prepayments and accrued income

Inventory

Inventory is initially recognized at purchase or production cost and subsequently measured at the lower of cost and estimated realizable value based on market trends.

Purchase cost is the actual cost paid upon purchase including related charges. The purchase cost includes the price, transport costs, customs and other duties and other directly attributable costs. Returns, commercial discounts, rebates and bonuses are deducted from costs.

Production cost includes all direct costs and the reasonably attributable portion of indirect costs incurred from production up to when the asset is available for use, based on normal production capacity. Production cost excludes general and administrative costs, distribution costs and research and development costs.

The Company Group has adopted the weighted average cost model.

Goods in stock include IT equipment and software held for resale.

Spare parts are measured at average cost.

Contract work in progress

If the Company Group has a binding agreement with the counterparty and is able to measure the contract profit or loss reliably, contract work in progress is recognized based on the stage of completion (or percentage of completion), whereby contract costs, revenues and profits or losses are recognized on the basis of the work performed.

This method reflects the best estimate of work performed at the reporting date. The underlying estimates are updated regularly. Any resulting profits or losses are recognized in the income statement when the update is made.

Contract revenues include all contractual consideration, as well as approved variations to work, price escalation clauses, claims and incentives to the extent they can be determined reliably and their collection is reasonably certain. Accrued revenues are recognized when the Company Group is certain that it will definitively collect them as consideration for the work carried out. In the case of progress billings, since advances and payments on account are financial transactions, they do not affect revenue recognition and are always recognized as liabilities as they are not necessarily calculated on the basis of work carried out. Upon final billing, the company reverses the relevant amount of advances and payments on account from liabilities.

Contract costs include all costs directly related to the contract, indirect costs attributable to the entire production process and attributable to the contract, as well as any other costs that may be specifically charged to the customers under the contract terms. Contract costs also include pre-operating costs, i.e., those costs incurred in the initial stage of the contract before the contract work or production process begins, and those to be incurred after the closure of the contract.

If the company is unable to determine the outcome of a contract reliably, its carrying amount is calculated on the basis of the costs incurred, if their recovery is reasonably certain and, therefore, without recognizing any profit.

The Company Group recognizes the consideration to which it is definitively entitled as revenue, while it recognizes the change in contract work in progress, which is the difference between the opening and closing inventory for work carried out and not yet definitively settled, in the specific income statement caption.

Receivables

Receivables are rights to receive fixed or determinable amounts of cash or its equivalent from customers or other third parties at identified or identifiable due dates.

Receivables arising from the sale of goods and supply of services are recognized in accordance with the requirements set out in the section on revenues.

Receivables arising for other reasons are recognized if they result in a right to a receivable, i.e., if they actually give rise to a third party obligation to the Company Group.

Receivables are recognized at amortized cost, considering the time value of money and their estimated realizable amount. The amortized cost method is not applied when its effects are irrelevant, which is usually the case for current receivables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant.

In this case, receivables are initially recognized at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. They are subsequently measured at their nominal amount plus interest calculated at the nominal interest rate, reduced by principal and interest collected and net of estimated write-downs and expected credit losses recognized to adjust their carrying amount to their estimated realizable value.

Cash discounts and allowances, that were not included in the calculation of the estimated realizable value as they could not be determined when the receivable was originally recognized, are recognized upon collection as financial charges.

Receivables are recognized at their estimated realizable value. Their nominal value is adjusted through the provision for bad debts to their estimated realizable value to account for possible insolvencies. To this end, the Company Group considers specific indicators based on past trends and any other useful information about a probable impairment. The write-downs are estimated on an individual basis for significant receivables and collectively for the others, by calculating the expected impairment losses at the reporting date.

Receivables are derecognized when the contractual rights to the cash flows from the receivable are extinguished or title thereto is transferred along with nearly all the related risks. To verify transfer of the risks, the company considers all the contractual clauses.

When the above-mentioned conditions are met and the receivable is derecognized, any difference between the amount collected and the receivable’s carrying amount is recognized as an impairment loss in the income statement, unless another classification, including financial, may be identified based on the transfer agreement.

Derivatives

A derivative is a financial instrument or other contract with all three of the following characteristics:

a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the underlying);

b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;

c) it is settled at a future date.

The Company Group recognizes a derivative when it becomes party to its contractual provisions, i.e., when it signs the contract and is, therefore, subject to its rights and obligations. It recognizes derivatives, including embedded derivatives, at fair value.

Derivatives embedded in hybrid contracts are separated from the non-derivative host and recognized separately if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative provided for in OIC 32. The Company Group assesses whether it is required to separate an embedded derivative and recognizes it separately only at the hybrid instrument's initial recognition or at the date when its contractual clauses are amended.

