BALANCE SHEET

31st December 2022

UNIDATA S.p.A.

Viale Alexandre Gustave Eiffel 100 - 00148 ROME

Tax code, VAT number and Rome Company Register number 06187081002

R.E.A. number RM-956645

Share Capital Euro 3,088,661

SUMMARY

LETTER TO SHAREHOLDERS

Dear Shareholders,

2022 was a very important year for our company. After the listing in 2020 and a very good growth in 2021, we achieved a consolidation of results in 2022, but above all we introduced some very important initiatives that are the preconditions for consolidation and growth in the coming years.

The capital increase, carried out in February 2023, with good results, the trans listing on the main stock market, also planned for 2023, the arrival of managers of great value and experience, are the prerequisites for the growth we are undertaking to be lasting and of quality, finding an appropriate position for the Unidata Group in the market and in society.

The country's digital transformation, both infrastructural and cultural, is irreversible and we can say historical and will also entail a consolidation of our sector in which, given its size and achievements, we could play an important role.

First of all, we have technically become a large company, we have reached and exceeded the necessary revenue and asset parameters, in 2020 we were a small company, in 2021 a medium-sized company, now we are, in fact, a large company. Surely this fast growth will be appreciated by our shareholders and we are proud of it.

Unidata's national positioning was achieved through the acquisition of TWT S.p.A., a historic telecommunications company based in Milan, which doubles our turnover and, above all, strengthens us commercially. In fact, through its national sales network of hundreds of resellers, together with the office we opened in 2022 in Bari, makes us a national company; both in terms of market and size.

By consolidating Unidata and TWT, which will happen in 2023, we will become a company with a turnover of over 100 million and over 200 people and Italian-controlled, the second in Italy with these characteristics.

Other new initiatives undertaken during 2022 are of great importance and strategic scope.

Unicenter: joint venture with Azimut's SGR Fund, which envisages the construction of a large green Datacenter in Rome, investment of about EUR 100 million.

Unitirreno: a joint venture again with Azimut, for the creation of a submarine fibre network in the Tyrrhenian Sea, which will land in Sicily in Rome and Genoa, a new ultra-fast digital highway to serve southern Italy, but also for an optimal route for intercontinental cables landing in Sicily, investment of around 80 million.

Unifiber: doubling of the initiative with the CEBF infrastructure fund to wire Lazio's grey areas with fibre, investment increased from 40 to 80 million.

These capital-intensive initiatives are carried out with a specialised financial partner, where Unidata, in addition to its shareholding, has an operational, technical and commercial role of primary importance, thus realising significant synergies and volume of work that will generate further opportunities in the coming years.

Fibre cabling continues to grow, new areas are being reached more and more, both directly from Unidata's network and from Unifiber's network. In many cases we bring the first FTTH network, this creates a strong expectation for the area and positive communication for our company.

The length of the cables at the end of 2022 will be 5,450 km, reaching approximately 190,000 housing units.

In proposing and selling to the consumer market, we use fully digital on-line tools and methods, including very effective digital marketing. This allows us strong efficiency and considerable scalability that will enable energetic volume growth even with outsourcing agreements for high quality customer-side services.

Last but not least, our ESG commitment has also been realised by becoming a benefit company that reinforces and concretises our commitment to typical ESG actions. For three years now, we have had a non-financial balance sheet and ISO 14001 certification to support our initiatives.

Renato Brunetti

Chairman of the Board

COMPANY PROFILE

The Company

Unidata, founded in 1985, has established itself over the years as a telecommunications company characterised by innovative and cutting-edge services in the field of networks and the Internet. Always close to the needs of its customers, with particular attention to quality, customer care and after-sales service, it has always made continuous innovation a fundamental and distinguishing element.

The company operates in the residential sector, in the business sector serving small, medium and large enterprises as well as the Public Administration, and in the wholesale sector of large Telecommunication Operators.

In March 2020, it was listed on the EGM (formerly AIM) segment of the Italian stock exchange.

Unidata's solutions

Unidata was one of the first companies in Italy to believe in the potential of fibre optic networks, proposing on the market a competitive offer with very high speed Internet access services, private networks and Data Centre services. Moreover, thanks to its knowledge and experience in the field of wireless services and VoIP telephony services, it has been able to propose a complete range of services in the field of telecommunications to its customers. The Internet of Things, the latest in the low-power, wide-area wireless declination, enables Smart Objects solutions in buildings and in the territory. All of Unidata's services are characterised by customer care and after-sales activities of the highest level, thanks to an in-house call-centre system and specialised operators with continuous training.

The business is organised in five areas: Fibre & Networking, Infrastructure, Cloud & Data Centre, IoT & Smart Solutions. From 2023, the company will start promoting its own offer in the 'Cyber Security' area on the market.

Fibre & Networking / Infrastructure

The network services make use of a proprietary access infrastructure in FTTH technology (Fiber to the Home) totally in optical fibre that extends for over 5,450 km equivalent to the coverage of about 290,000 residential and business real estate units, the network in GPON and Point to Point technology has a great potential with long service expectancy over time, an extreme potential of speed and scalability. The network extends mainly over the territory of Rome and Lazio, and is continuously expanding, thanks also to the construction of the network infrastructure in the grey areas of Lazio through the subsidiary Unifiber SpA.

Service provision is both local and nationwide, thanks to agreements with major wholesale operators.

Over the past few years, Unidata has developed a significant wholesale business supplying major telecommunications operators in co-investment mode by providing network resources in so-called IRU (Indefeasible Right of Use) mode.

Unidata is also a nationally licensed voice telephony operator with its own numbering and *number portability* enabled.

Cloud & Datacenter

Unidata offers services related to its data centre, characterised by a TIER IV (highest level) level of reliability and security. These services range from Co-location to Hosting, from Cloud (SaaS, Iaas and PaaS) to Storage, *Disaster Recovery* and other customised projects. Data centre services are synergic with network services, thanks to the possibility of connecting customer sites directly to the servers with dedicated fibre optics.

In addition, its data centre houses an office of the Namex Consortium, the Internet Exchange Point for Rome and the Centre-South of the country.

IoT & Smart Solutions , Projects, Research and Development

Unidata offers security services, also integrated with solutions for private networks and data centres. These services are extended to IoT solutions and projects, specifically related to the innovative LoRa™ wireless technology and the associated LoRaWAN™ network protocol.

The company has the ability to design and implement specific vertical projects, both related to the realisation of fibre optic networks and to IoT development and deployment. It has its own young and dynamic in-house

Research and Development team, boasts collaborations with Research Institutes and Universities, and participates in research tenders.

COMPOSITION CORPORATE AND SUPERVISORY BODIES

BOARD OF DIRECTORS

President	Renato Brunetti
Vice - President	Marcello Vispi
Councillors	Giampaolo Rossini Paolo Bianchi Stefano Ciurli
Independent directors	Alessandra Bucci Barbara Ricciardi

BOARD OF AUDITORS

President	Pierluigi Scibetta
Standing auditors	Antonia Coppola Stefano Grossi
Alternate auditors	Antonella Cipriano Luigi Rizzi

AUDITORS

EY S.p.A.

SUPERVISORY BODY

President	Maria Teresa Colacino
Assistant member	Michele Ciuffi

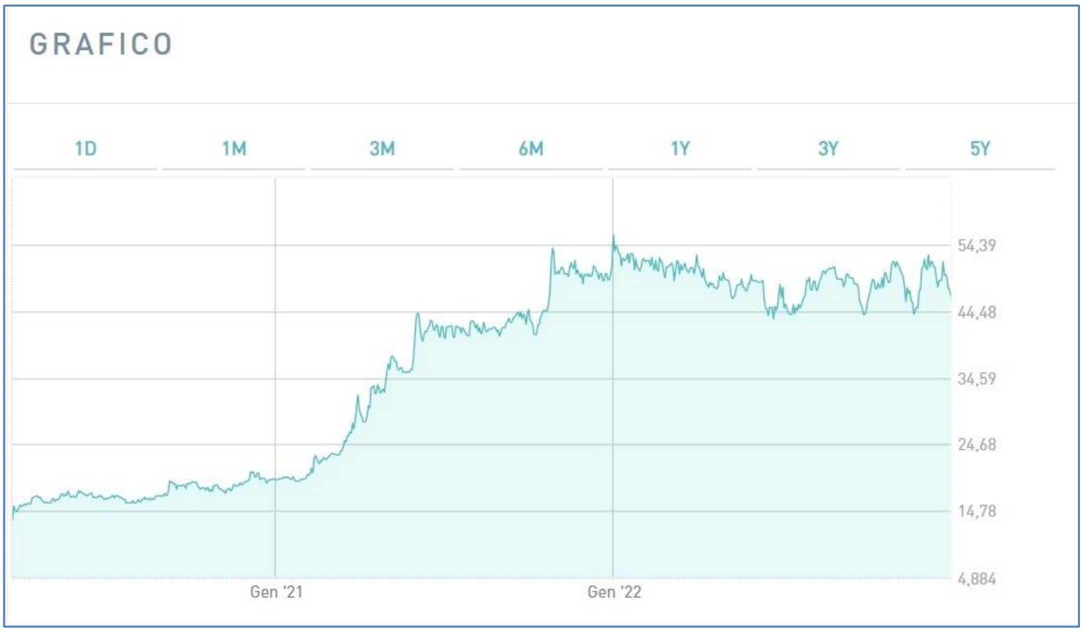
MANAGEMENT REPORT

Members,

The financial statements for the year ended 31 December 2022, which we submit for your approval, comprise the balance sheet, income statement, cash flow statement, statement of changes in shareholders' equity, statement of comprehensive income and notes to the financial statements and have been prepared in accordance with *International Financial Reporting* Standards (hereinafter referred to as IFRS or IAS) issued by the International Accounting Standard Boards (IASB), as interpreted by the International Financial Reporting Interpretation Committee (IFRIC) and adopted by the European Union.
The financial year just ended reported total revenues of Euro 51,348,376, an Ebitda of Euro 16,239,636 and a net profit of Euro 7,504,220.
Please refer to the continuation of the Report on Operations for a more detailed analysis of the company's accounting situation as at 31 December 2022.

Company listing on the EGM

In the two years since 16 March 2020 (the date of the company's IPO), the value of individual shares has increased by around 260 per cent from the initial EUR 13 to EUR 46.6 at the end of December 2022, giving the company a capitalisation of around EUR 118 million.



Unidata share performance 16 March 2020 (IPO) - 31 December 2022

Unidata: warrant exercise period completed

Unidata's admission to listing followed the subscription of 439,100 newly issued shares and 439,100 'Unidata Warrants 2020-2022', through an institutional and retail placement and an offer reserved for employees.

The **first** exercise **period of** the Unidata 2020-2022 warrants had closed on 17 November 2020; 41,000 warrants had been exercised with the subscription of 10,250 new ordinary shares (at a ratio of one ordinary share for every four warrants held) at a price of EUR 16.90 per share, for a total value of EUR 173,225.

Instead, during the **second** exercise **period,** 61,168 Warrants were exercised and, as a result, 15,292 newly issued shares were subscribed to, with no par value, for a total value of €258,435.

During the **third (and last)** exercise **period, which** ended on 17 November 2022, 294,172 Warrants were exercised and, consequently, 73,543 newly issued shares were subscribed, at a price of Euro 16.9 per share (at a ratio of no. 1 Conversion Share for every no. 4 Warrants held), for a total value of Euro 1,242,876.543 newly issued shares, with no par value indicated, for a total value of €1,242,876.

Following this exercise, the new share capital (fully subscribed and paid up) is made up of 2,538,185 shares with no par value indicated.

The Italian Telecommunications Services Market

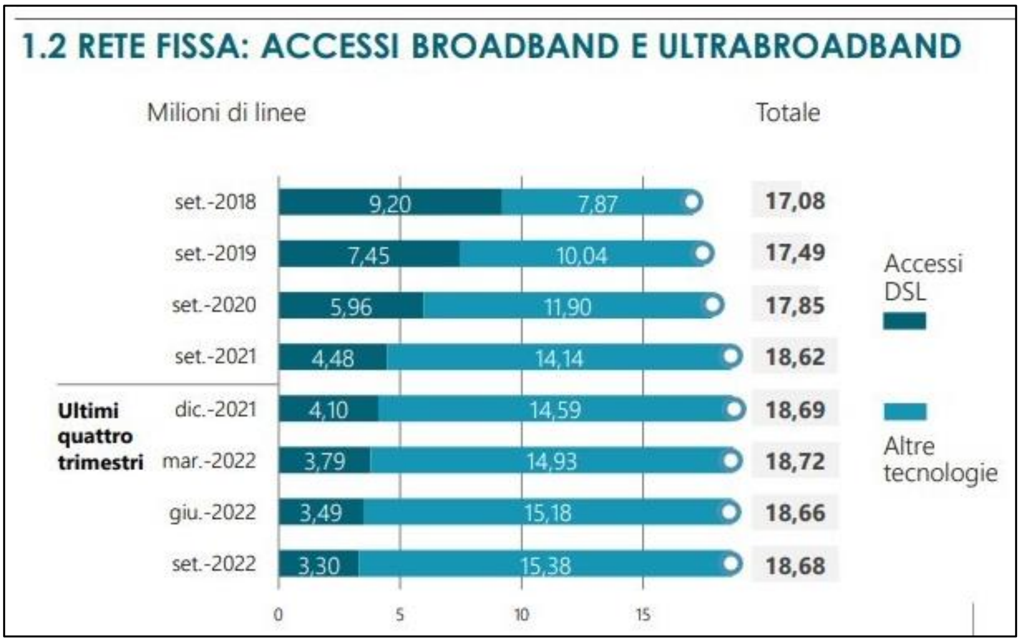
Unidata operates in the electronic communications sector as an Internet Service Provider and, specifically, its activity is organised into three lines of business and distinguished by the types of services offered: Fibre & Networking, Cloud & Data Centre, IoT & Smart Solutions and other specific projects (defined as a residual category: Managed Services).

The company offers its services and products mainly - but not exclusively - to Business and Public Administration customers, as well as to other Operators and Consumer customers. The range of solutions and services offered is broad and differentiated.

The year 2022 continued to show, in the telecommunications sector, a shift in the type of accesses towards higher-bandwidth network technologies and architectures, as highlighted by Agcom's Quarterly Communications Observatory. As shown in the graph below, relating to total direct accesses on the fixed network, there is an unprecedented stagnation in the total number of lines for this year, standing still at around 20 million accesses from December 2021 to September 2022.

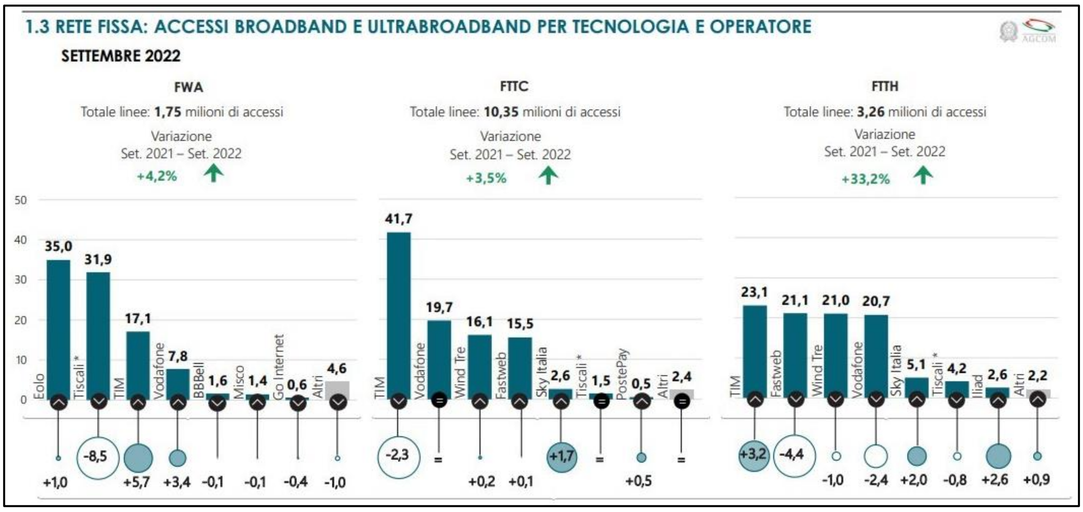
Source: Agcom Quarterly Observatory, latest available survey (July-September 2022)

As far as broadband and ultra-broadband accesses are concerned, the first nine months of 2022 show a general stagnation, accompanied by very slight growth for alternative technologies to xDSL.



Source: Agcom Quarterly Observatory, latest available survey (July-September 2022)

From a market and competition perspective, it is useful to note how the hierarchy of telecommunications operators changes significantly when switching from one technology to another.
TIM, for example, is incumbent in both FTTH and mixed fibre-to-the-home (FTTC), but is in third position after Eolo and Tiscali for FWA-type radio technologies. The reduced weight represented by 'Others' under FTTH (which marked, overall, a +33.2% YoY to September 2022) shows, once again, the implicit relevance of Unidata together with the other medium and small companies, FTTH being a very concentrated access market among the four largest operators.



Source: Agcom Quarterly Observatory, latest available survey (July-September 2022)

Looking therefore at TIM, as the sector incumbent for the technologies of our specific interest, in light of the recent publication of the FY '22 Preliminary Results & 2023-'25 Plan, it should be noted that revenues are mainly driven by the B2B market (Enterprise +8% YoY) and that instead the B2C market, also practised by Unidata, has for the top operator meant a deteriorating figure for the year (Consumer -9% YoY).

Transformation into a Benefit Corporation

During the financial year just ended, Unidata continued its path of increased attention and compliance to ESG aspects, already in place with the publication of the Sustainability Report (DNF) now in its third publication, also thanks to its transformation into a Benefit Company.

Committed in 2021 and brought to fruition at the Shareholders' Meeting of 13 April 2022, the transformation into a Benefit meant that Unidata's common-benefit objectives were equal to those already present in the Articles of Association of a profit-making nature.

The Benefit Corporation, as a legal entity recognised by Italian law (Law 208/2015), is in fact an invention of our legislator and is characterised by a high level of transparency, accountability and significant consideration by shareholders and other stakeholders.

Unidata has chosen to become a Benefit Company (and can therefore use the company name formula "Unidata S.p.A. Società Benefit" or, alternatively, "Unidata S.p.A. SB") having noted a number of opportunities and advantages, the main ones being:

- Strengthening of strategic positioning with a view to common benefit and positive impact through clear identification of the corporate mission and objectives of social and corporate sustainability;
- Broadening management responsibilities with a view to sustainability, transparency and accountability towards all potential stakeholders;
- Protection of the mission over time;
- In HR: an increased sense of ownership and pride, attraction of young talent and improved retention rate;
- Benefits for the company but also, and naturally, for its shareholders and for those who believe, by investing, in the future and in the performance of a strategic business project that is attentive to ESG factors and of common benefit.

Unidata therefore, as required by current legislation, supplemented its Articles of Association at the shareholders' meeting by including the following three objectives of common benefit in its corporate purpose

1) To promote the right of all people to be connected as a lever of social inclusion by spreading the widest possible access to connectivity and digital services throughout the territory, and to research, develop and promote increasingly high-performance solutions as a means of improving people's lives and business productivity;

2) Promoting employee and co-worker satisfaction through training opportunities for personal and professional development and favourable conditions for work flexibility

3) Implement a gradual evolution of its business and operating model towards a climate-neutral economy, in line with European climate neutrality objectives and national ecological transition objectives, also by

adopting policies for the responsible use of natural resources through the reduction of pollution and consumption.

The appointment of Board Member Paolo Bianchi to the role of Impact Manager will allow, among other things, the drafting of an annual Impact Report, annexed to the Annual Report and Sustainability Report (DNF), starting from this financial year.

Considerations on the military conflict between Russia and Ukraine

With reference to the war conflict that broke out in February 2022 between Russia and Ukraine, as already highlighted in the 2021 budget, the Directorate is closely monitoring any possible consequences from an operational, economic and financial point of view that may arise.

In this regard, the only effects that have emerged so far consist of an increase in the cost of electricity utilities, which is however at a level that is not worrying. Even the consequent rise in interest rates has not had an impact on the Company's loans payable, since, as can be seen from the table of loans payable outstanding as of 31 December 2022 (Note no. 21 of the Notes to the Financial Statements), these loans are particularly advantageous in economic terms, with a low spread on the nominal interest rate; consequently, the rise in rates mentioned above has not led to a significant increase in the interest payable borne by the Company. In addition, it should also be noted that the interest rate risk on the loans in question is also adequately hedged by special derivative financial instruments, as described further on in the notes to the financial statements.

In addition, the Company has no exposure either to the countries involved in the war or to companies operating in those countries. Consequently, as of the date of preparation of these financial statements, there were no factors or evidence that could affect the balance sheet items as of 31 December 2022.