At each reporting date, the Company Group measures derivatives at fair value and presents them in the specific balance sheet captions as current or fixed (in the case of hedges of fixed assets or liabilities due after one year) assets, if their fair value is positive or under provisions for risks and charges, if their fair value is negative. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company Group measures the fair value of unlisted derivatives using adequate valuation techniques and the assumptions, parameters and fair value hierarchy levels required by the relevant OIC.

Fair value gains or losses on derivatives that do not meet the hedge accounting requirements are recognized in the specific income statement captions.

Therefore, if the company uses derivatives as hedges from a management perspective but the hedging relationship does not fully meet hedge accounting requirements, it recognizes them based on the general treatment described earlier.

The hedge effectiveness is documented at initial recognition and also on an ongoing basis. At each reporting date, the Company Group assesses whether the hedging relationship is still effective.

Cash flow hedges

If a derivative is designated as a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability, a firm commitment or a highly probable forecast transaction and could affect the net profit or loss, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in the specific net equity reserve, whereas the ineffective portion of the gain or loss on the hedging instrument is recognized in the income statement.

The gains or losses accumulated in the net equity reserve are reclassified to the income statement in the year or over the years during which the hedged future cash flows affect the net profit or loss. If a firm commitment or a highly probable forecast transaction subsequently results in the recognition of a non-financial asset or liability, the associated gains or losses that were recognized in the specific reserve are reclassified from net equity to the carrying amount of the asset (to the extent of its recoverable amount) or liability upon its recognition.

When the company discontinues hedge accounting for a cash flow hedge, but the hedged future cash flows are still expected to occur, the amount that has been accumulated in the reserve remains in net equity until the future cash flows occur. If the hedged future cash flows are no longer expected to occur or the forecast transaction is no longer highly probable, that amount is immediately reclassified from the reserve to the income statement.

Liquid funds

These are the positive balances of bank and postal accounts and cheques, as well as the cash-in-hand and cash equivalents at year end. Bank and postal account deposits and cheques are recognized at their estimated realizable value, cash and revenue stamps at their nominal amount, while foreign currency is measured at the closing rate.

Foreign currency transactions, assets and liabilities

Assets and liabilities generated by foreign currency transactions are initially recognized in Euros, applying the transaction-date spot rate between the Euro and foreign currency to the foreign currency amount.

Foreign currency monetary items, including the provisions for risks and charges related to foreign currency liabilities, are translated using the closing spot rates. Any resulting gains or losses are taken to the income statement.

Non-monetary foreign currency assets and liabilities are maintained in the balance sheet at the transaction-date exchange rate. Consequently, any exchange rate gains or losses are not recognized separately.

Any unrealized net exchange rate gain on foreign currency monetary items forms part of the net profit or loss for the period and, when the financial statements and consequent allocation of the net profit or loss for the period are approved, it is recognized in a non-distributable reserve. Should the net profit for the year be lower than the unrealized net exchange rate gain, the amount recognized in the non-distributable reserve is equal to the net profit for the period.

If foreign currency items are designated as hedged items or hedging instruments in a hedging relationship, the company applies the accounting treatment described in the “Derivatives” section.

Prepayments and accrued income and accrued expenses and deferred income

Accrued income and expenses are respectively portions of income and expenses pertaining to the period but that will be collected/paid in subsequent years.

Prepayments and deferred income are respectively portions of expenses and income collected/paid during the period or in previous periods but pertaining to one or more subsequent periods.

Accordingly, these captions comprise only portions of expenses and income relating to two or more years, whose amount varies on a time or economic accruals basis.

At each reporting date, the company analyses the conditions underlying their initial recognition and makes any necessary adjustments. Specifically, the balance of accrued income varies not only over time, but also based on its expected realizable value, whereas that of prepayments is based on the existence of future economic benefits matching the deferred costs.

None of the accrued expenses and deferred income items relate to more than five years at the reporting date.

Securities

Securities recognized as fixed assets held until their maturity are measured using the amortized cost method, while securities recognized as current assets are measured at the lower of amortized cost and estimated realizable value based on market trends.

Net shareholders equity
The effects of the application of other accounting policies on net equity are disclosed in the relevant notes. Own shares are recognized at their repurchase cost in a negative net equity reserve when they are repurchased.

That reserve is reversed following the shareholders' resolution to cancel own shares, concurrently reducing share capital by the cancelled shares' nominal amount. Any difference between the amount accumulated in the reserve and the cancelled shares' nominal amount increases or decreases net equity.

If the company sells its own shares, any difference between the amount accumulated in the reserve and the proceeds from the sale increases or decreases another net equity caption.

Liabilities

Provisions for risks and charges

Provisions for risks and charges are recognized to cover specific liabilities that are certain or probable, but whose amount or due date is unknown at the reporting date. Specifically, provisions for risks relate to specific liabilities whose occurrence is probable and amount estimated, while provisions for charges relate to specific liabilities, whose occurrence is certain and amount or due date estimated, that arise from obligations already taken on at the reporting date but which will be paid in subsequent years.