Key figures of Unidata as at 31 December 2022

The analysis of the reclassified value-added income statement, as shown in the table below, shows very positive results in terms of growth and improvement of the main economic indicators.

in euro	As at 31 December 2022	As at 31 December 2021	%
Revenues from customers	50.430.902	36.297.183	39%
Other income	917.474	704.356	30%
TOTAL REVENUES	**51.348.376**	**37.001.539**	**39%**
Costs for raw materials and consumables	7.912.394	7.612.157	4%
Costs for services	22.206.988	11.037.566	101%
Other operating costs	859.894	681.537	26%
Value Adjustments on Assets and Other Provisions	97.982	206.881	-53%
TOTAL PRODUCTION COSTS	**31.077.257**	**19.538.141**	**59%**
ADDED VALUE	**20.271.119**	**17.463.398**	**16%**
Personnel costs	4.031.483	3.371.257	20%
EBITDA	**16.239.636**	**14.092.141**	**15%**
EBITDA Margin	***31,63%***	***38,09%***	
Depreciation	5.517.051	4.987.626	11%
OPERATING RESULT	**10.722.585**	**9.104.515**	**18%**
Financial income	292.663	12.433	2254%
Financial charges	361.296	295.833	22%
TOTAL FINANCIAL INCOME AND EXPENSES	**-68.632**	**-283.400**	
PROFIT BEFORE TAX	**10.653.953**	**8.821.114**	**21%**
Income Taxes	3.149.733	977.427	222%
RESULT FOR THE YEAR	**7.504.220**	**7.843.688**	**-4%**

The value added, calculated as the difference between production revenue and cost in the financial year, amounted to Euro 20,271,119 or 39.48% of revenue as at 31 December 2022. The increase in value added is largely due to higher revenues (+39%), thanks to the substantial growth in volumes in the current year.
The gross operating margin (*Ebitda)*, calculated by subtracting labour costs from value added, amounted to €16,239,636 and represented 31.63% of revenue (the '*Ebitda margin*').
Operating profit, the difference between *EBITDA* and depreciation and amortisation, amounted to Euro 10,722,585 or 20.88% of revenue.
Pre-tax profit and net profit were respectively Euro 10,653,953 or 20.75% of revenues and Euro 7,504,220 (14.61% of revenues). It should be noted that the net result as of 31 December 2021 had benefited from the tax effect due to the release of the deferred tax provision (in the amount of €1,838,773) on the revaluation of the network carried out last year, due to the simultaneous recognition of the substitute tax on the realignment between the book and tax values of the network in the amount of €228,153.

The figures also show a significant increase in service costs. This is closely related to the increase in the construction of the fibre-optic network infrastructure, which led to a significant increase in volumes, which was also reflected in revenues, and consequently in the result.
During the year, investments of €1,512,993 were made in intangible assets (including usage rights) and €10,295,006 in tangible assets, mainly related to the infrastructure area. Please refer to the analysis in the notes to the financial statements for further details.

For a better understanding of the company's balance sheet and financial situation, a reclassification of the balance sheet in the version showing the net financial position is provided below.

	31.12.2022	**31.12.2021**
Trade receivables	23.221.515	18.362.633
(Trade payables and advances)	-15.717.396	-15.485.762
Closing stock (variable stock)	4.150.526	2.070.589
Other assets - short-term (liabilities)	-7.870.303	-3.848.356
Accruals and deferrals within the financial year	-2.673.218	-2.446.760
NET WORKING CAPITAL	***1.111.124***	***-1.347.655***
Intangible Assets	421.178	630.715
Rights of Use	9.289.031	9.316.724
Plant and machinery	38.953.533	33.067.047
Participations	3.481.548	1.147.074
FIXED ASSETS	***52.145.289***	***44.161.560***
Derivative financial instruments	293.201	4.292
Employee Benefits (T.F.R.)	-1.290.228	-1.068.990
Prepaid / (deferred) taxation	181.264	263.267
Other non-current assets - (liabilities)	2.996.423	-157.985
Accruals and deferrals beyond the year	-10.011.040	-10.579.543
NET INVESTED CAPITAL	**45.426.035**	**31.274.945**
Cash and cash equivalents	-12.516.539	-8.269.206
Other financial assets	-192.579	-134.638
Financial receivables for current subleasing	-61.493	-60.568
Payables to other lenders	6.939	9.060
Due to banks within 12 months	4.387.511	1.705.877
Payables for short-term portion of leases	624.037	681.744
Due to banks over 12 months	13.140.603	4.719.445
Long-Term Lease Payables	4.171.551	4.707.012
Financial receivables for non-current subleases	-1.054.604	-1.116.096
NET FINANCIAL POSITION (NFP)	**8.505.426**	**2.242.630**
Share Capital	2.538.185	2.464.642
Reserves	7.455.183	6.850.451
IAS *first time adoption* reserve	5.298.437	5.298.437
Retained earnings (losses)	14.124.584	6.575.098
Profit (loss) for the year	7.504.220	7.843.688

EQUITY (PN)	**36.920.608**	**29.032.315**
TOTAL SOURCES (PFN + PN)	**45.426.035**	**31.274.945**

Main indicators of the economic situation

Based on the above reclassifications, the following balance sheet indicators are calculated:

PROFITABILITY INDICES	2022	2021	Variation
ROS - Return On Sales	20,88%	24,61%	-3,72%
The ROS index is the ratio of operating profit to total revenue and measures the company's ability to generate profit from sales, i.e., the operating income realised per unit of revenue. The decrease in this index is due to the Company's full operation for the construction of the network infrastructure on behalf of the investee Unifiber, which has a lower profitability % than the traditional business. The ratio for 2022, **without considering costs and revenues for Unifiber and without considering the extraordinary costs incurred by the Company for the acquisition of the TWT Group and for the Unitirreno project** (equal to about EUR 0.8 million), would have been about 25%.			
ROE - Return On Equity	20,33%	27,02%	-6,69%
The ROE ratio is the ratio of the profit for the year to the company's equity and measures the return on equity invested in the company. The decrease in this ratio is simply due to the fact that **in 2021 the company had an extraordinary tax income of EUR 1.8 million, due to the reversal of deferred taxes on the revaluation of the network**: in fact, without considering this income, the ROE of 2021 would have been 20.8%, substantially in line with the ROE of 2022.			
ROI - Return On Investments	11,47%	12,04%	-0,57%
The ROI ratio is the ratio of operating profit to invested capital and measures the profitability and efficiency of invested capital with respect to typical business operations. During the year, we considered total assets, net of participations and other current and non-current financial assets, as invested capital. Obviously, this ratio was also recalculated for 2021.			

SOLIDITY INDICES	2022	2021
Self Coverage of Fixed Assets	0,71	0,66

For a correct interpretation of the solidity, it should be considered that in the fixed assets, the portion relating to intangible assets arising from the purchase of IRU rights on the fibre-optic infrastructure of other operators is in fact immediately settled. For this reason, it is appropriate to consider not only the equity capital but also the deferred income related to the IRU intangible rights, calculated according to what is stated in the Notes to the Financial Statements as a balance of the fixed assets. In light of the above considerations, the values of this index are as follows:		
Self Coverage of Adjusted Fixed Assets	0,90	0,91

Secondary structure margin	1,26	1,14
Based on the above, it is worth considering not only equity but also deferred income related to this activity for a more realistic comparison with fixed assets. In light of the above considerations, the values of this index are as follows:		
Secondary adjusted structure margin	1,50	1,44

With reference to the depicted evolution of balance sheet items, the financial year closed with a negative net financial position of €8,505,426. The decrease in this result with respect to the previous year (Euro 2,242,630 as of 31 December 2021) is mainly due to the investments related to the payment of the deposit for the purchase of the TWT Group (Euro 2,846,667) and to capital contributions in the investee Unifiber SpA (Euro 2,006,313).

The components of the Net Financial Position are set out in the following table:

	31.12.2022	**31.12.2021**
Bank and postal deposits	12.514.701	8.267.441
Cash and valuables on hand	1.838	1.765
Cash and cash equivalents	**12.516.539**	**8.269.206**
Financial receivables for subleasing	**61.493**	**60.568**
Other financial assets	**192.579**	**134.638**
Due to banks (within 12 months)	-4.387.511	-1.705.877
Payables to other lenders within 12 months	-6.939	-9.060
Short-term lease obligations	-624.037	-681.744
Current financial debts	**-5.018.487**	**-2.396.682**
CURRENT NET FINANCIAL POSITION	**7.752.124**	**6.067.730**
Financial receivables for subleasing (non-current)	1.054.604	1.116.096
Due to banks (over 12 months)	-13.140.603	-4.719.445
Long-term leasing liabilities	-4.171.551	-4.707.012
Non-current financial payables	**-16.257.550**	**-8.310.360**
NET FINANCIAL POSITION	**-8.505.426**	**-2.242.630**

For information purposes only, the Financial Indebtedness Schedule, prepared in accordance with European Securities and Markets Authority (ESMA) Document ESMA32-382-1138 of 4 March 2021, is provided below.

	31.12.2022	31.12.2021
A Cash and cash equivalents	12.516.539	8.269.206
B Cash equivalents		
C Other current financial assets	195.128	195.206
D Liquidity (A + B + C)	**12.711.667**	**8.464.412**
E Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	2.897.939	488.827
F Current part of non-current financial debt	2.120.549	1.907.855
G Current financial debt (E + F)	**5.018.487**	**2.396.682**
H Net current financial debt (G - D)	**- 7.693.180**	**- 6.067.730**
I Non-current financial debt (excluding current portion and debt instruments)	17.312.154	9.426.457
J Debt instruments		
K Trade and other non-current payables		
L Non-current financial debt (I + J + K)	**17.312.154**	**9.426.457**
M Total financial debt (H + L)	**9.618.974**	**3.358.726**

Revenue Analysis

The business is organised into five business areas: Fibre & Networking, Infrastructure, Cloud & Data Centre, IoT & Smart Solutions. As of next year, the Cyber Security area will also be added.

The precise breakdown of revenues from customers and other revenues, and the corresponding comparison with the previous year, can be analysed in the tables in Note 26 no. 27 of the Notes to the Financial Statements. However, the aggregate table of total revenues is shown below for ease of reference.

	31/12/2022	31/12/2021	Variation	%
Total revenues Fiber & Networking	13.791.496	11.856.149	1.935.347	16%
Total Wholesale Revenues	16.081.388	11.607.637	4.473.752	39%
Total revenues Project Bari	2.305.146	0	2.305.146	100%
Total revenue Infrastructure	15.044.551	5.884.378	9.160.173	156%
Total revenues Datacenter & Cloud	1.485.811	1.080.125	405.686	38%
Total revenues IoT & Smart solutions	117.186	61.099	56.087	92%
Sale of System network material F.O.	1.605.324	5.807.796	-4.202.471	-72%
Total revenue from customers	**50.430.902**	**36.297.183**	**14.133.719**	**39%**
Other income	917.474	704.356	213.118	30%
Total revenue	**51.348.376**	**37.001.539**	**14.346.837**	**39%**

Revenues from customers increased by 39% over the previous year, from Euro 36,297,183 as at 31 December 2021 to Euro 50,430,902 as at 31 December 2022. Below we will analyse the causes of growth or decrease during the year for each of the business areas.

Fibre & Networking and Wholesale

This revenue line includes revenues from Internet access services in fibre optic, XDSL and wireless modes, voice telephony and wholesale services.

In this respect, there was a significant growth of 16% in the Fibre & Networking line compared to last year, due to the acquisition of new Internet service contracts with customers.

With reference to the Wholesale line, this mainly includes the activity related to the granting to other operators of I.R.U. (Indefeasible Right of Use) concession rights on the fibre optic network infrastructure built by Unidata. This concession of rights was accounted for as a true sale of the infrastructure, consistently with the provisions of IFRS 16. Revenues from this transfer, together with revenues for design, 'vertical' network processing and maintenance, amounted to €14,077,208.

Below is a table explaining the calculation of average revenue per user (ARPU) broken down by the three market types and compared with the figure for the same period last year:

	2022		2021		Change %	
Market	**Unique customers invoiced**	**Average monthly ARPU**	**Unique customers invoiced**	**Average monthly ARPU**	**Unique customers invoiced**	**Average monthly ARPU**
Business and P.A.	1.925	504,71	1.777	503,63	8%	0%
Microbusiness	372	74,69	413	71,96	-10%	4%
Consumer	14.890	22,81	10.996	23,97	35%	-5%
Total	**17.187**		**13.186**		**30%**	

It should be noted that the increase in the number of customers in the "Wholesale" category is due to a different classification of certain customers, which from 2022 were attributed to the "Wholesale" category instead of the "Business" category, in order to better represent the Company's *Customer Base.* The average monthly ARPU obviously does not include the share of sales in IRU shown above.

Project Bari

This item refers to the recognition of revenues related to the construction of a video surveillance system at the Bari ASI Consortium. Last year, this component was equal to 0, as the Company had only received an advance payment that had been suspended in the Liabilities of the Balance Sheet.

Infrastructure

Revenues for the construction of telecommunications infrastructure show a significant increase from €5,884,378 as of 31 December 2021 to €15,044,551 as of 31 December 2022, attributable to the works related to the Unifiber project. This increase is due to the fact that the operations of the subsidiary Unifiber actually started in the second half of 2021, while for the current year the construction of the network in the grey areas of Lazio took place for the entire 12 months.

Moreover, as far as future growth prospects are concerned, in 2022 the Company signed binding agreements for the construction - through a special purpose vehicle (SPV) called Unitirreno Submarine Network S.p.A. - of a new submarine fibre optic system in the Tyrrhenian Sea of about 900 kilometres, which will connect Mazara del Vallo to Genoa with a junction point near Rome-Fiumicino. The construction of the new network will be entrusted to a leading operator in the sector and will be the first 24-pair fibre-optic Open Cable system in the Mediterranean region with state-of-the-art submarine technology designed to meet the ever-increasing broadband needs both nationally and internationally. A speed of 20 Tbps (terabytes per second) per fibre pair is planned, which translates into a total system capacity of 480 Tbps on the main route and 320 Tbps on the 16-fibre pair branch to Fiumicino. The new network will also include stubbed branch units to facilitate future landings in Sardinia and/or Palermo.

Cloud & Datacenter

Revenues amounted to Euro 1,485,811 as at 31 December 2022, an increase of 38% compared to 31 December 2021.

Unidata strategically focuses on Cloud and Datacenter services, which are extremely important to complete the offer for business customers and host additional services for residential customers.

In addition, on 22 June 2022, an investment agreement was signed with the closed-end infrastructure alternative investment fund under Italian law, reserved for professional investors, called "Fondo Infrastrutture per la Crescita - ESG", established and managed by Azimut Libera Impresa SGR S.p.A., for the construction of a Tier IV green and neutral data centre, with a pool of national and international customers, using renewable energy sources to the maximum extent possible. The effects of this transaction will be seen starting from the next financial year.

Revenues IoT & Smart Solutions

During the year, revenues for IoT & Smart Solutions amounted to €117,186, up from €61,099 as of 31 December 2021. The Company also expects substantial growth in the IoT area through new product lines, such as Smart Water Metering, for which significant tenders are planned in which the Company will participate.

The company is also engaged in the development of LPWAN (Lower Power Wide Area Network) technology in this area, adopting the very promising and high-performance LoRa™ technology. The company has also used research projects financed with national and EU funds to develop this technology.

In addition, as more fully described in the 'Subsequent Events' section of the Notes to the Financial Statements, in January 2023 the Company was awarded, as the lead company of an RTI that also included the companies BIP S.p.A. and Lektor S.r.l., the tender called by AMAP S.p.A. for the network and infrastructure for remote metering and processing of water consumption for the Palermo Metropolitan City.

Fibre optic materials for sale

This revenue item reports the sales values of materials sold to so-called 'System' suppliers for the construction of the network. This had become necessary due to a change in processes during 2020 that made the management of warehouses and inventories much more efficient by eliminating them.

Basically, as of mid-year 2020, the decision was made to abandon the "work account" system with the contractors by switching to the sale of the material; the same is then included, as a cost (with the due surcharges and scraps), in the fees paid to the contractors for the construction of the network. The operation results in only an apparent increase in costs, which are exactly offset by the sale of the same, but gives the company the advantage of precise control over the management and use of the said materials. The value of revenue from the sale of materials as of 31 December 2022 is €1,605,324. In order to understand the decrease compared to last year, it should be noted that, as part of a better presentation of the Company's income statement, as of 1 January 2022, material sales revenue is shown net of the cost of repurchasing the same materials from System suppliers. This has led to a decrease in the 2022 financial statements of the revenues from the sale of materials (and the related purchase costs for raw materials) in the amount of €2,882,718, relating to the Unifiber project (it should be noted that the repurchase costs of materials, for the RM Fiber project, were already shown as a decrease in revenues, as part of the aforementioned application of IFRS 16).

Research and Development

Unidata owes its growth over the decades, and its very birth, to the drive of interest that has always characterised the founders and the main protagonists of its history. What most characterises Unidata is, even today, its curiosity and serious dedication to the most relevant technological innovations.

The company is the lead partner in a research and development project for calls issued by the Lazio Region under the POR-FESR 2017-2023 ('Fragili' project), which was successfully concluded in 2022, is fully operational in the EU H2020-funded research and development project 'Elegant', was awarded, together with the Rome Technopole foundation of which it is one of the founding partners, the Rome Technopole project, financed by PNRR funds "Ecosystems of Innovation" Mission 4 Education and Research - Component 2 - Investment 1.5.

The FRAGILI research project, in which the company worked together with the C.N.R. National Research Council and La Sapienza University of Rome, is aimed at the study and prototype development of a platform dedicated to the remote assistance of 'fragile' people. The system measures by means of I.o.T. technologies a series of environmental and direct parameters that, stored on a database and analysed by means of an analytics system, make it possible to derive aggregate indices of the quality of life and the level of assistance received and needed by frail persons.

The project, called ELEGANT (sEcure and seamLess EdGe-to-cloud ANalyTics), involves 11 partners from 8 European countries with prestigious research centres (including Italy's CNIT) and industrial partners (such as Austria's KTM Innovation).

Currently in IoT/BigData/AI systems, there is a clear separation between the physical devices and the cloud part of BigData and artificial intelligence. All the dynamic and intelligent part is relegated to the cloud, while the devices only have the task of generating the data that will be used.

ELEGANT's solution aims to create a continuous loop between devices and BigData/AI, enabling the central system to dynamically distribute intelligence and data analytics capabilities to low-cost heterogeneous peripheral objects (IoT network concentrators and devices).

To achieve this, ELEGANT aims to study and develop innovative methods and tools designed to solve the problem of the ever-increasing complexity of the software technologies required to create and distribute intelligence in an 'EdGe to cloud' process.

The application areas and industrial use cases are automotive, health, smart metering and video surveillance.

In the ELEGANT project, Unidata will focus on LPWA LoraWan networks, with a focus on using the project results to increase the security of IoT networks, to reduce the energy consumption of systems and to optimally manage the radio spectrum.
The use case chosen by Unidata to validate the results will be the smart metering of water consumption.
The Rome Technopole project is financed within the framework of "ECOSYSTEMS OF INNOVATION Public Notice No. 3277" within the National Recovery and Resilience Plan - Mission 4 Education and Research - Component 2 - Investment 1.5, financed by the European Union - Next GenerationEU".
Unidata is an innovative company, both because of the sector in which it operates and because of its vocation and strategic choice to always dedicate resources and investments to Research and Development. The 3-year project, which started in June 2022, sees Unidata involved in SPOKE 1 (Research and Innovation) and in FLAGSHIP PROJECT 8 dedicated to Artificial Intelligence USER CENTRIC, with a particular focus on the use of AI and IoT technologies for a responsible and optimised use of water resources. In addition to Industrial Research and Experimental Development activities, Unidata will make available to the project and to local companies the HPC (High Performance Computing), IaaS and Paas infrastructures that will be used for Industrial Research activities.
Within the organisation itself, the company has set up a working group (Unidata Lab) composed of young graduates, led by a figure totally dedicated to this, engaged in the study, testing and development of wireless technologies suitable for the Internet of Things (IoT).
Among the various technologies available for this kind of solution, Unidata has chosen to focus and specifically devote its attention and investment on LoRa™ technology and the related LoRaWAN™ network standard.
This innovative technology allows, thanks to its profound specific advantages - such as, for instance, a wide coverage range, extremely long battery life, bi-directional data transmission and significant deep indoor penetration - to make the countless IoT solutions a concrete and truly cost-effective reality. It should be noted that the above-mentioned brands are owned by Semtech Corporation and the LoRa technology is developed and operated by the latter.
Since 2022, R&D activities have begun to focus increasingly on the application of artificial intelligence on the time series of data acquired through IoT networks, with a particular focus on the application of these innovations to Water Networks, with the vision of beginning a process of transforming the traditional water infrastructure into a new intelligent Smart Grid.

Relations with parent, associated and affiliated companies and other related parties

The company is not subject to any management and coordination activities.
For the definition of 'related party', reference is made to International Accounting Standard IAS 24, which defines related parties as all those 'persons who have the ability to control another person, or to exercise significant influence over the financial operating decisions of the reporting entity, or key management personnel of the entity'.
Transactions carried out with related parties comply with principles and criteria of transparency and substantial and procedural fairness, are not classifiable as atypical or unusual, and are part of the company's ordinary course of business, when not concluded on standard terms or dictated by specific regulatory conditions, they were in any case regulated with terms and conditions equivalent to those prevailing in free transactions.

During the 2020 financial year, the company Unifiber S.p.A. was established, initially with the sole shareholder Unidata, into whose capital the Connecting Europe Broadband Fund (CEBF) entered in December 2020, bringing the company's shareholding down to 30%; by virtue of existing shareholders' agreements, Unifiber S.p.A. is subject to 'joint control' by the shareholders Unidata and CEBF.

During the current year, the company carried out, through its suppliers, activities for the construction of fibre optic network infrastructures in favour of the investee Unifiber, realising revenues from the same as of 31 December 2022 in the amount of €15,044,551, by way of design revenues and revenues for processing and €100,000 for the service contract for the use of common areas and administrative services.

With regard to participations in other companies and consortia, please refer to the Notes to the Financial Statements.