Accruals to provisions for risks and charges are primarily recognized in the income statement section to which the transaction relates, privileging the classification of costs by nature. The amount of the accruals to the provisions is based on the best estimate of costs, including the legal expenses, at each reporting date and is not discounted. Moreover, in estimating accruals to provisions for charges, the company may consider the related time horizon, if a reasonable estimate of the amount required to settle the obligation and its due date is possible and the latter is so far into the future that the obligation's present value and estimated liability will be considerably different at that settlement date.

If the measurement of the accruals gives a range of values, the accrual represents the best possible estimate between the upper and lower thresholds of the range.

The provisions are subsequently used directly and solely for those costs and liabilities for which they were originally set up. If they are not sufficient or are redundant, the shortfall or surplus is recognized in the income statement in line with the original accrual.

Employees' leaving entitlement

The Italian employees' leaving entitlement (TFR) accrued by the Company Group companies is the benefit to which employees are entitled in any case of termination of employment pursuant to article 2120 of the Italian Civil Code and considering the changes in legislation introduced by Law no. 296/2006. The overall accrued benefit considers any type of continuous remuneration and is net of any payments on account and partial advances paid by virtue of national or individual labor contracts or company agreements which are not required to be repaid and net of portions transferred to supplementary pension funds or the treasury fund managed by INPS (the Italian social security institution).

The related liability is the amount that the company would have paid had all employees left at the reporting date. The amount due to employees who had already left the company at the reporting date but that will be paid in the following year is reclassified to payables.

Payables

Payables are specific and certain liabilities that are obligations to pay fixed or determinable sums of cash or its equivalent to financial backers, suppliers or other parties.

Payables arising from the purchase of goods are recognized when the production process of goods has been completed and the substantial transfer of title has taken place, with the transfer of risks and benefits being the key parameter. Payables relating to services are recognized once the services have been delivered, i.e., when they have been carried out. The amortized cost method is not applied when its effects are irrelevant, which is usually the case for current payables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant.

In this case, payables are initially recognized at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. They are subsequently measured at their nominal amount plus interest calculated at the nominal interest rate, reduced by principal and interest paid.

In the event of early settlement, the difference between the residual outstanding amount and the outlay to settle the obligation is recognized as financial income or charges.

Cash discounts and allowances that were not included in the calculation of the carrying amount at initial recognition as they could not be determined when the payable was originally recognized, are recognized upon settlement as financial income.

Income Statement

Revenues and costs

Revenues and income, costs and charges are stated net of returns, allowances, discounts and premiums, as well as taxes directly related to the sale of goods or provision of services, in compliance with the accruals and prudence concepts. Revenues from the sale of goods are recognized when the production process for the goods has been completed and the exchange has already taken place i.e., upon the substantial rather than formal transfer of title, with the transfer of risks and benefits being the key parameter. Revenues from the provision of services are recognized once the services have been provided, i.e., when they have been carried out. For the service projects, revenues are recognized based on the percentage of stage of completion (see contract working progress).

Revenues and income, costs and charges relating to foreign currency transactions are translated using the spot exchange rate ruling on the date of the relevant transaction.

Gains and losses from repurchase agreements, including those arising from the difference between the spot and forward prices, are recognized on an accruals basis.

When the amortized cost method is applied, interest is recognized using the effective interest method.

Financial charges are recognized for the amount accrued during the period.

Income taxes

Current income taxes for the period are calculated on the basis of a realistic forecast of the taxable profit of the consolidated companies under the relevant tax legislation in the relevant countries and applying the enacted tax rates at the reporting date. The related tax payable is stated at its nominal amount in the balance sheet, net of payments on account, withholding taxes and tax receivables which may be offset and have not been claimed for reimbursement. A tax asset is recognized for payments on account, withholdings and receivables exceeding the taxes payable. Tax receivables and payables are measured at amortized cost, except when they are due within one year.

Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amounts of assets and liabilities and their tax base.

Deferred tax liabilities are calculated using the global allocation method, considering the cumulative amount of all temporary differences and applying the average rate expected to be enacted when the temporary differences reverse.

Deferred tax assets are recognized when the company is reasonably certain that it will have a taxable profit at least equal to the amount of differences that will reverse in the years in which this will take place.

Use of estimates

The preparation of this unaudited condensed financial report requires management to make estimates that affect the carrying amount of assets and liabilities and the related disclosures. Actual results may differ. Estimates are revised regularly and the effect of any changes, if not due to errors, are recognized in the income statement when the estimates are changed, if they affect just one year, and also in the following years, if they affect both the current and subsequent years.