The company Unihold s.r.l., whose shareholders are some of the same shareholders as Unidata, can be classified as a related party.

We note that, as better described in the Notes to the Financial Statements, the company owes Unihold s.r.l. a total of €744,790 in rent and utilities to be paid with reference to the lease agreement for the company's registered office and administrative offices (owned by Unihold s.r.l.), as well as a further €314,400 in invoices to be received for the same services. Finally, it should be noted that the company applied IFRS 16 for the lease agreement with Unihold s.r.l. for the company's registered office, as a result, €2,375,260 in usage rights, €2,450,510 in financial payables, €306,485 as amortisation of the same usage rights, and €41,351 in financial expenses were recognised. Lastly, costs related to the charging of electricity at the company's registered office amounted to €905,862.

No guarantees were provided or received for payables and receivables from related parties.

The following table summarises assets, liabilities, costs and revenues with related parties as at 31 December 2022.

Related part	Activities	Liabilities	Costs	Revenues
Unifiber SpA	9.747.355	229.836	251.119	15.144.551
Unihold Srl	2.375.260	3.509.700	1.253.698	
Total	**12.122.615**	**3.739.536**	**1.504.817**	**15.144.551**

Risk and Uncertainty Management

In compliance with Article 2428 of the Italian Civil Code, the main risks to which Unidata is exposed and the actions planned to address them are indicated below.

Risk related to telecommunications market trends

The continuation of the economic downturn that characterised the macroeconomic environment during 2021 represents a not insignificant component of the contraction suffered by the telecommunications sector during the same year. The telecommunications market continued to be characterised by an overall increase in volumes, but by a greater contraction in tariffs. The telecommunications market is competitive in terms of innovation, pricing and efficiency, and ICT technologies can be the basis for recovering productivity, improving international competition and creating new skilled jobs. The company is competing with larger companies and industrial groups and specialised operators that could be endowed with superior resources to allow a better positioning in the reference market.

The high level of customer loyalty in the geographical area of activity and the high quality of the services offered contribute to the success of the company's activities, allowing it to maintain and increase the market shares in which it operates by offering innovative services capable of guaranteeing adequate levels of profitability.

Sector risk

The Italian telecommunications sector is highly regulated and governed by extensive and articulated legislation and regulations, especially in relation to licences, competition, leased lines, interconnection agreements and pricing. The constantly changing regulatory and policy framework can be a major risk factor.

Changes in existing legislation and regulations, both at national and EU level, could adversely affect the economic results of companies in the sector through the introduction of new charges or the increase of existing ones, and possible sanctioning measures by the Communications Regulatory Authority (AGCOM) could adversely affect the company's business and its economic, asset and financial situation.

Changes in the regulatory framework could in fact make it difficult for the company to obtain services from other operators at competitive prices or restrict access to services necessary for the conduct of its business.

The possibility of a regulatory development that weakens the effectiveness of the current regulations established by the control bodies (AGCOM) and that could benefit the dominant operator to the detriment of other operators, appears to be an element of potential risk.

The company pays constant attention to the evolution of the sector's regulatory framework, through constant monitoring and constructive dialogue with the institutions, aimed at seeking moments of contradiction and promptly assessing the changes that have occurred, working to minimise any economic impact resulting from them

Risks related to the technological dependence of the telecommunications sector

The company operates in a market that is technologically complex and exposed to the high risk that is inherent in Information Technology (IT) and Information and Communication Technology (ICT) systems, and invests adequate resources in the prevention of risks related to damage and malfunctioning of these systems.

The company's ability to adapt its infrastructure in relation to technological developments has allowed it to be constantly evolving and in line with its main competitors. The last few years have seen the company invest in the reliability of its core business systems. The data centres in Rome are highly reliable, equipped with the main security, fire and anti-flooding systems, and the operating personnel make back-up copies of data, guaranteeing a good level of reliability.

The company endeavours to respond to rapid technological changes and to develop the features of its services and products in order to adapt promptly to changing market needs and to maintain its competitive position in the market.

Credit risk

For the receivable recorded in the balance sheet, no particular critical points are noted.

The prevailing amount of receivables relates to relationships of a commercial nature with customers and even in this case the risk can be considered limited in consideration of the activities punctually carried out by the company aimed at identifying possible impairment losses connected to the occurrence of events that may prove the existence of significant financial difficulties of the debtor (non-payment, opening of bankruptcy proceedings).

The company's credit exposure is spread over a large number of customers and the reference market is exclusively the domestic market.
The continuous monitoring of customers and the increasing acquisition of customers with payment methods of an inertial nature (credit card, SDD bank direct debit) have shown a lower risk of insolvency over time. The responsiveness of the debt collection sector in suspending services in the event of delinquency due to non-payment of fees due has further minimised the risk of credit growth of individual positions.

Liquidity risk

Liquidity risk is to be understood as a potential difficulty in meeting financial liabilities and, although it is closely related to delays in collections from customers, it is absorbed by a liquidity reserve created by the company with the credit institution Intesa Sanpaolo S.p.A.

Risk associated with exchange rate and interest rate fluctuations

The company essentially buys and operates in Italy, although some supplies, albeit for insignificant amounts, are made to foreign suppliers; therefore, the exchange rate fluctuation risk to which the company is exposed is minimal.
Interest rate fluctuation risks mainly relate to the risk of interest rate fluctuations on medium- and long-term loans taken out during the year. The company signed "*Interest Swap Rate*" and "*Floor*" derivative financial contracts with the banks Intesa Sanpaolo and BNP Paribas, aimed at eliminating the risk of interest rate fluctuations connected with the loans. Please refer to the notes to the financial statements for a detailed analysis of the derivative financial instruments and the loans covered by them.
The financial risk arising from fluctuations in interest rates on bank credit lines is not considered significant due to the active management of all bank relationships with financial institutions. Short-term bank credit lines for current management activities are in any case regulated at contractually defined market conditions and rates.
Liquidity risk is the risk that the company is unable to meet its payment commitments due to difficulties in raising funds. The consequence is a negative impact on the economic result in the event that the company is forced to incur additional costs to meet its commitments or, as an extreme consequence, a situation of insolvency that jeopardises the company's ability to continue as a going concern. The liquidity generated is maintained in current accounts with leading banks.

Risk associated with the need for financial resources

It should be noted that, consistent with its growth and development objectives, on 22 July 2022 the company issued a bond for €10,000,000, fully subscribed by Intesa Sanpaolo. For more details on this transaction, please refer to the Notes to the Financial Statements.

Delegation risk

The company has already adopted the Organisation, Management and Control Model required by Legislative Decree No. 231 of 8 June 2001, which introduced a system of administrative liability for companies in relation to certain types of offences committed in the interest or to the advantage of the company itself.
The adoption of the model represents a means of prevention against the risk of crimes and administrative offences provided for by the reference legislation, as well as a tool for those who work on behalf of the

company to behave in the performance of their activities, but it also constitutes a sign of the company's transparency and responsibility in its relations with the outside world.
For this reason, the activity of checking and updating the Organisational Model is constant and careful to include every possible variation introduced by the legislation.

Corporate governance procedures

With reference to the procedures adopted by the Company in the area of governance, there are no changes with respect to what has already been described in the 2021 Annual Report.

Environment and personnel-related information

The company does not recognise any environmental risks due to the type of activity it carries out. The company conducts its business in full compliance with environmental and hygiene regulations in the workplace. Relations with employees are managed in full respect of human rights, fundamental rights at work, equal opportunities and labour and safety regulations. The company applies the C.C.N.L. for the private metalworking and plant installation industry and the contract for managers of tertiary companies for the figure of C.F.O.
The company prepares a sustainability report (DNF) from the financial year 2020 onwards.
It should be noted that, as of 2021, a Unitary Trade Union Representative (RSU) was established. In this regard, several results were achieved on the basis of Level II bargaining, among which we can mention the Results Bonus, to which we refer in the next paragraph, the granting of paid leave for medical examinations, the recognition of meal vouchers and the possibility of smart working once a week, where applicable.

Information related to the corporate welfare plan

The company adopts a corporate welfare plan in favour of employees with two different forms of funding, one deriving from national bargaining and one based on company rules. Based on the realisation of the positive economic results achieved in the financial year 2020, employees took advantage of the benefits granted by the welfare platform.
The objective achieved by the company was to introduce a benefits programme that can increase the benefits for employees in order to enhance their individual and family well-being, allowing them to access benefits and services that can be customised according to their specific needs, to increase the protection of public welfare benefits (social security, health, child care and education), and to obtain an improvement in the purchasing power of their overall salary, thanks to the tax and contribution concessions that the law recognises.
The platform used as from 2022 is BNP Paribas' "WellMakers". It should also be noted that, on the basis of the second-level bargaining between Unidata and the RSU, a supplementary company agreement has been reached concerning the performance bonus that will be paid each year to employees in June. This bonus will be calculated with reference to increases in measurable and quantifiable results on profitability, productivity and process efficiency/innovation objectives.

Transparency obligations under Law No. 124/2017

Law No 124/207, introduces in Article 1, paragraphs 125 to 129 measures that appear to be aimed at ensuring transparency in public disbursements. Companies are obliged to publish information on subsidies, contributions, paid assignments and any economic benefits of any kind received in the previous year in the notes to the financial statements.

Own shares

The Company, in execution of and in accordance with the terms and conditions set forth in the resolution of the Ordinary Shareholders' Meeting of 14 May 2021, initiated the share buyback programme. In particular, the Shareholders' Meeting authorised the share buyback and disposal plan in strict compliance with applicable EU and national regulations including Regulation (EU) 596/2014 (the "MAR Regulation") and Delegated Regulation (EU) 1052/2016 (the "Delegated Regulation") as well as, to the extent applicable, Legislative Decree. 58/98 (the "TUF") and the Consob regulation adopted by resolution No. 11971 of 14 May 1999 (the "Issuers' Regulation"), and of the market practices allowed with the purposes of supporting the liquidity of the stock, providing the Company with a stock of treasury shares that it can dispose of in the context of any future extraordinary transactions, operating on the market with a view to medium and long-term investment.

Authorisation to purchase is granted for 18 months from the date of the resolution of the same meeting.

In accordance with the provisions of Unidata's Shareholders' Meeting, treasury share purchase transactions were executed at a price that did not deviate, either downwards or upwards, by more than 25% from the official price of Borsa Italiana S.p.A. recorded on the day preceding the day on which the individual transaction was executed.

That said, as of 31 December 2022, the company had purchased and held a total of 27,432 treasury shares for a total value of €1,302,432, classified in an unavailable reserve, as a direct deduction from the company's shareholders' equity, as required by IAS 32.

Sub-offices

The company has a secondary office in Rome, via Cornelia 498 and one, opened on 1 July 2022, in Modugno (BA), via delle Dalie 5.

Performance Forecasts

The excellent results achieved in 2022, described in the previous pages, are the result of a precise planning and strategy aimed at substantial growth and development of the company. The future prospects, already starting in the next financial year, envisage further expansion and growth of the company. Consider the following initiatives, some already started during the financial year 2022, others defined in the first months of 2023, such as:

- the acquisition of the TWT Group, as described in detail in the 'Subsequent Events' section of the Notes to the Financial Statements;
- participation in the project for the creation of a Tier IV green data centre at Rome Fiumicino;
- the extension of the investment in Unifiber to build a fibre optic network in the grey areas of Lazio;
- the participation in 'Unitirreno' for the construction of a submarine fibre system in the Tyrrhenian Sea;
- the award, together with the Rome Technopole foundation of which it is one of the founding partners, of the Rome Technopole project, financed by PNRR funds 'Ecosystems of Innovation' Mission 4 Education and Research - Component 2 - Investment 1.5;

- the awarding of the tender called by AMAP S.p.A. for the network and infrastructure for the remote metering and processing of water consumption of the Palermo Metropolitan City, as described in the "Subsequent Events" section of the Notes to the Financial Statements.

These initiatives, as well as the consolidation of the Company in the activities undertaken to date, will lead Unidata to exponential growth as early as 2023. The Company, in fact, thanks also to the integration with the TWT Group, will no longer have a range of action partially limited to Central Italy and Lazio in particular, but on the contrary will already become an important reality at national level in the short term. Precisely in this direction, on 25 November 2022, the Board of Directors approved the revision of the 2022-2024 Business Plan with an extension to 2023-2025, which not only confirms the consolidated growth trend of the last two years, but has also been prepared to take into account all of the aforementioned operations.

Conclusions

Dear Shareholders, in light of the foregoing considerations and the notes to the financial statements, we invite you:

- To approve the financial statements for the year ended 31 December 2022 together with the accompanying notes and this report;
- To allocate the result for the year in accordance with the proposal made in the notes to the financial statements.

Rome, 14 March 2023

Renato Brunetti

Chairman of the Board

FINANCIAL STATEMENT FORMATS AND SCHEDULES

UNIDATA S.P.A.

Viale Alexandre Gustave Eiffel 100 - 00148 ROME

Tax code, VAT number and Rome Company Register number 06187081002

R.E.A. number RM-956645

Share Capital Euro 2,464,642.00

Statement of Financial Position as at 31 December 2022

Values in euro	Notes	As at 31 December 2022	As at 31 December 2021
Other Intangible Assets	5	421.178	630.715
Assets for rights of use	6	9.289.031	9.316.724
Property, Plant and Equipment	7	38.953.533	33.067.047
Participations	8	3.481.548	1.147.074
Other non-current financial assets	9	4.413.476	1.256.240
Other non-current receivables and assets	10	12.796	12.796
Deferred tax assets	11	262.273	272.479
TOTAL NON-CURRENT ASSETS		**56.833.834**	**45.703.075**
Inventories	12	4.150.526	2.070.589
Trade receivables	13	23.221.515	18.362.633
Tax Credits	14	2.616.141	1.576.677
Other current financial assets	15	195.128	195.206
Other receivables and current assets	16	2.031.494	2.037.291
Cash and cash equivalents	17	12.516.539	8.269.206
TOTAL CURRENT ASSETS		**44.731.343**	**32.511.603**
TOTAL ASSETS		**101.565.177**	**78.214.678**
Share Capital		2.538.185	2.464.642
Legal Reserve		492.929	445.191
Extraordinary Reserve		57.007	57.007
IAS19 Employee Severance Indemnity Reserve		-264.161	-242.627
Listing reserve		-117.424	-109.774
Reserve for own shares		-1.301.432	-498.705
Other Reserves		8.588.264	7.199.359
Retained earnings/losses		14.124.584	6.575.098
FTA Reserve		5.298.437	5.298.437
Result for the year		7.504.220	7.843.688
TOTAL NET ASSETS	18	**36.920.608**	**29.032.315**
Employee Benefits	19	1.290.228	1.068.990
Derivative financial instruments liabilities	20	0	1.598
Non-current Financial Payables	21	17.312.154	9.426.457
Other non-current liabilities	22	10.034.139	10.884.578
Deferred tax liabilities	11	81.009	9.212
TOTAL NON-CURRENT LIABILITIES		**28.717.530**	**21.390.835**
Trade payables	23	15.717.396	15.485.762
Tax debts	24	3.137.985	2.613.676
Current Financial Payables	21	5.018.487	2.396.682
Other current liabilities	25	12.053.171	7.295.408
TOTAL CURRENT LIABILITIES		**35.927.038**	**27.791.528**

TOTAL LIABILITIES	**101.565.177**	**78.214.678**

Profit and Loss Account as at 31 December 2022

Values in euro		**As at 31 December 2022**	**As at 31 December 2021**
Revenues from customers	26	50.430.902	36.297.183
Other income	27	917.474	704.356
TOTAL REVENUES		**51.348.376**	**37.001.539**
Costs for raw materials and consumables	28	7.912.394	7.612.157
Costs for services	29	22.206.988	11.037.566
Personnel costs	30	4.031.483	3.371.257
Other operating costs	31	859.894	681.537
Depreciation	32	5.517.051	4.987.626
Value Adjustments on Assets and Other Provisions	33	97.982	206.881
TOTAL OPERATING COSTS		**40.625.791**	**27.897.024**
OPERATING RESULT		**10.722.585**	**9.104.515**
Financial income	34	292.663	12.433
Financial charges	35	361.296	295.833
TOTAL FINANCIAL INCOME AND EXPENSES		**-68.632**	**-283.400**
PROFIT BEFORE TAX		**10.653.953**	**8.821.114**
Income Taxes	36	3.149.733	977.427
RESULT FOR THE YEAR		**7.504.220**	**7.843.688**

Statement of Comprehensive Income as at 31 December 2022

Values in Euro	**As at 31 December 2022**	**As at 31 December 2021**
Net result	**7.504.220**	**7.843.688**
Gains/(losses) on cash flow hedging instruments ('cash flow hedges')	288.910	46.510
Fiscal effect	-69.338	-11.162
Total gain/(loss) on cash flow hedges	*219.571*	*35.347*
Total profit/(loss) to be reclassified subsequently to profit/(loss) for the year	**219.571**	**35.347**
Actuarial gains/(losses) on defined benefit plans	-28.267	-25.872
Fiscal effect	6.733	5.811
Total actuarial gains/(losses) on defined benefit plans	*-21.534*	*-20.060*
Total profit/(loss) that will not be reclassified subsequently to profit/(loss) for the year	**-21.534**	**-20.060**
Other gains/(losses) of other components net of tax effect	**-7.650**	**-14.079**
Total profit/(loss) of other components net of tax effect	***190.388***	***1.208***
Total overall result	**7.694.607**	**7.844.895**

Cash Flow Statement as at 31 December 2022

	31/12/2022	31/12/2021
A) Cash flows from operating activities		
Profit (loss) for the period	7.504.220	7.843.688
Income Taxes	3.149.733	977.427
Interest expenses/(Interest income)	68.632	283.400
(Gains) losses from investments accounted for using the equity method	-261.705	101.267
(Gains) losses on disposal of fixed assets		
Profit (loss) for the year before income tax, interest, dividends and capital gains/losses on disposal	**10.460.880**	**9.205.782**
Adjustments for non-monetary items		
Provisions / (Release) of funds	398.726	526.863
Depreciation	5.517.051	4.987.626
Cash flow before changes in net working capital	**16.376.657**	**14.720.271**
Changes in net working capital		
(Increase) Decrease in inventories and product recovery rights for customer returns	-2.079.937	-1.200.607
(Increase) Decrease in trade receivables	-4.956.863	-4.574.862
Increase (Decrease) in trade payables and liabilities for future repayments to customers	231.633	6.915.025
Other changes in net working capital	535.649	-5.806.468
Cash flow after changes in net working capital	**10.107.140**	**10.053.359**
Other corrections		
Interest received/(paid)	-68.632	-283.400
(Income Taxes)	-3.149.733	-977.427
(Utilisation of employee benefit liabilities)	-94.307	-167.498
Cash flow from operating activities (A)	**6.794.468**	**8.625.034**
B) Cash flows from investing activities		
(Investments)/Disposals in intangible assets	-1.426.847	-3.399.985
(Investments)/Disposals in tangible fixed assets	-9.739.460	-10.505.040
(Investments)/Disposals of participations	-2.073.550	
Cash flow from investing activities (B)	**-13.239.857**	**-13.905.026**
C) Cash flows from financing activities		
Third-party means		
Increase (decrease) in short-term payables to banks		
Increase (decrease) in payables to other lenders	-2.122	5.204
Funding start-up	12.891.000	1.500.000
(Repayment of loans)	-1.788.207	-406.039
Increase (Decrease) lease financing	-593.169	1.581.677
Increase (Decrease) in financial instruments payable	-1.598	-40.620
Lease financing		

Own means		
Dividends paid	-246.464	
Other changes in equity	433.282	-221.608
Cash flow from financing activities (C)	**10.692.722**	**2.418.614**
D) Increase (decrease) in cash and cash equivalents (A+B+C)	**4.247.333**	**-2.861.377**
Cash and cash equivalents at the beginning of the year	**8.269.206**	**11.130.583**
Cash and cash equivalents at the end of the year	**12.516.539**	**8.269.206**

Statement of Changes in Equity

Description	Share Capital	Share premium reserve	Legal reserve	Extraordinary reserve	Available reserve L.145/2018 Art.1 c. 28-34	Cash flow hedge reserve Expected	Retained earnings/losses	IAS 19 Employee Severance Indemnity Reserve	AIM listing reserve	F.T.A. reserve	Reserve for own shares	Operating result	Net assets
Balance as at 31 December 2020	**2.449.350**	**5.432.176**	**275.586**	**57.007**	**1.520.779**	**-32.595**	**3.352.597**	**-222.567**	**-95.695**	**5.298.437**	**0**	**3.392.106**	**21.427.182**
Destination result previous ex.			169.605				3.222.501					-3.392.106	**0**
Exercise of warrants	15.292	243.143											**258.435**
Purchase of own shares											-498.705		**-498.705**
Operating profit/(loss)												7.843.688	**7.843.688**
Other variations						509							**509**
Other comprehensive income						35.347		-20.061	-14.079				**1.207**
Total comprehensive profit/(loss)	**15.292**	**243.143**	**169.605**	**0**	**0**	**35.856**	**3.222.501**	**-20.061**	**-14.079**	**0**	**-498.705**	**4.451.582**	**7.605.134**
Balance as at 31 December 2021	**2.464.642**	**5.675.319**	**445.191**	**57.007**	**1.520.779**	**3.262**	**6.575.098**	**-242.628**	**-109.774**	**5.298.437**	**-498.705**	**7.843.688**	**29.032.315**
Destination result previous ex.			47.738				7.549.486					-7.843.688	**-246.464**
Exercise of warrants	73.543	1.169.333											**1.242.876**
Purchase of own shares											-802.727		**-802.727**
Operating profit/(loss)												7.504.220	**7.504.220**
Other comprehensive income						219.571		-21.534	-7.650				**190.387**
Total comprehensive profit/(loss)	**73.543**	**1.169.333**	**47.738**	**0**	**0**	**219.571**	**7.549.486**	**-21.534**	**-7.650**	**0**	**-802.727**	**-339.468**	**7.888.292**
Balance as at 31 December 2022	**2.538.185**	**6.844.652**	**492.929**	**57.007**	**1.520.779**	**222.833**	**14.124.584**	**-264.162**	**-117.424**	**5.298.437**	**-1.301.432**	**7.504.220**	**36.920.608**

NOTE SUPPLEMENTARY

Note No. 1 - Corporate Information

Unidata S.p.A. is a joint-stock company listed, registered and domiciled in Italy. Its registered office is located in Rome, Viale Alexandre Gustave Eiffel 100.

Note No. 2 - Main Accounting Principles

Drafting Principles

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and in force at the date of the financial statements, applying for all financial years presented, as of 1 January 2019, the date of first-time application of IFRSs ("FTA").

The notes to the financial statements have been supplemented with the additional information required by the Italian Civil Code. The term 'IFRS' also refers to the International Accounting Standards ('IAS') still in force, as well as all interpretative documents issued by the IFRS Interpretation Committee, formerly the International Financial Reporting Interpretations Committee ('IFRIC') and before that the Standing Interpretations Committee ('SIC'), and endorsed by the European Commission, in force at the balance sheet date.

The schemes adopted by the company are as follows:

- Statement of Financial Position - the presentation of the statement of financial position is done through the separate disclosure of current and non-current assets and current and non-current liabilities, distinguishing for each item of assets and liabilities the amounts that are expected to be settled or recovered within or beyond 12 months from the reporting date.
- Profit and Loss Account - shows items by nature, as it is considered the one that provides the most explanatory information.
- Statement of Comprehensive Income - includes items recognised directly in equity when allowed by IFRS.
- Cash flow statement - the cash flow statement presents the cash flows from operating, investing and financing activities. Cash flows from operating activities are presented using the indirect method, whereby the result for the year or period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with cash flows from investing or financing activities.
- Statement of Changes in Shareholders' Equity - The Statement of Changes in Shareholders' Equity shows the overall result for the year and the effect, for each item of equity, of changes in accounting policies and corrections of errors as required by International Accounting Standard No. 8. In addition, the statement shows the balance of accumulated gains or losses at the beginning of the year, the movements during the year and at the end of the year.

The financial statements are prepared under the historical cost convention, except for derivative financial instruments and financial assets represented by equities or bonds in the portfolio, which are recognised at fair value, as well as on a going concern basis. The carrying amount of assets and liabilities that are the subject of fair value hedges and would otherwise be recognised at amortised cost is adjusted for changes in fair value attributable to the hedged risks.

The financial statements are presented in euros and all values are rounded to the nearest euro, unless otherwise indicated.

Note No. 3 - Summary of Main Accounting Principles

a) Current/non-current classification

Assets and liabilities in the Company's balance sheet are classified on a current/non-current basis. An asset is current when:

- is supposed to be realised, or is held for sale or consumption, in the normal course of business;
- is held primarily for the purpose of trading it;
- is supposed to be realised within twelve months after the end of the financial year;
- consists of cash or cash equivalents unless it may not be exchanged or used to settle a liability for at least twelve months after the balance sheet date.

All other assets are classified as non-current.

A liability is current when:

- is expected to expire in its normal operating cycle;
- is held primarily for the purpose of trading it;
- must be extinguished within twelve months after the end of the financial year; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The contractual terms of the liability that could, at the option of the counterparty, result in its settlement through the issuance of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) *Fair Value* Measurement

The Company measures financial instruments such as derivatives at *fair value* at each balance sheet date.

Fair value is the price that would be received for the sale of an asset, or paid for the transfer of a liability, in a regular transaction between market participants at the valuation date. A *fair value* measurement assumes that the transaction to sell the asset or transfer the liability takes place:

- in the *main market of* the asset or liability;

  or

- in the absence of a principal market, in the *most advantageous market* for the asset or liability.

The main or most advantageous market must be accessible to the company.

The *fair value* of an asset or liability is measured by adopting the assumptions that market participants would use in pricing the asset or liability, assuming that they would act to satisfy their economic interest in the best way possible.

A *fair value* measurement of a non-financial asset considers the ability of a market participant to generate economic benefits by deploying the asset to its *highest* and best use or by selling it to another market participant who would deploy it to its highest and best use.

The Company uses valuation techniques that are appropriate to the circumstances and for which there is sufficient data available to measure *fair value*, maximising the use of relevant observable inputs and minimising the use of unobservable *inputs.*

All assets and liabilities for which *fair value* is measured or disclosed in the financial statements are categorised according to the *fair value* hierarchy, as described below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - Inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 - valuation techniques for which the input data are not observable for the asset or liability.

The fair value measurement is classified entirely in the same level of the *fair value hierarchy* in which the lowest level input used for the valuation is classified.

For assets and liabilities recognised in the balance sheet at *fair value* on a recurring basis, the Company determines whether transfers between levels of the hierarchy have occurred by reviewing the categorisation (based on the lowest level input, which is significant to the *fair value* measurement in its entirety) at each reporting date.

At each balance sheet date, the Company's Finance Department analyses changes in the values of assets and liabilities for which revaluation or restatement is required under the Company's accounting principles.

For this analysis, the main inputs applied in the most recent valuation are verified, linking the information used in the valuation to contracts and other relevant documents.

The Company's Finance Department compares each change in the *fair value* of each asset and liability with relevant external sources to determine whether the change is reasonable. The results of the valuations are periodically presented to the Company's Board of Statutory Auditors and auditors. This presentation includes a discussion of the main assumptions used in the valuations.

For the purposes of *fair value* disclosures, the Company determines the classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the *fair value* hierarchy as outlined above.

c) Revenues from contracts with customers

The Company's revenues consist primarily of income from telecommunication services and the granting of rights of use to provide access to its network infrastructure. Revenues are recognised when the Company has transferred control over a good or service to the customer (at a point in time) or over time (over time) based on the provision of services.

Concessions of rights of use include income from lease agreements for optical fibre, cable and (terrestrial) transmission systems that do not qualify as a financial lease (as described in the note "Lease") and the related maintenance service that the Group renders on its infrastructure.

Since in most cases the value of the right-of-use concession is paid in a lump sum when the contract is entered into, the recognition of the consideration entails the recognition of a liability arising from contracts representing the obligation to transfer to the customer the service for which the Company has received consideration in advance from the customer

d) Costs

Costs are recognised when they relate to goods and services sold or consumed during the financial year or by systematic allocation, or when their future usefulness cannot be identified.

Advertising and research costs, in accordance with IAS 38, are fully recognised in the income statement when the service has been rendered and delivered to the company.

Costs are recognised according to their nature considering the applicable IFRS principles.

e) Quotation costs

As part of the listing project, the Company and/or the selling shareholders incur specific costs, such as (i) commissions that are paid to the banks coordinating the offering; (ii) fees that are paid to consultants, specialists and lawyers; (iii) other costs such as, but not limited to, communication costs, prospectus printing costs and out-of-pocket expenses.

Listing costs will be accounted for in accordance with the provisions of IAS 32, which provides that they will be deducted from any capital increase or charged to the profit and loss account upon successful listing.

f) Public Contributions

Government grants are recognised when it is reasonably certain that they will be received and that all conditions attaching to them have been met. Grants related to cost components are recognised as revenue, but are systematically allocated between periods so as to be commensurate with the recognition of the costs they are intended to offset. Grants related to an asset are recognised as revenue on a straight-line basis over the expected useful life of the related asset.

Where the Company receives a non-monetary contribution, the asset and the related contribution are recognised at nominal value and released to the income statement on a straight-line basis over the expected useful life of the relevant asset.

g) Financial income and expenses

Financial income and expenses are recognised on an accrual basis based on the interest accrued on the net value of the related financial assets and liabilities, using the effective interest rate.

h) Income Taxes

Current taxes

Current tax assets and liabilities for the year are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate the amount are the national ones enacted, or substantially in force, at the balance sheet date. Italy is precisely the country where the Company operates and generates its taxable income.

Current taxes related to items recognised directly in equity are also recognised in equity and not in profit/(loss) for the year. Management periodically assesses the position taken in the tax return in cases where tax rules are subject to interpretation and, where appropriate, makes provisions.

Deferred taxes

Deferred taxes are calculated by applying the *liability method* to temporary differences at the balance sheet date between the tax values of assets and liabilities and the corresponding values in the financial statements.

Deferred tax liabilities are recognised on all taxable temporary differences, with the following exceptions:

- Deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the financial statement result nor the tax result;
- The reversal of taxable temporary differences associated with investments in subsidiaries, associates and *joint ventures* can be controlled, and it is probable that it will not occur in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused tax credits and tax losses carried forward, to the extent that it is probable that sufficient future taxable income will be available to allow the utilisation of deductible temporary differences and tax credits and tax losses carried forward, except where:

- The deferred tax asset associated with deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the financial statement result nor the tax result;
- In the case of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that they will reverse in the foreseeable future and that there will be sufficient taxable income to allow for the recovery of such temporary differences.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the future to allow all or part of this credit to be utilised. Unrecognised deferred tax assets are reviewed at each balance sheet date and are recognised to the extent that it becomes probable that sufficient taxable income will be available in the future to allow for the recovery of those deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which these assets are realised or these liabilities are settled, taking into account the rates in force and those already enacted, or substantially in force, at the balance sheet date.

Deferred taxes relating to items recognised outside the income statement are also recognised outside the income statement and, therefore, in equity or in the statement of comprehensive income, consistently with the item to which they relate.

The Company offsets deferred tax assets and deferred tax liabilities if and only if there is a legal right to offset current tax assets and current tax liabilities and the deferred tax assets and liabilities relate to income taxes owed to the same taxation authority by the same or different taxpayers who intend to settle the current tax assets and liabilities on a net basis or realise the asset and settle the liability simultaneously, with respect to each future period in which the deferred tax assets and liabilities are expected to be settled or recovered.

i) Foreign Currency Transactions and Balances

Foreign currency transactions are initially recognised in the functional currency, applying the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate on the balance sheet date.

Realised exchange differences or differences arising from the translation of monetary items are recognised in profit or loss, with the exception of monetary items that form part of the hedge of a net investment in a foreign operation. Such differences are recognised in other comprehensive income until the net investment is disposed of, and only then is the total amount reclassified to profit or loss. Taxes attributable to exchange rate differences on monetary items are also recognised in other comprehensive income.

Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate on the date of initial recognition of the transaction. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate at the date of determination of that value. The gain or loss arising from the translation of non-monetary items is treated consistently with the recognition of gains and losses related to changes in the fair value of those items.

In determining the spot exchange rate to be used when initially recognising the related asset, expense or revenue (or portion thereof) upon derecognition of a non-monetary asset or non-monetary liability relating to the upfront consideration, the transaction date is the date on which the Company initially recognises the non-monetary asset or non-monetary liability resulting from the upfront consideration. If there are multiple payments or advances, the Company determines the transaction date for each payment or advance.

l) Other intangible assets

Intangible assets acquired separately are initially recognised at cost, while those acquired through business combinations are recognised at fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, with the exception of development costs, are not capitalised and are recognised in profit or loss in the period in which they are incurred.

The useful life of intangible assets is assessed as finite or indefinite.

Intangible assets with a finite useful life are amortised over their useful life and are tested for impairment whenever there are indications of possible impairment. The amortisation period and amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or in the manner in which the future economic benefits associated with the asset will be realised are recognised through changes in the amortisation period or method, as appropriate, and are considered changes in accounting estimates. Amortisation of intangible assets with finite useful lives is recognised in profit or loss in the cost category consistent with the function of the intangible asset.

No intangible assets with an indefinite useful life are recognised in the balance sheet.

An intangible asset is derecognised on disposal (i.e., on the date the acquirer obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

Details of the amortisation periods applied are given below:

- Industrial and intellectual patent rights6 years
- Mi.S.E. concession Radio frequencies 24.5-26.5 Ghz6 years
- Licences, software right of use 3 years
- Development costs 5 years

The concession for the use of 24.5-26.5 Ghz radio frequencies in the Lazio region, awarded by the Ministry for Economic Development, was capitalised for the concession period of six years.

Software licence costs are amortised over a period of three years.

Costs incurred for the acquisition of multi-year rights of use of the fibre optic network, cable ducts and transmission systems from other operators (IRU liabilities) are recognised under "Rights-of-use assets" on a historical cost basis and amortised over the shorter of the technical term and the contractual term of the concession.

Research and Development Costs

Research costs are charged to the profit and loss account in the year in which they are incurred. Development costs incurred in connection with a specific project are recognised as intangible assets when the Company is able to demonstrate:

- the technical possibility of completing the intangible asset so that it is available for use or sale;
- the intention to complete the business and one's ability and intention to use or sell it;
- how the activity will generate future economic benefits;
- the availability of resources to complete the activity;
- the ability to reliably estimate the cost attributable to the activity during development.

After initial recognition, development assets are measured at cost less accumulated amortisation or accumulated impairment losses. Amortisation of the asset begins when the development is completed and the asset is available for use. Development assets are depreciated over the period of expected benefits and the related depreciation charges are included in cost of sales. During the development period, the asset is subject to an annual impairment test.

Licences

Licences for the use of intellectual property were granted for a period of five to ten years, depending on the specific licence. Licences could be renewed at no or minimal cost. Consequently, these licences are considered to have an indefinite useful life.

m) Leasing

<u>The Company as lessee</u>

The Company assesses when entering into a contract whether it is, or contains, a lease. In other words, whether the contract confers the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low-value assets, and recognises liabilities for lease payments and the right-of-use asset representing the right to use the underlying asset.

a. Activities by right of use

The Company recognises right-of-use assets on the lease commencement date (i.e. the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets comprises the amount of recognised lease liabilities, initial direct costs incurred and lease payments made on or before the commencement date net of any incentives received. Right-of-use assets are amortised on a straight-line basis from the commencement date to the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the asset consisting of the right of use reflects the fact that the lessee will exercise the purchase option, the lessee shall depreciate the asset consisting of the right of use from the effective date until the end of the useful life of the underlying asset.

Right-of-use assets are subject to Impairment. Please refer to the section on Impairment of Non-Financial Assets.

b. Leasing liabilities

At the inception date of the lease, the Company also recognises lease liabilities by measuring them at the present value of the lease payments due and unpaid at that date. Lease payments due include fixed payments (including fixed payments in substance) net of any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid as security for the residual value. Lease payments also include the exercise price of a purchase option if it is reasonably certain that such an option will be exercised by the company and lease termination penalty payments if the lease term takes into account the exercise of the lease termination option.

Variable lease payments that do not depend on an index or rate are recognised as expenses in the period (unless incurred in the production of inventories) in which the event or condition that generated the payment occurs.

In calculating the present value of payments due, the Company uses the marginal borrowing rate at the commencement date if the implied interest rate is not readily determinable. After the commencement date, the amount of the lease liability increases to reflect interest on the lease liability and decreases to reflect payments made. In addition, the carrying amount of the lease liability is restated in the event of any changes to the lease or for revisions to the contractual terms for changes in payments; it is also restated for changes in the valuation of the option to purchase the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine those payments.

The Company's leasing liabilities are included under current and non-current financial liabilities.

Short-term leasing and leasing of low-value assets

The Company applies the exemption for the recognition of short-term leases related to machinery and equipment (i.e., leases that have a term of 12 months or less from the commencement date and do not contain a purchase option). The Company has also applied the exemption for leases relating to low-value assets in respect of leases relating to office equipment whose value is considered low. Lease payments related to short-term leases and low-value asset leases are recognised as expenses on a straight-line basis over the lease term.

The Company as lessor

As lessor, the Company must classify each contract as either a finance lease or an operating lease. In particular, if a contract is classified as a finance lease, the Company proceeds to eliminate from the statement of financial position the value of the asset sold, recording as a balancing entry a receivable from the counterparty or cash in the event of immediate collection, and to recognise in the Statement of Comprehensive Income the difference between

- revenues equal to the agreed consideration representing the fair value of the underlying asset. In the case of deferred payments, this value will be calculated on the basis of the present value of the payments due by the lessee, discounted using a market interest rate;
- the book value of the underlying asset sold.

The company provides its customers with access to its network infrastructure by stipulating
of contracts granting the right to use optical fibre, cable and (terrestrial) transmission systems for a certain period of time, however the Company remains the owner of the underlying asset.
The income generated by the granting of rights of use is recognised over the term of the contracts
corresponding, except where these are defined as finance leases, in which case the underlying asset is deemed to be transferred.
Since the transaction relates to the Company's typical business, the revenues and book value of the underlying asset sold are stated net in the balance sheet item 'Revenues from customers'.
Lease agreements that essentially leave the Company with all the risks and rewards of ownership of the asset are classified as operating leases. Lease income from operating leases must be recognised on a straight-line basis over the lease term, and is included in income in the income statement due to its operating nature. Initial trading costs are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Unbudgeted rentals are recognised as revenue in the period in which they accrue.

o) Property, Plant and Equipment

Property, plant and equipment are recognised at historical cost, less accumulated depreciation and accumulated impairment losses. This cost includes the costs of replacing part of the plant and machinery at the time they are incurred, if they meet the recognition criteria. Where it is necessary to replace significant parts of plant and machinery on a regular basis, the Company depreciates them separately over their specific useful lives. Similarly, in the case of major overhauls, the cost is included in the carrying amount of the plant or machinery as in the case of replacement, if the criteria for recognition are met. All other repair and maintenance costs are recognised in profit or loss when incurred. The present value of the cost of dismantling and removing the asset at the end of its useful life is included in the cost of the asset if the criteria for recognition for a provision are met.
The depreciation rates applied, consistent with those of previous years, are shown below for the main categories of assets:

- Lightweight construction	10%
- Fixed installations and machinery	15%
- Concessions I.R.U. rights fibre optics	10-15 years
- Specific installations (proprietary network infrastructure and fibre)	6.67%

- Specific installations (fibre-optic customer activation)	33,33%
- Specific installations (Datacentres - POP Points of Presence)	18%
- Industrial and commercial equipment	15%
- Passenger cars	25%
- Trucks	20%
- Support goods (commodities)	33,33%
- Furniture and furnishings	15%
- Electronic office machines	20%
- Depreciable assets of less than EUR 516.46	100%
- Contribution to setting up co-located power stations	5 years
- Costs for Leasehold Improvements	5 years

The carrying amount of an item of property, plant and equipment and any significant components initially recognised is derecognised on disposal (i.e. when the acquirer obtains control) or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of the asset (calculated as the difference between the net carrying amount of the asset and the consideration received) is recognised in profit or loss when the item is derecognised.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at each financial year-end and, where appropriate, adjusted prospectively.

As at 31 December 2020, tangible fixed assets were not encumbered by mortgages or liens.

p) Financial Instruments - Recognition and Measurement

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

i. Financial assets

Initial survey and evaluation

Upon initial recognition, financial assets are classified, as appropriate, according to subsequent measurement methods, i.e. at amortised cost, at *fair value through* OCI and at *fair value through* profit or loss.

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets and the business model the Company uses to manage them. Except for trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its *fair value* plus, in the case of a financial asset not at *fair value* through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as discussed in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or *fair value* recognised in OCI, it must generate cash flows that depend solely on principal and interest on the amount of principal to be repaid (so-called solely payments of principal and interest (SPPI)). This assessment is referred to as the SPPI test and is performed at the instrument level. Financial assets whose cash flows do not meet the above requirements (e.g. SPPI) are classified and measured at *fair value* through profit or loss.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows are derived from the collection of contractual cash flows, the sale of financial assets, or both.

Financial assets that are classified and measured at amortised cost are held within the framework of a business model whose objective is to own financial assets in order to collect contractual cash flows, while financial assets that are classified and measured at fair value through OCI are held within the framework of a business model whose objective is to collect contractual cash flows and to sell financial assets.

Subsequent evaluation

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

- Financial assets at amortised cost (debt instruments);
- Financial assets at *fair value* through other comprehensive income with reclassification of cumulative gains and losses (debt instruments);
- Financial assets at *fair value* through other comprehensive income without reversal of accumulated gains and losses on derecognition (equity instruments);
- Financial assets at *fair value* through profit or loss.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to *impairment.* Gains and losses are recognised in the income statement when the asset is derecognised, modified or revalued.
The financial assets recorded by the Company at amortised cost include trade receivables.

Financial assets at *fair value through* OCI (debt instruments)

For debt instrument assets measured at *fair value through* OCI, interest income, exchange rate differences and impairment losses, together with reversals, are recognised in the income statement and are calculated in the same way as for financial assets measured at amortised cost. The remaining changes in fair value are recognised in OCI. Upon derecognition, the cumulative change in *fair value recognised in* OCI is reclassified to profit or loss.
The Company did not record financial assets at *fair value* in OCI.
Upon initial recognition, the Company may irrevocably elect to classify its equity investments as equity instruments recognised at *fair value* through OCI when they meet the definition of equity instruments under IAS 32 'Financial Instruments: Presentation' and are not held for trading. The classification is determined for each individual instrument.
Gains and losses realised on such financial assets are never reversed through profit or loss. Dividends are recognised as other income in profit or loss when the right to payment has been resolved, except when the Company benefits from such income as a recovery of part of the cost of the financial asset, in which case such gains are recognised in OCI. Equity instruments recognised at *fair value through* OCI are not subject to *impairment testing.*
The Company has chosen to irrevocably classify its unlisted participations in this category.

Financial assets at *fair value* through profit or loss

Financial instruments at *fair value* with changes recognised in profit or loss are recognised in the statement of financial position at *fair value* and net changes in *fair value* recognised in profit or loss.

This category includes derivative instruments and listed equity investments. Dividends on listed equity investments are recognised as other income in the statement of profit/(loss) for the year when the right to payment has been established.

The embedded derivative contained in a hybrid non-derivative contract, financial liability or host non-financial contract is separated from the host contract and accounted for as a separate derivative if: its economic characteristics and associated risks are not closely related to those of the host contract; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at *fair value* through profit or loss. Embedded derivatives are measured at fair value, with changes in *fair value* recognised in profit or loss. A restatement only occurs if there is a change in the terms of the contract that significantly alters the otherwise expected cash flows or a reclassification of a financial asset to a category other than *fair value* through profit or loss.

Cancellation

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised in the first instance (e.g. removed from the Company's statement of financial position) when

- the rights to receive cash flows from the asset are extinguished, or
- the Company has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and (a) has transferred substantially all risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of it.

In cases where the Company has transferred the rights to receive cash flows from an asset or has entered into an agreement whereby it retains the contractual rights to receive the cash flows from the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients (pass-through), it assesses whether and to what extent it has retained the risks and rewards inherent in ownership. If it has neither transferred nor retained substantially all of the risks and rewards or has not lost control over it, the asset continues to be recognised in the Company's financial statements to the extent of its continuing involvement in the asset. In this case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured to reflect the rights and obligations that remain with the Company.

When the entity's continuing involvement is a guarantee of the transferred asset, the involvement is measured at the lower of the amount of the asset and the maximum amount of consideration received that the entity may have to repay.

Loss of value

The Company recognises an expected credit loss ('ECL') for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due under the contract and all cash flows the Company expects to receive, discounted at an approximation of the original effective interest rate. Expected cash flows include cash flows arising from the enforcement of collateral held or other credit guarantees that are an integral part of the contractual terms.

Expected losses are recognised in two steps. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, credit losses arising from estimated default events that are possible within the next 12 months (12-month ECL) must be recognised. For credit exposures for which there has been a significant increase in credit risk since initial recognition, the expected losses that relate to the remaining life of the exposure must be recognised in full, regardless of when the default event is expected to occur (''Lifetime ECL'').

For trade receivables and contract assets, the Company applies a simplified approach to calculating expected losses. Therefore, the Company does not monitor changes in credit risk, but fully recognises the expected loss at each reporting date. The Company has defined a matrix system based on historical information, revised to consider prospective elements with reference to specific types of debtors and their economic environment, as a tool for determining expected losses.

The Company considers a financial asset to be in default when contractual payments are 180 days past due. In some cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to recover the contractual amounts in full before taking into account the credit collateral held by the Company. A financial asset is derecognised when there is no reasonable expectation of recovering the contractual cash flows.

ii. Financial liabilities

Survey and initial assessment

Financial liabilities are classified upon initial recognition as financial liabilities at *fair value* through profit or loss, as loans and borrowings, or as derivatives designated as hedging instruments.

All financial liabilities are initially recognised at *fair value* plus, in the case of mortgages, loans and debts, directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, mortgages and loans, including overdrafts and derivative financial instruments.

Subsequent evaluation

For the purposes of subsequent valuation, financial liabilities are classified into two categories:

- Financial liabilities at *fair value* through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at *fair value* through profit or loss

Financial liabilities at *fair value through* profit or loss include liabilities held for trading and financial liabilities initially recognised at *fair value through* profit or loss.

Liabilities held for trading are all those assumed with the intention of extinguishing or transferring them in the short term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in a hedging relationship as defined by IFRS 9. Embedded derivatives, separated from the main contract, are classified as financial instruments held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit/(loss) for the year.
Financial liabilities are designated at *fair value* with changes recognised in profit or loss from the date of initial recognition, only if the criteria of IFRS 9 are met. Upon initial recognition, the Company did not designate financial liabilities at *fair value with changes recognised in* profit or loss.

Financial liabilities at amortised cost (loans and borrowings)
After initial recognition, loans are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liability is extinguished, as well as through the amortisation process.
Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that form part of the effective interest rate. Amortisation at the effective interest rate is included in finance costs in the statement of profit/(loss).
This category generally includes interest-bearing loans and receivables.

Cancellation

A financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or discharged. When an existing financial liability is exchanged for another financial liability of the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability, accompanied by the recognition of a new liability, with any difference between the carrying amounts recognised in profit or loss.

Clearing of financial instruments
A financial asset and a financial liability may be offset and the net balance disclosed in the statement of financial position if there is a present legal right to offset the recognised amounts and there is an intention to settle the net balance, or realise the asset and settle the liability simultaneously.
As at 31.12.2020, the Company did not offset any items.

q) Derivative financial instruments and hedge accounting
Initial detection and subsequent evaluation

The Company uses derivative financial instruments, including interest rate swaps, to hedge interest rate risks. These derivative financial instruments are initially recognised at *fair value* on the date the derivative contract is entered into and are subsequently remeasured at *fair value*. Derivatives are recognised as financial assets when the *fair value is* positive and as financial liabilities when the *fair value* is negative.

For hedge accounting purposes, hedges are of two types:

- fair value hedge where the exposure is hedged against changes in the fair value of the recognised asset or liability or an unrecognised firm commitment;
- cash flow hedge where the exposure is hedged against the variability of cash flows attributable to a particular risk associated with all recognised assets or liabilities or a highly probable forecast transaction or the foreign currency risk on an unrecognised firm commitment;

When entering into a hedging transaction, the company formally designates and documents the hedging relationship to which it intends to apply hedge accounting, its risk management objectives and the strategy pursued.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk and how the Company will assess whether the hedging relationship meets hedge effectiveness requirements (including analysis of the sources of hedge ineffectiveness and how the hedge ratio is determined). The hedging relationship meets the eligibility criteria for hedge accounting if it satisfies all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not prevail over changes in value resulting from the aforementioned economic report;
- the hedging ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of the hedged item.

Transactions that meet all the qualifying criteria for hedge accounting are accounted for as follows:

Fair Value Hedging

The change in *fair value* of hedging derivatives is recognised in profit/(loss) in other expenses. The change in *fair value of the hedged* item attributable to the hedged risk is recognised as part of the carrying amount of the hedged item and is also recognised in profit/(loss) in other expenses.

With regard to fair value hedges referring to items accounted for under the amortised cost method, each adjustment to the carrying amount is amortised in the statement of profit/(loss) over the remaining period of the hedge using the effective interest rate method (EIR). Amortisation determined in this manner may begin as soon as an adjustment exists but may not extend beyond the date on which the hedged item ceases to be adjusted for changes in *fair value* attributable to the hedged risk.

If the hedged item is derecognised, the unamortised *fair value* is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, subsequent cumulative changes in its *fair value* attributable to the hedged risk are recognised as assets or liabilities and corresponding gains or losses recognised in profit or loss.

Cash Flow Hedging

The portion of the gain or loss on the hedged instrument relating to the effective portion of the hedge is recognised in other comprehensive income in the '*cash flow hedge* reserve', while the ineffective portion is recognised directly in profit/(loss) for the year. The *cash flow hedge* reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the *fair value* of the hedged item.

Amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial component, the amount accumulated in equity is removed from the separate component of equity and included in the cost or other carrying amount of the hedged asset or liability. This is not considered a reclassification of items recognised in OCI for the period. This also applies in the case of a hedged forecast transaction of a non-financial asset or non-financial liability that subsequently becomes an irrevocable commitment to which fair value hedge accounting applies.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows impact profit or loss.

If cash flow hedge accounting is discontinued, the amount accumulated in OCI must remain there if the hedged future cash flows are expected to occur. Otherwise, the amount must be immediately reclassified to profit/(loss) for the year as a reclassification adjustment. After discontinuation, once the hedged cash flows occur, any accumulated amount remaining in OCI must be accounted for depending on the nature of the underlying transaction as described above.

Controlling shareholdings

Investments in subsidiaries are recognised at acquisition cost, in accordance with the provisions of IAS 27. This value is adjusted for impairment losses in accordance with IAS 36. Any impairment losses are quantified on the basis of the recoverable amount determined with reference to the cash flows that the investee company will be able to produce prospectively.

The positive difference, arising at the time of purchase, between the acquisition cost and the portion of shareholders' equity at current values of the investee pertaining to the Company is, therefore, included in the carrying value of the investment. Any write-down of this positive difference is reversed in subsequent periods if the conditions that led to the write-down no longer exist.

If the Company's share of the investee's losses, if any, exceeds the carrying amount of the investment, the value of the investment is written off and the Company's share of further losses is recognised as a provision under liabilities in the event that the Company is liable for them.

Investments in associates and joint ventures

An associate is a company over which the Group exercises significant influence. Significant influence is defined as the power to participate in determining the financial and operating policies of the investee without having control or joint control over it.

A joint venture is a jointly controlled arrangement in which the parties with joint control have rights to the net assets of the arrangement. Joint control is defined as sharing control of an arrangement on a contractual basis, which only exists when decisions on the relevant assets require the unanimous consent of all parties sharing control.

The considerations made to determine significant influence or joint control are similar to those required to determine control over subsidiaries. Investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, an investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is increased or decreased to recognise the investor's share of the investee's profits and losses realised after the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not subject to a separate impairment test.

The company's aggregate share of the profit/(loss) for the year of associates and joint ventures is recognised in the statement of profit/(loss) for the year after operating profit/(loss) and represents the profit/(loss) after tax and the share of the other shareholders of the joint venture.
The financial statements of the associate and the joint venture are prepared on the same closing date as the financial statements of the company. Where necessary, the financial statements are adjusted to bring them in line with the company's accounting principles.
After applying the equity method, the company assesses whether it is necessary to recognise an impairment loss on its investment in the associate and joint venture. The company assesses at each balance sheet date whether there is objective evidence that the investment in the joint ventures is impaired. If so, the company calculates the amount of the loss as the difference between the recoverable amount of the associate or joint venture and the carrying amount of the associate or joint venture in its financial statements, and recognises that difference in profit or loss.
Upon the loss of joint control over an associate or joint venture, the company measures and recognises the residual investment at fair value. The difference between the carrying amount of the investment at the date of loss of joint control and the fair value of the residual investment and consideration received is recognised in profit or loss.

Inventories

Inventories are valued at the lower of cost and net realisable value.
The costs incurred in bringing each asset to its present location and condition are recognised as follows:

1. Raw materials: purchase cost calculated using the FIFO method
2. Finished and semi-finished products: direct cost of materials and labour plus a share of production overheads, defined on the basis of normal production capacity, excluding financial expenses.

The cost of inventories includes the transfer, from other comprehensive income, of profits and losses from qualified cash flow hedging transactions related to the purchase of raw materials.
Net realisable value is the estimated normal selling price in the normal course of business, less estimated completion costs and estimated costs to realise the sale.

Impairment of non-financial assets (Impairment test)

At each balance sheet date, the Company assesses whether there are any indicators of asset impairment. In this case, or in cases where an annual impairment test is required, the Company makes an estimate of the recoverable amount. Recoverable amount is the higher of the *fair value of* the asset or cash-generating unit, less costs to sell, and its value in use. Recoverable amount is determined for each individual asset, except when that asset generates cash flows that are largely independent of those generated by other assets or groups of assets. If the carrying amount of an asset is greater than its recoverable amount, that asset has suffered an impairment loss and is written down to its recoverable amount accordingly.
In determining value in use, the Company discounts estimated future cash flows to present value using a pre-tax discount rate, which reflects market assessments of the present value of money and the risks specific to the asset. Recent market transactions are taken into account when determining *fair value* less costs to sell. If it is not possible to identify such transactions, an appropriate valuation model is used. These calculations are supported by appropriate valuation multipliers, quoted share prices for investees whose securities are traded on the market, and other available *fair value* indicators.

The Company bases its *impairment* test on the most recent budgets and forecast calculations, prepared separately for each of the Company's cash-generating units to which individual assets are allocated. These budgets and forecast calculations generally cover a five-year period. To project future cash flows beyond the fifth year, a long-term growth rate is calculated.

Impairment losses on continuing operations are recognised in profit/(loss) for the year in the cost categories consistent with the use of the asset that resulted in the impairment loss. An exception is made for previously revalued fixed assets, where the revaluation was recognised in other comprehensive income. In such cases, the impairment loss is in turn recognised in other comprehensive income up to the amount of the previous revaluation.

For intangible assets, at each balance sheet date, the Company assesses whether there are any indicators of the reversal (or reduction) of previously recognised impairment losses and, if such indicators exist, estimates the recoverable amount of the asset or CGU. The value of a previously impaired asset may be reinstated only if there have been changes in the assumptions on which the calculation of the determined recoverable amount was based, subsequent to the recognition of the last impairment loss. The reversal may not exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised in prior years. Such reversal is recognised in profit or loss unless the fixed asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Liquid assets and short-term deposits

Cash and cash equivalents and short-term deposits include cash on hand and demand deposits, highly liquid deposits with a maturity of three months or less, which are readily convertible into a given amount of money and subject to an insignificant risk of changes in value.

For the purposes of presentation in the consolidated cash flow statement, cash and cash equivalents are represented by cash and cash equivalents as defined above, net of bank overdrafts as these are considered an integral part of the Company's cash management.

Own shares

Repurchased treasury shares are recognised at cost and deducted from shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the purchase value and the consideration, in case of reissue, is recognised in the share premium reserve.

Provisions for risks and charges

Provisions for risks and charges are made when the company has a present obligation (legal or constructive) as a result of a past event, an outflow of resources to meet that obligation is probable and a reliable estimate of its amount can be made. When the Company believes that a provision will be partly or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised separately as an asset if, and only if, it is practically certain. In such a case, the cost of any provision is presented in net profit/(loss) for the period less the amount recognised for the indemnity.

Provisions for Employee Benefits

Post-employment benefits are defined on the basis of programmes, albeit not formalised, which according to their characteristics are divided into 'defined benefit' and 'defined contribution' programmes.
Italian legislation (Article 2120 of the Civil Code) provides that, on the date on which each employee terminates his employment contract with the company, he receives an indemnity called TFR. The calculation of this indemnity is based on certain items that make up the employee's annual salary for each year of employment (appropriately revalued) and the length of the employment relationship. According to Italian civil law, this indemnity is reflected in the financial statements according to a calculation method based on the indemnity accrued by each employee on the date of the financial statements, assuming that all employees terminate their employment on that date.
The International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) addressed the topic of Italian TFR and concluded that, in application of IAS 19, it must be calculated according to a methodology, called the Projected Unit Credit Method (the so-called 'PUCM'), according to which the amount of the liability for the benefits acquired must reflect the expected date of resignation and must be discounted.
The actuarial assumptions and their effects take into account the regulatory changes introduced by the Italian legislature, which provided for the employee's option to allocate the severance pay accrued as of 1 July 2007 to INPS or to supplementary pension funds.
The Company's net obligation arising from defined benefit plans is calculated by estimating the amount of future benefit that employees have accrued in exchange for their service in the current and prior years; this benefit is discounted to present value. Actuarial gains and losses related to defined benefit plans, accumulated up to the previous year and reflecting the effects of changes in actuarial assumptions used, are recognised in full in the statement of comprehensive income.
Revaluations of the net defined benefit liability (asset) recognised in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, an entity may reclassify amounts recognised in other comprehensive income to equity.
The actuarial valuation of the liability was entrusted to an independent actuary. The Company has no other defined benefit pension plans.
The obligations of the Company arising from defined contribution plans are limited to the payment of contributions to the State or to a legally distinct asset or entity (so-called fund), and are determined on the basis of the contributions due.

Note 3a

A) New accounting standards, interpretations and amendments adopted by the Company

The accounting standards, amendments and interpretations not adopted in advance for the period ended 31 December 2022 regulate matters and cases that do not have a significant effect on the Company's financial position, results of operations and financial position and on the information contained in the financial statements.

The Company is currently assessing the impact of amendments, amendments and interpretations to the Endorsed Accounting Standards that have not been adopted early or are in the process of being endorsed.

Listed below are the standards and interpretations that had already been issued and not adopted in advance at the date of preparation of the financial statements:

Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

An onerous contract is a contract in which the non-discretionary costs (e.g., costs that the Group cannot avoid because it is a party to a contract) necessary to perform the obligations undertaken are greater than the economic benefits that are supposed to be obtainable from the contract.

The amendment clarifies that in determining whether a contract is onerous or loss-making, an entity must consider costs directly related to the contract for the provision of goods or services that include both incremental costs (e.g., direct labour and material costs) and costs directly attributable to contractual activities (e.g., depreciation of equipment used to perform the contract as well as costs for managing and supervising the contract). General and administrative expenses are not directly related to a contract and are excluded unless they are explicitly chargeable to the other party under the contract.

This change has no impact on the company's financial statements.

Reference to the Conceptual Framework - Amendments to IFRS 3

The amendments are intended to replace references to the Framework for the Preparation and Presentation of Financial Statements with references to the Conceptual Framework for Financial Reporting published in March 2018 without a significant change to the requirements of the standard.

The Board also added an exception to the measurement principles of IFRS 3 to avoid the risk of potential 'day-after' losses or gains arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21 Levies, if contracted separately. The exemption requires entities to apply the requirements of IAS 37 or IFRIC 21, rather than the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendment also added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify as recognisable assets at the acquisition date.

These changes had no impact on the company's financial statements, as no contingent assets, liabilities and contingent liabilities were recognised in the year for the purpose of these changes.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of products sold in the period when that asset is brought to the location or condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the revenue from the sale of those products, and the costs of producing those products, in profit or loss.

These changes did not have an impact on the company's financial statements as there were no sales related to these items of property, plant and equipment before or after the beginning of the previous comparative period.

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

This amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to account for cumulative translation differences on the basis of the amounts recognised by the parent, taking into account the date of transition to IFRSs by the parent. This amendment also applies to associates or joint ventures that elect to apply paragraph D16(a) of IFRS 1.
This change had no impact on the company's financial statements as it is not a first time adopter.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
This amendment clarifies what fees an entity includes in determining whether the terms and conditions of a new or modified financial liability are materially different from the terms and conditions of the original financial liability. These fees include only those paid or received between the debtor and the lender, including fees paid or received by the debtor or the lender on behalf of others. No such amendment is proposed with regard to IAS 39 Financial Instruments: Recognition and Measurement.
This change did not have an impact on the company's balance sheet, as there were no changes in financial liabilities during the year.

IAS 41 Agriculture - Taxation in Fair Value Measurements
The amendment removes the requirements in paragraph 22 of IAS 41 concerning the exclusion of cash flows for taxes when measuring the fair value of an asset for the purpose of IAS 41.
This amendment had no impact on the company's financial statements as the company had no assets for the purpose of IAS 41 at the balance sheet date.

B) Accounting standards issued but not yet in force

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a new comprehensive standard on insurance contracts that covers recognition and measurement, presentation and disclosure. When it becomes effective, IFRS 17 will replace IFRS 4 Insurance Contracts which was issued in 2005. IFRS 17 applies to all types of insurance contracts (e.g. life, non-life, direct insurance, reinsurance) regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation features.
Limited exceptions will apply for this purpose. The overall objective of IFRS 17 is to present an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to IFRS 4, which is largely based on maintaining previous accounting policies, IFRS 17 provides a comprehensive model for insurance contracts that covers all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

-A specific adaptation for contracts with direct participation features (the variable fee approach)
-A simplified approach (the premium allocation approach) mainly for short-term contracts.

IFRS 17 will be effective for annual periods beginning on or after 1 January 2023 and will require the presentation of comparative balances. Earlier application is permitted, in which case the entity must also have adopted IFRS 9 and IFRS 15 on or before the date of first-time application of IFRS 17. This standard does not apply to the company.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
-What is meant by a right of postponement of maturity
-That the right of subordination must exist at the close of the financial year
-The classification is not impacted by the likelihood that the entity will exercise its subordination right
-Only if a derivative embedded in a convertible liability is itself an equity instrument does the maturity of the liability have no impact on its classification
The amendments will be effective for financial years beginning on or after 1 January 2023, and shall be applied retrospectively. No material impact to the company is expected with respect to these amendments.

Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.

The amendments to IAS 8 focus exclusively on accounting estimates and are intended to clarify the following aspects:

- The definition of change in accounting estimates is replaced with a definition of accounting estimates. According to the new definition, accounting estimates are "monetary amounts in the financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in the financial statements to be measured in a manner that implies measurement uncertainty.
  The Board clarifies that a change in an accounting estimate that results from new information or new developments is not the correction of an error. Furthermore, the effects of a change in an input or measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. Any effect on future periods is recognised as income or expense in those future periods.

The amendments are effective for financial years beginning on or after 1 January 2023 and changes in accounting policies and changes in accounting estimates occurring from the beginning of that period. At the date of these financial statements, the amendments are pending approval.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'materiality' accounting policies; in addition, guidance is added on how entities apply the concept of materiality in making accounting policy disclosure decisions.
The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023, earlier application is permitted. Since the amendments to PS 2 provide non-mandatory guidance on the

application of the definition of materiality to the disclosure of accounting policies, an effective date for these amendments is not required.
The company is currently evaluating the impact of the changes to determine the impact they will have on the company's accounting policy disclosures.

Amendments to IAS 12 Income Taxes: Deferred Taxes on Assets and Liabilities Arising from a Single Transaction

The amendments have narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (Exemption from Recognition) so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences upon initial recognition.
The amendments were issued in response to an IFRIC recommendation. The Committee's research indicated that opinions differed as to whether the recognition exemption applied to transactions, such as leases, that result in the recognition of an asset and a liability. These differing views led entities to account for deferred taxes on such transactions in different ways, reducing the comparability of their financial statements. The Board expects that the amendments will reduce the diversity in reporting and align the accounting for deferred taxes on such transactions with the general principle in IAS 12 of recognising deferred taxes for temporary differences.
An entity applies the amendments to transactions occurring at or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it recognises deferred tax for all temporary differences relating to leases and disposal obligations and recognises the cumulative effect of the initial application of the amendments as an adjustment to the opening balance of retained earnings (or other components of equity, as appropriate) at that date.
The amendments are effective for financial years beginning on or after 1 January 2023. Earlier application is permitted. At the reporting date of these financial statements, the amendment is still pending approval.

On 22 September 2022, the International Accounting Standards Board (IASB) issued the amendment to IFRS 16 Leases: 'A Lease Liability in a Sale and Leaseback. The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses to measure the lease liability arising from a sale and leaseback transaction to ensure that the seller-lessee does not recognise any amount of gain or loss relating to the right of use it retains. A sale and leaseback transaction involves the transfer of an asset by one entity (the seller-lessee) to another entity (the buyer-lessor) and the leaseback of the same asset by the seller-lessee.
The amendment is intended to improve the requirements for sale and leaseback transactions in IFRS 16. It does not change the accounting for leases unrelated to sale and leaseback transactions.
The amendment applies retroactively to financial years beginning on or after 1 January 2024. Earlier application is permitted.

Note 3.1 - Discretionary Valuations and Significant Accounting Estimates

The preparation of the Company's financial statements requires the directors to make discretionary judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could lead to outcomes that will require a significant adjustment to the carrying value of these assets and/or liabilities in the future. In applying the accounting policies, the directors have made decisions based on the following discretional assessments that have a significant effect on the amounts recognised in the financial statements.

The main assumptions concerning the future and other major causes of measurement uncertainty that, at the balance sheet date, present a material risk of giving rise to significant adjustments to the carrying amounts of assets and liabilities within the next financial year are illustrated below. The Company has based its estimates and assumptions on parameters available at the time the financial statements were prepared. However, current circumstances and assumptions about future events could change due to changes in the market or events beyond the Company's control. Such changes are reflected in the assumptions when they occur.

Impairment of Assets (Impairment Test)

At each balance sheet date, the Company assesses whether there are any indicators of impairment of Intangible Assets, Right of Use, Property, Plant and Equipment, Equity Investments and other non-current assets. If such indicators emerge, an impairment test is conducted.

If the carrying amount (book value) of assets exceeds their recoverable amount, they are written down to reflect the latter. Recoverable amount is determined as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use, and is determined for each individual asset, except when that asset generates cash flows that are largely independent of those generated by other assets or groups of assets, in which case the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In determining value in use, the Company discounts estimated future cash flows to present value, using a pre-tax discount rate that reflects market assessments of the time value of money and the specific risks of the asset.

For the purposes of estimating value in use, future cash flows are derived from the business plans approved by the Board of Directors, which constitute the Company's best estimate of the economic conditions expected over the plan period. The plan projections normally cover a time period of three financial years; the long-term growth rate used to estimate the terminal value of the asset or unit is normally lower than the average long-term growth rate of the relevant sector, country or market. Future cash flows are estimated with reference to current conditions: the estimates therefore do not consider either the benefits of future restructuring to which the Company is not yet committed or future investments in improving or optimising the asset or unit.

If the carrying amount of an asset or cash-generating unit is greater than its recoverable amount, that asset has suffered an impairment loss and is written down to its recoverable amount accordingly.

Liabilities for Employee Benefits (Severance Pay - 'TFR')

The valuation of Staff Severance Provision for the Company is carried out using actuarial valuations. Actuarial valuations require assumptions to be made about discount rates, future salary increases (for the Termination Indemnity only), turnover and mortality rates. Due to the long-term nature of these plans, these estimates are subject to a significant degree of uncertainty.

Fair value of financial instruments

When the fair value of a financial asset or financial liability recognised in the statement of financial position cannot be measured by reference to prices in an active market, fair value is determined using various valuation techniques, including the discounted cash flow model. The inputs into this model are taken from observable markets where possible, but where this is not possible, some degree of estimation is required to define fair values. The estimates include considerations of variables such as liquidity risk, credit risk and volatility. Changes in assumptions about these elements could have an impact on the fair value of the financial instrument recognised.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases, and tax loss carryforwards, to the extent that it is probable that there will be adequate future taxable profits against which such losses can be utilised. A discretionary assessment is required of the directors to determine the amount of deferred tax assets that may be recognised that depends on an estimate of the probable timing and amount of future taxable profits.

Lease - Estimating the Marginal Financing Rate

The Company cannot easily determine the implicit interest rate of the lease and therefore uses the marginal borrowing rate to measure the lease liability. The marginal borrowing rate is the interest rate the lessee would have to pay for a loan, with a similar term and with similar collateral, required to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The marginal borrowing rate therefore reflects what the group would have to pay, and this requires estimation when observable data do not exist (as in the case of investees that are not direct counterparties to financial transactions) or when rates need to be adjusted to reflect the terms and conditions of the lease (for example, when the leases are not in the functional currency of the investee). The Company estimates the marginal borrowing rate using observable data (such as market interest rates) if available, and making specific considerations about the terms and conditions of the investee (such as the creditworthiness of the investee alone).

Lease - Identifying the duration of leases

The Company shall determine the lease term as the non-cancellable period of the lease to which shall be added both the periods covered by the lease extension option where there is a reasonable certainty of exercising that option and the periods covered by the lease termination option where there is a reasonable certainty of not exercising that option

The Company has the option, for certain of its leases, to extend the lease or to terminate the lease early. The Company applies its judgment in assessing whether there is a reasonable certainty of exercising the renewal options. That said, the Company considers all factors noted that may result in an economic incentive to exercise the renewal options or to terminate the lease. After the effective date, the Company revises its estimates of the lease term in the event of a significant event or significant change in circumstances within its control that may affect the ability to exercise (or not exercise) the renewal or early termination option (e.g. investment in leasehold improvements or significant specific changes to the leased asset).

Recoverability of Holdings

At least annually, the Company assesses the presence of indicators of impairment of each equity investment, consistent with its strategy of managing legal entities within the company, and subjects these assets to an impairment test if they arise.

The processes and methods for measuring and determining the recoverable amount of each equity investment are based on assumptions involving the directors' judgement, particularly with reference to the identification of impairment indicators, the forecast of their future profitability for the period of the companies' business plan, the determination of normalised cash flows underlying the estimate of terminal value, and the determination of growth and discount rates applied to the forecast of future cash flows.

Depreciation period for tangible and intangible fixed assets

The depreciation of assets with a finite useful life of tangible and intangible fixed assets requires a discretionary assessment by the directors, which is reviewed at each balance sheet date in order to verify that the amounts recorded are representative.

Value Adjustments on Receivables

Loan impairment losses represent management's best possible estimate, based on information available at the date of preparation of the financial statements. Estimates and assumptions are made by the directors with the support of company departments and, when appropriate, independent specialists and are reviewed periodically.

The Company applies the simplified approach and records expected losses on all trade receivables on a residual life basis, establishing a criterion for the allocation based on the Company's historical experience with credit losses, adjusted also to take into account specific forecast factors related to creditors and the economic environment. The amount of expected losses is sensitive to changes in circumstances and expected economic conditions.

Note No. 4 - Operational Sectors: Disclosure

For the purposes of IFRS 8 'Operating segments', the Company's business can be identified in two macro operating segments, namely 'Retail' and 'Infrastructure'. Below is an example of a reclassified income statement up to "EBITDA" as of 31 December 2022 and 31 December 2021, divided between these operating segments.

in euro	**Retail (including Wholesale)**	**Infrastructure (including Project Bari and Materials)**	**Total as at 31 December 2022**
Revenues from customers	31.475.881	18.955.021	50.430.902
Other income	917.474	0	917.474
TOTAL REVENUES	**32.393.355**	**18.955.021**	**51.348.376**
Costs for raw materials and consumables	5.704.227	2.208.167	7.912.394

Costs for services	8.422.779	13.784.209	22.206.988
Other operating costs	297.821	562.073	859.894
Value Adjustments on Assets and Other Provisions	97.982	0	97.982
TOTAL PRODUCTION COSTS	**14.522.808**	**16.554.449**	**31.077.257**
ADDED VALUE	**17.870.547**	**2.400.572**	**20.271.119**
Personnel costs	2.698.956	1.332.527	4.031.483
EBITDA	**15.171.591**	**1.068.045**	**16.239.636**

in euro	**Retail (including Wholesale)**	**Infrastructure (including Project Bari and Materials)**	**Total as at 31 December 2021**
Revenues from customers	28.161.069	8.136.114	36.297.183
Other income	704.356	0	704.356
TOTAL REVENUES	**28.865.425**	**8.136.114**	**37.001.539**
Costs for raw materials and consumables	5.113.204	2.498.953	7.612.157
Costs for services	7.276.632	3.760.934	11.037.566
Other operating costs	486.999	194.538	681.537
Value Adjustments on Assets and Other Provisions	206.881	0	206.881
TOTAL PRODUCTION COSTS	**13.083.716**	**6.454.425**	**19.538.141**
ADDED VALUE	**15.781.709**	**1.681.689**	**17.463.398**
Personnel costs	2.733.713	637.544	3.371.257
EBITDA	**13.047.995**	**1.044.145**	**14.092.141**

PART B - INFORMATION ON THE BALANCE SHEET

ACTIVE

Non-current Assets

Note No. 5 Other Intangible Assets

A breakdown of investments in other intangible assets is shown below.

	31/12/2022	31/12/2021	Variation
Development Expenses	109.799	215.166	-105.367
Industrial Patent Rights	615	1.024	-408
Concessions, licences, trade marks and similar rights	0	79.552	-79.552
User licences	200.754	164.108	36.646
Grid connection contributions	104.010	152.762	-48.752
Intangible fixed assets in progress	6.000	18.103	-12.103
Total	**421.178**	**630.715**	**-209.537**

Changes in intangible assets during the year compared to the year ended 31 December 2021 are shown in the table below.

	Development Expenses	Industrial Patent Rights	Concessions, licences, trade marks and similar rights	User licences	Grid connection contributions	Immobil. in progress	Total
Net value as at 31 December 2021	**215.166**	**1.024**	**79.552**	**164.108**	**152.762**	**18.103**	**630.715**
Period increase				246.792	36.397		283.189
Decreases for the period						-12.103	-12.103
Depreciation	-105.367	-408	-79.552	-210.147	-85.149		-480.623
Net value as at 31 December 2022	**109.799**	**616**	**0**	**200.753**	**104.010**	**6.000**	**421.178**

Intangible fixed assets mainly refer to the following intangible assets such as:

- development expenses, which refer to the capitalisation of costs incurred for participation in development projects during the previous year that will generate future economic benefits. The projects in question are called Elegant and Fragile;
- user licences purchased, which during the year led to capitalisation in the amount of €246,792, as part of the development of corporate software systems;

- network set-up and connection contributions requested by other network operators, which amounted to €36,397 during the year.

During the year, no indicators of possible impairment emerged with regard to other intangible assets.

Note No. 6 Assets for rights of use

This item is made up as follows:

	31/12/2022	31/12/2021	Variation
Rights of Use Fibre I.R.U. (Fibre Project)	5.542.943	5.053.991	488.952
Rights of use of real estate	4.775.116	4.775.116	0
Machinery usage rights	315.528	315.528	0
Rights of Use for Cars	343.649	528.033	-184.384
Provision for depreciation of real estate use rights	-1.479.317	-1.025.418	-453.898
Provision for machinery usage rights	-144.680	-98.363	-46.317
Provision for car usage rights	-64.210	-232.163	167.953
Total	**9.289.031**	**9.316.724**	**-27.693**

Changes in usage rights during the current year are shown in the table below:

	Rights of Use Fibre I.R.U. (Fibre Project)	Rights of use of real estate	Machinery usage rights	Rights of Use for Cars	Total
Net value as at 31 December 2021	**5.053.991**	**3.749.698**	**217.165**	**295.870**	**9.316.724**
Period increase	1.047.433			182.371	1.229.804
Decreases for the period				-74.043	-74.043
Depreciation	-558.481	-453.898	-46.317	-124.758	-1.183.454
Net value as at 31 December 2022	**5.542.943**	**3.295.799**	**170.849**	**279.439**	**9.289.030**

Capital expenditures made by the company during the year amounted to €1,229,804 and are attributable to costs incurred for the acquisition of the right to use the fibre optic network for €1,047,433 and the right to use motor vehicles for €182,371, both recorded pursuant to IFRS 16. The latter relate to no. 17 new car leasing contracts entered into with two leading long-term rental companies and classified as leases under IFRS 16. It should also be noted that the company, during the current year, redeemed some cars with subsequent disposal, as part of an internal reorganisation of its company car fleet. This transaction led to a decrease in the rights of use of company cars in the amount of €74,043.

With respect to contracts that the company has treated as leases under IFRS 16, the marginal lending rate considered is the rate the lessee would have to pay for a loan, with similar term and security, required to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The marginal financing rate used for the registration of rights of use on buildings and cars is 1.50%. The marginal financing rate used for the recognition of rights of use for machinery is 1.3%, and corresponds to what is stipulated in the contracts.
During the year, the company redetermined the financing rate based on the current market trend, which is around 4%. However, no adjustment was made to the book values of the leasing contracts outstanding at 31 December 2022, as the effects of this rate change are insignificant.

Note No. 7 Property, Plant and Equipment
These amounted to €38,953,533 as at 31 December 2022 (€33,067,047 as at 31 December 2021), a net increase of €5,886,486.

	31/12/2022	31/12/2021	Variation
Plant and machinery	37.789.326	31.514.208	6.275.118
Industrial and commercial equipment	478.770	475.192	3.579
Other Assets	685.436	522.101	163.335
Assets under construction	0	555.546	-555.546
Total	**38.953.533**	**33.067.047**	**5.886.486**

Changes during the year are shown in the table below:

	Plant and machinery	Industrial and commercial equipment	Other Assets	Assets under construction	Total
Net value as at 31 December 2021	**31.514.208**	**475.192**	**522.101**	**555.546**	**33.067.047**
Period increase	9.467.659	209.353	617.994		**10.295.006**
Decreases for the period				-555.546	**-555.546**
Depreciation	-3.192.541	-205.775	-454.659		**-3.852.974**

Net value as at 31 December 2022	**37.789.326**	**478.770**	**685.437**	**0**	**38.953.533**

The item 'Plant and Machinery', as shown in the table, increased by €9,467,659 (gross of the depreciation charge for the year, equal to €3,192,541), mainly due to the following capitalisations:

- Euro 7,310,121 for investments in fibre optic network infrastructure resulting from the processing of Unidata's 'Systems' suppliers, not subject to any transfer in IRU to other telecommunications operators;
- Euro 1,624,265 by way of capitalisation of personnel costs and taxes for the occupation of public land (TOSAP) directly referable to the investments mentioned in the previous point.

The item 'Industrial and commercial equipment', against a depreciation charge for the period of €205,775, increased by €209,353 due to capitalisation, mainly of equipment for internet data transmission.
The item "Other Assets", amounting to €685,437 as of 31 December 2022, increased by €617,994, mainly due to the capitalisation of assets granted on loan for use to customers in the amount of €536,312, and decreased due to the depreciation charge for the year in the amount of €454,659.
During the year, no indicators of possible impairment emerged with regard to tangible assets.

Note No. 8 - Equity Investments

The item "Equity investments", amounting to €3,481,548 as of 31 December 2022, is broken down as shown in the table below.

	31/12/2022	31/12/2021	Variation
Unifiber SpA	3.414.882	1.147.074	2.267.808
Unitirreno Submarine Network SpA	16.666	0	16.666
Unitirreno Holding SpA	50.000	0	50.000
Total	**3.481.548**	**1.147.074**	**2.334.474**

A comparison between the value of the investments and their respective net worth is also shown below.

	Type of participation	Book value	% of participation	Shareholders' equity investee	Share of net assets
Unifiber SpA	Jointly controlled	3.414.882	30,01%	14.428.328	3.414.882
Unitirreno Submarine Network SpA	Linked	16.666	33,33%	50.000	16.666
Unitirreno Holding SpA	Checked	50.000	100,00%	50.000	50.000
Total		**3.481.548**		**14.528.328**	**3.481.548**

With reference to Unifiber SpA, it should be noted that the Shareholders' Equity shown is that prepared in accordance with IAS/IFRS, while the Shareholders' Equity resulting from the financial statements of the investee company prepared in accordance with the OIC Accounting Principles (and subject to the approval of the Shareholders' Meeting of Unifiber) is equal to 13,476,482 euros. The share of shareholders' equity shown in the table above was calculated by applying the 30% share to the share capital, while the share of capital contributions paid by Unidata to Unifiber is about 19%, according to the agreements signed between the shareholders of the investee.

As mentioned, Unifiber SpA is owned by Unidata with a 30% share. The other shareholder of Unifiber S.p.A., with a 70% shareholding, is the Connecting Europe Braodband Fund (CEBF), in turn participated by Cassa Depositi e Prestiti (Italy), Caisse des Depots (France), KFW (Germany), European Investments Bank, European Commission and other private investors.
Pursuant to IFRS 12, Unifiber S.p.A. is a jointly controlled equity investment with CEBF, consequently, the equity method was applied as of 31 December 2022, which resulted in a positive change in the value of the equity investment of €261,492. Against this change, the following was recognised:

- a positive income component, in favour of Unidata, amounting to €261,702, classified as financial income (and corresponding to Unifiber's IFRS economic result as of 31 December 2022, limited to the 30% shareholding);
- a negative change in Unidata's statement of comprehensive income in the amount of Euro 210, due to the application in Unifiber of IAS 19 in the investee company's employee benefit liabilities.

Furthermore, it should be noted that, during the year, the company made capital contributions to Unifiber in the amount of €2,006,313, consistent with the agreements with the shareholder CEBF and the development of the investee's business.

As for the other two equity investments, which will come on stream in 2022, they are part of the submarine cable construction project, extensively described in the Report on Operations, to which we refer. These are Unitirreno Holding (a wholly-owned subsidiary) and Unitirreno Submarine Network (a 33%-owned associate). Both companies were established in December 2022 and will begin operations in 2023. The book value of the two participations corresponds to the contributions made by Unidata in the share capital of the companies.

Note no. 9 - Other non-current financial assets

Other non-current financial assets amounted to €4,413,476 as at 31 December 2022 (€1,256,240 as at 31 December 2021).
The changes during the year are shown in the table below:

	31/12/2022	31/12/2021	Variation
RomaWireless Consortium membership fee	7.500	7.500	0
Voipex Consortium membership fee	2.950	2.950	0
ICT Consortium membership fee	0	0	0
Digital World Foundation membership fee	51.646	51.646	0

Digital Regions Consortium membership fee	1.500	1.500	0
Membership fee Kleos S.c.a.r.l.	0	0	0
Roma Technopole Foundation membership fee	30.000		30.000
Security Deposits	66.465	11.715	54.750
Fixed-term account Intesa SanPaolo Spa	58.944	58.944	0
Deposit for TWT Group purchase	2.846.667		2.846.667
Receivables from derivative financial assets	293.201	5.890	287.312
Financial receivables for non-current leases	1.054.604	1.116.096	-61.493
Total	**4.413.476**	**1.256.240**	**3.157.236**

The increase during the year is mainly due to the deposit paid by the company for the acquisition of the TWT Group, fully described in the section 'Subsequent Events', for €2,846,667.

This item also includes non-current financial receivables on sublease agreements measured as leases in accordance with IFRS 16. With reference to the change in these receivables (-€61,493 compared with the previous year), it is mainly due to the repayment of principal amounts on the relevant contracts. The amount of the receivables in question represents the sum of the principal amounts of the sublease instalments due beyond 12 months. The value of non-current leasing receivables due over 5 years amounts to €867,332.

It should also be noted that the effect of discounting the value of security deposits, as well as that of the term current account held with Intesa SanPaolo S.p.A., is not significant for the purposes of recognition at year-end.

With reference to the membership fees representing shareholdings in other companies and consortia, a further breakdown is given below, with accounting data referring to the latest available financial statements:

	Share Capital	Shareholders' Equity	Profit (Loss) Last exercise	Book value
Digital World Foundation Via Umbria 7 - Rome	2.181.603	2.462.766	25.408	51.646
Roma Technopole Foundation Piazzale Aldo Moro 5 - Rome	375.000	375.000	-	30.000
Consorzio KLEOS a r.l. Piazza della Repubblica 1- Milan	30.000	146.567	-5.360	0
Consortium for the Audiovisual and ICT District Via Noale 206 - Rome	85.822	78.682	-7.503	0
Digital Regions Consortium	19.500	67.552	-5.543	1.500

Viale A.G.Eiffel 100 - Rome					
Romawireless consortium in liq.					
Via S.Martino della Battaglia 31 - Rome	41.250	47.192		8.028	7.500
Voipex Consortium Viale A.G.Eiffel 100 - Rome	36.300	47.470		-868	2.950
			Total		**93.596**

With regard to derivative assets, the company uses these financial instruments to hedge interest rate fluctuations. These derivative financial instruments are initially recognised at fair value on the date they are entered into and subsequently this fair value is periodically remeasured.

Interest rate derivatives are 'Over The Counter' (OTC) instruments, i.e. traded bilaterally with market counterparties, and the determination of their current value is based on valuation techniques that use market-observable input parameters (such as rate curves) (level 2 of the fair value hierarchy under IFRS 7).

With reference to the financial instruments existing as at 31 December 2022, the following is reported:

- all financial instruments measured at fair value fall into Level 2 (identical situation in 2021);
- During 2021 and 2022, there are no transfers from level 1 to level 2 and vice versa;
- During 2021 and 2022, there are no transfers from level 3 to other levels and vice versa.

In order to reduce the risks of adverse changes in interest rates, derivative contracts were entered into for hedging purposes (IRS, Floor).

The derivative contracts entered into are correlated with the liabilities related to the financing contracts entered into (see specific paragraph on Liabilities). There is a high degree of correlation between the technical/financial characteristics of the hedged liabilities and those of the hedging contract, and there is also an intent to implement the hedge. Transactions in derivative financial instruments are accounted for in a manner consistent with the principal transactions against which they are entered into, or at market in applicable cases. It should be noted that, in accordance with IAS 39, the company carried out the hedge effectiveness test as at 31 December 2022, in an analytical manner for each derivative, noting perfect hedge effectiveness.

In this regard, the company recognised derivative financial instruments in the financial statements by applying the accounting prescribed by IAS 39 for *hedge* accounting. In particular, the effect recognised in equity reserves was positive and amounted to €219,571, net of deferred taxation. As reported in the note on Financial Expense and Financial Income, during the year the company paid negative differentials on derivative financial instruments in the amount of €11,814, and received positive differentials on the same instruments in the amount of €13,178.

Assets and liabilities for derivative financial instruments changed as follows during the year:

	31/12/2022	31/12/2021	Variation
Assets for derivative instruments hedging interest rate risk	293.201	5.890	287.312

Liabilities for derivative instruments hedging interest rate risk	0	-1.598	1.598
Net balance of derivative instruments hedging interest rate risk	**293.201**	**4.292**	**288.910**

It should be noted that the liability item for derivative instruments, amounting to €1,598 as of 31 December 2021, classified within the item 'Derivative financial instruments payable', was reduced to zero during the year as there were no derivative instruments with a negative *fair value.*

Derivative transactions in *Interest Swap Rate* (IRS) and *Interest Rate Floor* contracts outstanding at 31 December 2022 have the following characteristics and *fair values*:

	Intesa Sanpaolo contract no. 36863860	Intesa Sanpaolo contract no. 27817405	BNP Paribas Contract Nos. 25939660 and 25939666
Financing	0IR1010534135	0IC1048457472	GEFI6163629
Derivative type	IRS	IRS	IRS + FLOOR
Purpose	Coverage	Coverage	Coverage
Notional value (31/12/22)	3.150.000	111.111	9.917.670
Financial risk	Interest risk	Interest risk	Interest risk
Mark to market	192.692	990	99.519
Effective date	30/09/2020	10/10/2018	22/07/2021
Deadline	30/09/2026	28/09/2023	22/07/2027

Note no. 10 - Other non-current receivables and assets

This item amounted to €12,796 as of 31 December 2022 and did not change from 31 December 2021. It is composed of:

- Tax credits for research and development activities amounting to €10,780;
- Tax receivables, relating to a refund request submitted to the Inland Revenue Office, concerning IRPEF and IRES taxes, for the non-deduction of IRAP relating to employee and assimilated personnel expenses, for €2,016.

Note No. 11 - Deferred Tax Assets and Liabilities

The composition of deferred tax assets and liabilities as at 31 December 2022, compared with the situation as at 31 December 2021, is shown below:

	31/12/2022	31/12/2021
Deferred Tax Assets	262.273	272.479
Total	**262.273**	**272.479**
Deferred tax liabilities	-81.009	-9.212

Total	**-81.009**	**-9.212**
Net total	**181.264**	**263.267**

Deferred tax assets represent the amount of income taxes recoverable in future years related to deductible temporary differences.

Deferred tax assets are calculated by applying the tax rates in force in the year in which the temporary differences will reverse, as provided for by the tax regulations in force at the balance sheet date.

Deferred tax assets are recognised in the balance sheet only if there is reasonable certainty of their recovery. With regard to deferred tax assets, amounting to Euro 262,273 as of 31 December 2022, it is believed that they can be largely recovered through future positive economic results.

The table below shows the total changes in deferred tax assets and deferred tax liabilities for the years ended 31 December 2022 and 31 December 2021:

	31/12/2022	31/12/2021
Net balance at the beginning of the year	**263.267**	**-1.582.215**
Credit/debit to profit and loss account	-11.748	1.864.912
Credit/debit to equity	-70.255	-19.430
Net balance at year-end	**181.264**	**263.267**

Net deferred tax assets and liabilities as at 31 December 2022 were positive at a net value of €181,264, compared to a net value of €263,267 in the previous year.

The following table shows the composition of deferred tax assets and deferred tax liabilities as of 31 December 2022, with evidence of the effect of the change in deferred taxation on the income statement and shareholders' equity (i.e. in the statement of comprehensive income).

	Statement of financial position		Statement of Comprehensive Income		Profit and Loss Account	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Reassessment of cost IFRS 1						-1.838.773
IFRS 16 Leases	-9.556	-2.684			6.872	16.738
IAS 19 TERMINATION BENEFITS	76.886	70.153	-6.733	-5.811		7.662
Listing Costs IAS 32	15.301	22.951	7.650	14.079		
Derivative Instruments	-70.368	-1.030	69.338	11.162		
Provision for bad debts	114.717	119.593			4.876	-27.285
Inventory write-down provision	54.284	54.284				-24.000
Other movements						746

Total	**181.264**	**263.267**	**70.255**	**19.430**	**11.748**	**-1.864.912**

All in all, the change in deferred taxation as at 31 December 2022 resulted in a tax cost of Euro 11,748 and a positive component in the statement of comprehensive income of Euro 70,255.

Current Assets

Note No. 12 - Inventories

Inventories at year-end represent assets related to the installation, maintenance and sale of telecommunications equipment, and are stated net of an inventory write-down provision of €226,182 in order to adjust the cost of inventories to their estimated realisable value on the market. Inventories as of 31 December 2022 are broken down as follows:

	31/12/2022	31/12/2021	Variation
Gross stock value	4.376.708	2.296.771	2.079.937
Provision for depreciation	-226.182	-226.182	0
Raw, ancillary and consumable materials	**4.150.526**	**2.070.589**	**2.079.937**

The increase in the gross value of inventory, which consists entirely of raw materials, is due to the increase in the company's operations of the construction of the network infrastructure, which led to a greater need for raw materials and a consequent increase in inventory.

Note No. 13 - Trade Receivables

The billing, collection and credit policies used by the company remained unchanged from previous years. All of the Company's trade receivables are due within 12 months.

Trade receivables amounted to €23,221,515 (€18,362,633 as of 31 December 2021) and are broken down as follows:

	31/12/2022	31/12/2021	Variation
Customers for invoices issued	23.955.602	18.607.909	5.347.694
Customers for invoices to be issued	77.366	465.000	-387.634
Credit notes to be issued	-62.757	-9.919	-52.837
Provision for bad debt risk	-748.697	-700.356	-48.341
Total Receivables net of Fund Write-down of receivables	**23.221.515**	**18.362.633**	**4.858.881**

Changes in the provision for bad debts as at 31 December 2022 are detailed in the table below:

	Provision for Bad Debts
Balance as at 31/12/2021	**-700.356**
Utilisations for the year	49.641
Provisions for the year	-97.982
Balance as at 31/12/2022	**-748.697**

The allowance for doubtful accounts represents management's best possible estimate, based on the information available at the date the financial statements were prepared. Estimates and assumptions are made by the directors with the support of the corporate function in accordance with IFRS 9.

Impairment on trade receivables is performed using the simplified approach permitted by the standard. This approach involves estimating the expected loss throughout the life of the receivable at initial recognition and in subsequent valuations. For each customer segment, the estimate is mainly made through the determination of the average expected uncollectability, based on historical-statistical indicators, possibly adjusted using prospective elements. For certain categories of loans characterised by peculiar risk elements, on the other hand, specific assessments are carried out on individual credit positions.

It should be noted, however, that trade receivable positions, for which legal action is being taken by the company to recover the receivable, have been assessed analytically for the purpose of estimating the allowance for doubtful accounts.

Below is a statement of receivables (for invoices issued) past due and overdue

	31/12/2022	31/12/2021
Overdue trade receivables from:		
More than 120 days	1.456.258	1.409.686
91 to 120 days	535.723	346.224
61 to 90 days	282.478	478.949
31 to 60 days	422.542	1.069.516
Up to 30 days	1.121.327	987.243
Total overdue receivables	**3.818.328**	**4.291.619**
Trade receivables due:		
In 30 days	6.812.564	4.897.909
31 to 60 days	12.404.561	8.330.133
61 to 90 days	409.799	512.733
91 to 120 days	460.452	544.954
More than 120 days	49.899	30.560
Total receivables overdue	**20.137.275**	**14.316.289**
Total trade receivables (for invoices issued)	**23.955.602**	**18.607.909**

Note No. 14 - Tax Credits

This item amounted to €2,616,141 as of 31 December 2022 (€1,576,677 as of 31 December 2021) and consisted of IRAP tax payments on account for €451,902 and IRES tax payments on account for €2,164,239 paid during the year. The increase from the previous year is due to these payments, net of the utilisation of advances paid in 2021 in the 2022 tax return.

Note No. 15 - Other Current Financial Assets

This item is made up as follows:

	31/12/2022	31/12/2021	Variation
Financial receivables for current leases	61.493	60.568	925
Securities for sureties	133.635	134.638	-1.003
Total	**195.128**	**195.206**	**-78**

Other current financial assets amounted to €195,128 at 31 December 2022 (€195,206 at 31 December 2021) and consisted of:

- subscription quotas to the Intesa Sanpaolo management liquidity fund in the amount of €133,635, used as collateral for the issuance of Unidata's guarantees to TIM SpA;
- financial receivables for leases due within 12 months in the amount of €61,493, consisting of principal amounts related to three sublease agreements measured in accordance with IFRS 16. Please refer to that described above in Note 9 "Non-current Financial Assets".

With regard to financial receivables for leasing, which represent future principal amounts, a summary detail is provided below, which also includes the future interest amounts that will be collected by the Company, by due date.

	Capital shares	Future interest shares	Total future instalments
Financial receivables leasing within 12 months	61.493	16.457	**77.950**
Financial receivables leasing over 12 months	1.054.604	124.528	**1.179.132**
Financial receivables leasing over 5 years	799.148	68.184	**867.332**

Note No. 16 - Other Current Receivables and Assets

Other current receivables and assets amounted to €2,031,494, substantially in line with the balance of the previous year.

The table below shows the changes since 31 December 2021:

	31/12/2022	31/12/2021	Variation
Inland Revenue v VAT	1.243.195	711.492	531.703
Credit for Research and Development Activities	29.838	29.838	0
Tax credit D.L. 66/14	2.726	2.835	-109
Credit to INAIL	5.208	1.619	3.590
Other tax credits	10.794	4.759	6.035
Credit for advance payments to suppliers	320.131	905.518	-585.387
Receivables from employees	35.389	11.293	24.096
Receivables from Infratel for vouchers	29.183	0	29.183
Sundry receivables	245	0	245
Security Deposits	4.550	47.300	-42.750

Advances on activities not yet completed	0	0	0
Insurance prepayments	19.372	30.238	-10.866
Prepaid fees and concessions	1.574	4.081	-2.506
Prepaid expenses network maintenance	112.227	113.486	-1.258
Sundry prepaid expenses	217.061	174.833	42.227
Total	**2.031.494**	**2.037.291**	**-5.797**

The main changes from the previous year are discussed below:

- the VAT credit increased by €531,703 as a result of VAT on suppliers' invoices due to the greater volume of work carried out in connection with the construction of the network infrastructure. This led to an increase in overall volumes also with reference to VAT on purchases. The credit only refers to the financial year 2022;
- Receivables for advance payments to suppliers decreased by €585,387, due to the utilisation of advance payments made by the company last year to its suppliers, as part of the work to be carried out in 2022 in connection with the construction of the grid infrastructure. The amount recognised in the financial statements corresponds to advance payments for the year 2022 only.

Note No. 17 - Cash and cash equivalents

	31/12/2022	31/12/2021	Variation
Bank and postal deposits	12.514.701	8.267.441	4.247.261
Cash and valuables on hand	1.838	1.765	73
Total	**12.516.539**	**8.269.206**	**4.247.333**

Bank balances are valued at their nominal value and consist of cash on ordinary current accounts with various credit institutions with which the company has dealings.

The amounts shown can be readily converted into cash and are subject to an insignificant risk of change in value. The company considers that the credit risk related to cash and cash equivalents is limited because they are mainly fractional deposits with domestic banking institutions

This item is also subject to the general impairment rule, and the '*loss rate approach*' was used. However, in view of the fact that these are on-demand accounts, the expected losses over twelve months and the expected useful life coincide and are not significant.

Please refer to the cash flow statement for more details on the sources and uses of cash and cash equivalents.

LIABILITY

Note No. 18 - Equity

For changes in the composition of shareholders' equity as at 31 December 2022 and 31 December 2021, please refer to the Statement of Changes in Shareholders' Equity, which is an integral part of these financial statements.

That being said, the main changes in the year relating to net assets are as follows:

- the profit earned in the previous year amounting to €7,843,688 was allocated as per the resolution of the Ordinary Shareholders' Meeting on 28 April 2022:
  - to increase the legal reserve by €47,738;
  - Euro 7,549,486 in retained earnings;
  - dividends in the amount of EUR 246,465.
- purchase of treasury shares for Euro 802,727, recognised directly in an unavailable reserve, as a deduction from shareholders' equity, in accordance with IAS 32;
- share capital increase related to the exercise of warrants in the amount of €73,543 and simultaneous increase in the share premium reserve in the amount of €1,169,333;
- achievement of profit for the year in the amount of Euro 7,504,220.

As regards other changes in shareholders' equity, mainly relating to the effects of cash flow hedges on hedging derivatives and the adjustment of the provision for termination indemnities in accordance with IAS 19, please refer to the Statement of Comprehensive Income.

We set out below the information required by Article 2427, Section I, Number 7 bis of the Civil Code, specifying that neither capital nor reserves were used in the previous three years to cover losses.

	31/12/2022	Possibilities of use
Capital	2.538.185	
Legal Reserve	492.929	B
Reserve for own shares	-1.301.432	
Extraordinary Reserve	57.007	A, B, C
Share premium reserve	6.844.652	A, B, C
Available reserve Law 145/2018	1.520.779	A, B
Reserve for expected cash flows	222.833	B
First Time Adoption (FTA) reserve IAS	5.298.437	B
IAS 19 Employee Benefits Reserve (TFR)	-264.161	
Stock market quotation reserve	-117.424	
Profit (loss) carried forward	14.124.584	A, B, C
Profit/(loss) for the year	7.504.220	B, C

Legend Possible uses A - for capital increase, B - to cover losses, C - for distribution to shareholders

The share premium reserve consists of the excess of the issue price of shares over their nominal value and amounted to €6,844,652 as at 31 December 2022.

The available reserve was established as provided for in Article 1, paragraphs 28 to 34 of Law 145 of 30/12/2018 (so-called "Budget Law 2019") by specific allocation of the profit for the financial year 2018 and amounts to EUR 1,520,779.

The IAS First Time Adoption (FTA) reserve shows a positive value as a result of IFRS adjustments made to items recognised under IFRS. The value amounts to €5,298,437 and is the result of adjustments related to the recognition of expected credit losses and the fair value recognition of the network.

The reserve for employee benefits, established in accordance with IAS 19, shows a negative value of €270,894, as a result of the discounting of the Employee Severance Indemnity Reserve (TFR) net of tax effects.

The stock market listing reserve shows a negative value, net of the tax effect for the quotas not yet deducted, of €117,424 and derives from the application of international accounting standards to the costs of capitalising the company on the AIM market that were previously capitalised.

The following table shows basic and diluted earnings per share as at 31 December 2022, compared to the previous year.

	31/12/2022	31/12/2021	Variation
Basic earnings per share	2,96	3,18	-0,23
Diluted earnings per share	2,84	3,08	-0,25

Non-current liabilities

Note No. 19 - Liabilities for Employee Benefits

The item includes the total value of severance indemnities accrued by personnel in service as of 31 December 2022, in application of current laws and labour contracts, net of advances granted, determined in accordance with Article 2120 of the Italian Civil Code, and the transfer to other Entities for supplementary pension benefits. The liability in question was then adjusted in accordance with IAS 19.

Changes in employee benefits are shown below:

	31/12/2022	31/12/2021	Variation
Present value of the obligation at the beginning of the financial year	1.068.990	1.042.377	26.613
Service Cost	195.339	181.694	13.645
Advances and liquidations	-92.157	-174.355	82.198
Other movements	-76.988	-4.940	-72.048
Actuarial losses / (gains)	195.044	24.214	170.830
Total Liabilities for Employee Benefits	**1.290.228**	**1.068.990**	**221.238**

The technical bases, as required by IAS 19, on which actuarial considerations were made are summarised below:

- demographic hypothesis: the traditional "Table of permanence in the active position" RG48 constructed by the State Accounting Department was used as the basis for assessing survival, with reference to the selected 1948 generation, projected and broken down by gender, supplemented with the additional causes of exit (resignations, advances, which constitute a financial cause of exit, assessable in terms of probability of elimination, and others);
- financial assumptions: these assumptions concern:
    - future annual inflation rates, set equal to the average of the inflation rates that have occurred in Italy in recent years (source: ISTAT);

- future annual revaluation rates of the existing fund and subsequent payments, set, as established by the rules in force, at 75% of the inflation rate + 1.50%, net of statutory taxes;
- the future annual discount rates, in compliance with the express indication by IAS 19 (§ 78) of the use of interest rates correlated to the assumed maturity dates of the various payments. At the valuation date, the rates are to be set to a time-varying extent, adopting the rate curve constructed on the basis of the effective rates of return of Euro-denominated bonds of leading companies rated AA or higher;
- the future rates of real salary increase necessary to obtain, separately for the different employee categories, the future annual rates of nominal salary increase. These values constitute a forecast of the average future career pay development of a generic employee, depending on length of service and in the presence of monetary and contractual stability. On the basis of the information provided and taking into account the consistency of the data available, actual rates can be considered undistinguished by gender and, in the event of a lack of a reliable sample, they are considered constant over time, according to the different contractual classification levels. From the information provided and taking into account the consistency of the information available, it was decided to consider real rates undistinguished by sex and constant over time, according to the following scheme:
  Category Executives: real annual rate 2.60%
  Category Cadres: real annual rate 1.70%
  Employee category: real annual rate 1.40%.

It should also be noted that, in the analysis of the liability, changes in the liability measured in accordance with IAS 19 were assessed in absolute and relative terms assuming a 10% positive or negative change in the revaluation and/or discount rates.

Note No. 20 - Derivative Financial Instruments Liabilities

As described in Note 9 ("Other Non-Current Financial Assets"), the liability for derivative instruments, which amounted to €1,598 as of 31 December 2021, was reduced to zero during the year as there were no derivative instruments with a negative *fair value* as of 31 December 2022.

Note No. 21 - Current and Non-Current Financial Debt

This item is made up as follows

	31/12/2022		31/12/2021	
	Current	Non-Current	Current	Non-Current
Payables to banks for advance invoices	2.891.000		479.766	
Due to banks for loans	1.334.444	3.385.000	1.226.111	4.719.445
Bank debts for Bonds	162.067	9.755.603		
Financial payables for leasing	624.037	4.171.551	681.744	4.707.012
Payables to other lenders	6.939		9.060	
Total financial payables	**5.018.487**	**17.312.154**	**2.396.682**	**9.426.457**

Due to banks

Indebtedness to banks amounted to €17,528,115 (€6,425,322 as of 31 December 2021), an increase of €11,102,793 over the previous year. This increase is mainly due to:

- the issue of a "Basket Bond" with a primary credit institution for €10,000,000, with the purpose of hedging the company's future investments, within the growth and development prospects outlined in the Report on Operations. This bond was recognised at amortised cost and its carrying value as of 31 December 2022 was Euro 9,755,603. The Bond does not include any financial covenants.
- repayment of principal instalments of loans payable in the amount of €1,226,111;
- higher payables for advance invoices in the amount of €2,411,324.

Outstanding loans and the main terms and conditions are summarised in the following table:

Financing	Months	Deadline	Rate	Reference rate	Spreads	Amount financed
Intesa Sanpaolo No. 0IC1048457472	60	28/09/2023	variable	Euribor 3 months	2,40%	500.000
Intesa Sanpaolo No. 0IC1048601256	60	30/11/2023	variable	Euribor 3 months	2,40%	500.000
Intesa Sanpaolo No. 01R1010534135	72	30/09/2026	variable	Euribor 1 month	1,20%	4.200.000
BNP Paribas No. GEFI6163629	60	22/07/2027	variable	Euribor 1 month	0,95%	1.500.000
Elite Intesa Sanpaolo Basket Bond	84	28/07/2029	fixed	3,74%	-	10.000.000

All loans granted were issued without collateral, either real or personal.

The outstanding debt as at 31 December 2022 of each loan is shown in the following table:

Financing	Residual debt	Within 12 months	Over 12 months	Over 5 years
Intesa Sanpaolo No. 0IC1048457472	111.111	111.111		
Intesa Sanpaolo No. 0IC1048601256	83.333	83.333		
Intesa Sanpaolo No. 01R1010534135	3.150.000	840.000	2.310.000	
BNP Paribas No. GEFI6163629	1.375.000	300.000	1.075.000	
Elite Intesa Sanpaolo Basket Bond	9.917.670	108.939	9.808.731	3.132.396
Total	**14.637.114**	**1.443.383**	**13.193.731**	**3.132.396**

Financial payables for leasing

Financial liabilities for leasing refer to the recognition of the residual financial debt in accordance with IFRS 16. The decrease compared to the previous year is mainly due to the repayment of principal due during the year, net of new payables arising from the stipulation of 17 leasing contracts for company cars. It should be noted that the value of non-current leasing payables due beyond five years amounts to €1,962,038.

Payables to other lenders

This item refers to payables to credit card circuits.

Note no. 22 - Other non-current liabilities

This item is made up as follows:

	31/12/2022	31/12/2021	Variation
Debt to the Agenzia delle Entrate Riscossione	2.520	8.556	-6.036
Payables to tax authorities adjustment D.L.66/14	112	0	112
Deferred income I.R.U. fees fibre optics	9.191.445	10.235.537	-1.044.092
Deferred income fibre network maintenance	42.903	53.082	-10.180
Deferred income R&D project contributions	776.692	290.924	485.768
Agents' retirement fund (FISC)	3.511	0	3.511
Payables to tax authorities for substitute tax	0	76.051	-76.051
Payables to affiliated companies	16.956	220.428	-203.472
Total other non-current liabilities	**10.034.139**	**10.884.578**	**-850.439**

Concerning the 'payable to the Inland Revenue' of €2,520 (€8,556 as of 31 December 2021) related to a payment notice, the company is regularly settling the debt through the instalment plan obtained.

With reference to the 'payable to the tax authorities for substitute tax', which amounted to €76,051 as of 31 December 2021, it referred to the last instalment relative to the tax charges to be paid in connection with the realignment, carried out last year, between statutory values and tax values relative to the revaluation of the network carried out in previous years. During the current year, the company paid the second instalment of Euro 76,051, while the third and final instalment, of the same amount, will be paid by the due date of the next tax return, and is therefore classified in the macro item "Other current liabilities".

The item "Due to affiliated companies" in the amount of €16,956 refers to the amount due to affiliated company Unihold Srl for rents and electricity utilities to be paid after 31 December 2023, as per agreements with the affiliated company.

Accrued expenses and deferred income

Deferred income was calculated on an accrual basis by allocating costs and/or revenues common to two or more years. In the entry as well as in the re-examination of deferred income lasting several years, the permanence of the time condition was verified. This item, which totalled €13,034,492 (€13,348,940 as of 31 December 2021), is broken down into current and non-current liabilities as follows:

	31/12/2022		31/12/2021	
	Current	Non-Current	Current	Non-Current
Deferred income customer connectivity contracts	1.688.066		1.468.324	
Deferred income I.R.U. fees fibre optics	1.050.011	9.191.445	1.068.094	10.235.537
Deferred income Fibre Optic Network Maintenance	10.179	42.903	44.573	53.082

Deferred income contributions on R&D projects	275.196	776.692	183.488	290.924
Rental deferred income	0		4.920	
Total	**3.023.452**	**10.011.040**	**2.769.398**	**10.579.543**

For the sake of clarity, it should be noted that this item consists mainly of the following accounting positions:

- deferred income on customer contracts accounted for as a result of advance invoicing of fees pertaining to the following year in the amount of €1,688,066;
- deferred income for I.R.U. rights originated from the sale of rights of use on fibre optics for long-term contracts in the amount of €10,241,456, of which €1,050,011 in other current liabilities, and €9,191,445 in non-current liabilities;
- deferred income for revenues on maintenance services for the fibre optic network granted under long-term lease agreements in the amount of €53,082, of which €10,179 in other current liabilities and €42,903 in non-current liabilities;
- deferred income for capital grants received for research and development projects in the amount of €1,051,888, of which €275,196 in other current liabilities and €776,692 in non-current liabilities.

Current liabilities

Note No. 23 - Trade Payables

This item concerns payables to suppliers of a commercial nature, which arose in connection with the performance of core business activities. As of 31 December 2022, the exposure amounted to €15,717,396 (€15,485,762 as of 31 December 2021) and is broken down in the table below:

	31/12/2022	31/12/2021	Variation
Suppliers for invoices received	10.606.360	9.657.441	948.919
Suppliers for invoices to be received	5.248.649	5.828.981	-580.333
Credit notes to be received	-137.613	-660	-136.953
Total	**15.717.396**	**15.485.762**	**231.633**

The composition of the balance of trade payables largely includes payables to Systems suppliers in connection with the construction of the fibre-optic network infrastructure.

During the year under review, there were no significant changes to the purchasing and payment policies agreed with suppliers. The following table shows the geographical breakdown of payables to suppliers, pursuant to Article 2427, paragraph 6 of the Italian Civil Code:

	Italy	Other EU countries	More	Total
Suppliers for invoices received	10.561.541	20.359	24.460	**10.606.360**
Suppliers for invoices to be received	5.248.649	0	0	**5.248.649**
Credit notes to be received	-137.613	0	0	**-137.613**
Total	**15.672.577**	**20.359**	**24.460**	**15.717.396**

Note no. 24 - Tax payables

They amounted to Euro 3,137,985 of which Euro 2,619,236 for IRES and Euro 518,749 for IRAP.

Note no. 25 - Other current liabilities

This item breaks down as follows:

	31/12/2022	31/12/2021	Variation
Withholding of employee income	104.644	103.851	793
Withholding of self-employment income	20.184	15.549	4.635
Debt to Inland Revenue Collection Agency	6.036	6.018	18
Payables to I.N.P.S.	190.312	165.299	25.013
Payables to I.N.A.I.L.	3.132	4.903	-1.770
Due to Supplementary Pension Funds	11.498	9.849	1.649
- Comet Fund	*7.725*	*7.913*	*-188*
- Alleata Pension Fund	*757*	*599*	*158*
- Zurich Life Investments Fund	*97*	*715*	*-619*
- Allianz Pension Fund	*550*	*622*	*-72*
- Fideuram Vita Fund	*1.380*		*1380*
- Future Generation Fund	*990*		*990*
Payable to the Metasalute Fund	1.222	1.079	143
Payables to Enasarco Fund	6.442	2.965	3.477
Provision for accrued and untaken leave	481.611	393.755	87.856
Provision for contributions on accrued and unused holidays and leave	137.177	113.493	23.683
Payables to tax authorities for substitute tax	76.051	76.051	0
Additional monthly accruals	5.462	5.462	0
Sundry payables	48.063	157.470	-109.408
Customers with contractual advances	6.870.508	2.861.255	4.009.252
Payables to affiliated companies	727.834	312.378	415.456
Payables for withholding taxes	339.543	296.633	42.911
Sundry deferred income	0	4.920	-4.920
Internet contract deferrals	1.688.066	1.468.324	219.743
Deferred income Royalties I.R.U. fibre optics	1.050.011	1.068.094	-18.083
Deferred income maintenance man fibre optic network	10.179	44.573	-34.393
Deferred income contributions on R&D projects	275.196	183.488	91.708
Total Other Current Liabilities	**12.053.171**	**7.295.408**	**4.757.762**

The change in the item "Other current liabilities" compared to the previous year (+Euro 4,757,704) is mainly due to the increase in the item "Contractual advances from customers" (+Euro 4,009,252 compared to 31 December 2021). This item, equal to €6,870,508 as of 31 December 2022, refers to contractual advances obtained from customers in connection with the construction of the fibre optic network infrastructure. These advances will be reversed into revenues in subsequent periods based on the progress of works at the respective sites.

Payables to INPS, amounting to €190,312, were duly paid on their natural due date in the following months. There are no payables payable beyond the following year.

The item "Due to affiliated companies" in the amount of €727,834 includes the amount due to affiliated company Unihold Srl for rents and electricity utilities to be paid by 31 December 2023, as per agreements with the affiliated company.

Liabilities not shown on the balance sheet

Following the repeal of paragraph 3 of Art. 2424 of the Civil Code, information on memorandum accounts is provided in the Notes to the Financial Statements without evidence of the same in the Balance Sheet and without the related accounting entries. The memorandum accounts are only important for legal purposes and therefore there is no documentary evidence to record the transaction from a balance sheet, financial and economic perspective.

Pursuant to Article 6, paragraph 8, letter c) of Legislative Decree 139/2015, the Notes to the Financial Statements will report the total amount of commitments, guarantees and contingent liabilities not shown in the Balance Sheet, with an indication of the nature and collateral provided.

Guarantees and sureties given

Sureties granted to third parties, mainly to guarantee the company's obligations under signed service contracts, amounted to €293,359 as of 31 December 2022, and there were no changes from 31 December 2021.

PART C - INFORMATION ON THE PROFIT AND LOSS ACCOUNT

Before proceeding to the analysis of the individual items, it should be noted that the analytical presentation of positive and negative income components in the Profit and Loss Account and the previous comments on the items in the balance sheet allow us to limit the comments below to the main items.

INCOME

Note no. 26 - Revenue from customers

This item amounts to €50,430,302, an increase of €14,133,720 over the previous year; it should be noted that revenues are realised exclusively in Italy, and a breakdown by business segment is provided below:

	31/12/2022	31/12/2021	Variation	%
Total revenues Fiber & Networking	13.791.496	11.856.149	1.935.347	16%
Total Wholesale Revenues	16.081.388	11.607.637	4.473.752	39%
Total revenues Project Bari	2.305.146	0	2.305.146	100%
Total revenue Infrastructure	15.044.551	5.884.378	9.160.173	156%
Total revenues Datacenter & Cloud	1.485.811	1.080.125	405.686	38%
Total revenues IoT & Smart solutions	117.186	61.099	56.087	92%
Sale of System network material F.O.	1.605.324	5.807.796	-4.202.471	-72%
Total revenue from customers	**50.430.902**	**36.297.183**	**14.133.719**	**39%**
Other income	917.474	704.356	213.118	30%
Total revenue	**51.348.376**	**37.001.539**	**14.346.837**	**39%**

Revenues generated from the granting of rights to use infrastructure are recognised over the term of the corresponding contracts, except when they are recognised as leases in accordance with IFRS 16, in which case the underlying asset is considered as sold. Considering that the transaction relates to the company's typical business activity, the revenue and book value of the transferred asset are shown net in the amount of €12,330,789.

For details and considerations on revenue performance, please refer to the Report on Operations.

It should be noted that Project Bari refers to the recognition of revenues related to the construction of a video surveillance system at the Bari ASI Consortium, a project developed during the financial year 2022. This project will end in the financial year 2023.

It should be noted that the decrease in revenues from sales of materials is due to a different presentation of the same as of 1 January 2022. In fact, as already described in the Report on Operations, as from the financial year 2022 they are shown net of the cost of repurchasing the same materials from System suppliers.

Note No. 27 - Other Revenues

They amounted to €917,474 as of 31 December 2022 (€704,356 as of 31 December 2021) and are made up as follows:

	31/12/2022	31/12/2021	Variation
Miscellaneous income	494.993	338.303	156.690
Capital grants	165.622	191.026	-25.403

Other income	256.858	175.027	81.831
Total Other Revenues	**917.474**	**704.356**	**213.118**

It should be noted that the item "Capital Contributions" includes the portion pertaining to the financial year based on a period of revenue recognition, through deferred income, on a straight-line basis over 5 years, consistent with the amortisation period (5 years) of the related development costs capitalised under intangible assets (see Note 5).

The sub-item 'other income' includes discounts receivable, capital gains and other positive income components not otherwise classifiable in other items of the income statement.

OPERATING COSTS

Note No. 28 - Costs of Raw Materials, Supplies, Consumables and Merchandise

These amounted to €7,912,394 as at 31 December 2022, an increase of €300,237 over the same period of the previous year, and consisted of costs for the purchase of networking equipment and peripherals for the datacentres.

	31/12/2022	31/12/2021	Variation
Costs for raw materials, consumables and goods	9.992.330	8.712.764	1.279.567
Provision for inventory write-downs	0	100.000	-100.000
Opening inventories of raw, ancillary and consumable materials	2.296.772	1.096.165	1.200.607
Closing inventories of raw materials, consumables and goods	-4.376.708	-2.296.772	-2.079.937
Total raw material costs	**7.912.394**	**7.612.157**	**300.237**

Note No. 29 - Costs for services

They amounted to €22,206,988 as of 31 December 2022 (€11,037,566 as of 31 December 2021). These costs, strictly related to the realisation of the company's activities, are made up as specified below:

	31/12/2022	31/12/2021	Variation
Insurance	124.496	160.479	-35.983
Works carried out by third parties	12.653.448	4.648.146	8.005.302
Utilities and services related to business activities	3.682.773	2.431.073	1.251.699
Research and development project costs	97.000	106.177	-9.177
Maintenance and repairs	288.139	315.771	-27.632
Support Services	336.526	357.936	-21.410
Bank and postal charges	158.026	100.686	57.340
Consultancy	2.177.670	999.863	1.177.807
Remuneration of corporate bodies	268.200	284.288	-16.088
Company car costs	257.954	223.169	34.785
AIM listing service post IPO	316.418	199.180	117.237
Advertising and sponsorship services	494.947	251.424	243.523
Charges for administration contracts	198.231	159.268	38.963
Corporate Welfare Costs	151.706	63.948	87.758
Transport costs	81.292	62.587	18.705
Cleaning services	123.740	62.340	61.401
Other costs	796.423	611.231	185.192
Total Costs for Services	**22.206.988**	**11.037.566**	**11.169.421**

The increase in the item 'Costs for services' compared to last year is mainly due to:

- EUR 8,005,302 in additional work performed by third parties, due to costs for design and work due for the construction of the fibre optic network infrastructure. In particular, costs incurred as of 31 December 2022 mainly include €9,688,040 for the construction of the network in favour of the investee Unifiber, €1,727,998 for the construction of the video-surveillance system project of the ASI Bari Consortium, and €874,946 for the execution of works related to the 'vertical' network in favour of a primary telecommunications operator.
- Higher costs related to utilities, internet services, fibre and voice line within its core business in the amount of €1,251,699;
- Miscellaneous consulting fees in the amount of €1,177,807: it should be noted that, in FY2022, the Company incurred extraordinary consulting costs in connection with the acquisition of the TWT Group (see the section 'Subsequent Events') and the Unitirreno project for a total of €828,926.

Note No. 30 - Personnel Costs

As of 31 December 2022, labour costs totalled €4,031,483, an increase of €660,226, or about 20%, over the previous year's costs, and were made up as follows:

	31/12/2022	31/12/2021	Variation	Δ%
Wages and salaries	2.799.285	2.410.365	388.920	16%
Social charges	900.634	752.947	147.687	20%
Severance pay	300.744	219.982	80.762	37%
Other costs	30.820	9.426	21.393	227%
Other actuarial components IAS 19	0	-21.464	21.464	-100%
Total personnel costs	**4.031.483**	**3.371.257**	**660.226**	**20%**

It should be noted that the item "Staff Severance Provision" also includes the portion of Staff Severance Provision set aside and then paid to Supplementary Pension Funds in the amount of €33,447.

The following table shows the number of employees by contractual classification as at 31 December, with evidence of changes during the year:

	31/12/2021	Increasing variation	Decrease	31/12/2022
Managers	2	-	-	2
Workers	10	1	-	11
Employees	78	17	-6	89
Total	**90**	**18**	**-6**	**102**

And some of the main indicators:

	31/12/2022	%	31/12/2021	%
Average age (years)	40		41	

Average seniority (years)	5,04		5,03	
Women	24	23,53%	21	23,33%
Graduates (master's/specialist)	21	20,59%	19	21,11%

Note no. 31 - Other operating costs

Other operating costs totalled €859,894, an increase of €178,357 over the previous year's figure.

See the relevant breakdown in the table below:

	31/12/2022	31/12/2021	Variation
Taxes and non-income taxes	70.322	43.531	26.790
Subscriptions and membership fees	48.819	57.649	-8.830
Mi.S.E. Government Concessions	65.185	88.000	-22.815
Occupation Tax (TOSAP)	151.113	57.270	93.843
Sundry charges and capital losses	213.568	359.653	-146.084
Issuing of municipal permits	8.473	24.060	-15.587
Other costs	302.414	51.373	251.041
Total Other Operating Costs	**859.894**	**681.537**	**178.357**

The item "Other Costs" includes the cost for committment to the affiliate Unifiber SpA, under the Wholesale Agreement, in the amount of 221,690 euros, as Unidata did not reach the minimum level of activations required by the contract.

The item "Sundry expenses and capital losses", amounting to €213,568, includes miscellaneous expenses and capital losses, including expenses pertaining to previous years, which cannot be classified in the other respective sub-items of the financial statements.

Note No. 32 - Depreciation

This item totals €5,517,051 and is composed of the amortisation of intangible assets in the amount of €480,623, the amortisation of utilisation rights in the amount of €1,183,454, and the depreciation of property, plant and equipment in the amount of €3,852,974, calculated on the basis of economic-technical rates deemed representative of the residual possibility of utilisation and useful life of the tangible assets.
For details on depreciation and amortisation, please refer to the schedules of tangible and intangible assets in the notes to the balance sheet.

Note No. 33 - Asset Value Adjustments and Other Provisions

This item amounted to €97,982 as of 31 December 2022 (€206,881 as of 31 December 2021) and consisted entirely of the provision for doubtful trade receivables. For further details, please refer to the statement of bad debt provision shown in the notes to the balance sheet.

Note No. 34 - Financial Income

This item amounted to €292,663 as at 31 December 2022 and included the following items:

	31/12/2022	31/12/2021	Variation
Interest income from banks	180	35	144
Interest income from leasing contracts	17.382	12.385	4.997

Positive differentials derivative instruments	13.178	0	13.178
Income from valuation of equity-accounted investees	261.705	0	261.705
Exchange rate differences	0	13	-13
Other financial income	219	0	219
Total Financial Income	**292.663**	**12.433**	**280.230**

The increase in this item over the previous year is mainly due to the recognition of financial income due to the valuation of the affiliate Unifiber using the equity method for €261,705, and positive differentials on derivative financial instruments for €13,178.

Note No. 35 - Financial Charges

Interest and other financial expenses are broken down as follows:

	31/12/2022	31/12/2021	Variation
Interest expenses on bank accounts	25.983	34.719	-8.736
Deferred payment interest	68	45	23
Interest on loans	58.797	36.251	22.546
Interest payable on voluntary reprimand	10.671	11.306	-636
Interest expenses on leasing (IFRS16)	80.691	80.106	585
Interest expenses Basket Bond	162.067	0	162.067
Interest payable on deferred taxes	5.986	0	5.986
Interest, penalties and costs Equitalia file	238	233	5
Negative differentials derivative instruments	11.814	18.227	-6.413
Write-down of securities and participations	1.221	113.879	-112.658
Exchange rate adjustments	3.760	1.068	2.692
Total Financial Charges	**361.296**	**295.833**	**65.462**

The main changes from last year are as follows:

- Interest expense on the Basket Bond signed in July 2022, in the amount of EUR 162,067;
- Lower write-downs on financial assets for €112,658, mainly due to the write-down made in 2021 on the investee Unifiber SpA for €101,266 for the application of the equity method.

Note No. 36 - Income Taxes

	31/12/2022	31/12/2021	Variation
IRES	2.619.236	2.161.774	769.592
IRAP	518.749	451.902	123.104
IRES-IRAP substitute tax	0	228.153	123.104
Deferred tax assets	9.289	-32.395	-64.055
Deferred tax liabilities	2.459	-1.832.008	1.418
Total Income Taxes	**3.149.733**	**977.427**	**953.163**

It should be noted that deferred taxes as of 31 December 2021 (€1,818,008) included an extraordinary income related to the reversal of deferred tax liabilities on the revaluation of the fibre optic network infrastructure, as a result of the realignment between statutory and fiscal values that took place in 2021.

Income taxes for the year are recognised in the balance sheet on the basis of a realistic forecast of taxable income, determined in accordance with current tax regulations, applying the tax rates in force at the balance sheet date. The related tax liability is recognised in the balance sheet at nominal value, taking into account any applicable exemptions. In the event that advances paid, withholdings and any credits exceed the taxes due, the related tax receivable is recognised.

Taxes were recognised in the income statement according to the ordinary principles of taxation on an accrual basis, recognising current taxes as well as deferred and prepaid taxes whenever there is an actual divergence between taxable income and statutory profit, due to the presence of any temporary differences.

Below are the explanatory schedules for the calculation of current IRES and IRAP, as well as the reconciliation schedules between the tax charge in the financial statements and the theoretical tax charge, as established by the accounting standards:

IRES	31/12/2022	31/12/2021
Profit before tax	10.653.953	8.821.114
Ordinary rate applicable	24,00%	24,00%
Theoretical tax burden	2.556.949	2.117.067
Increasing variations:		
Temporary differences	705.665	648.865
Permanent differences	471.005	883.235
Decreasing variations:		
Temporary differences	607.927	594.773
Permanent differences	138.616	169.666
Taxable income	**11.084.080**	**9.588.776**
A.C.E. deduction	170.597	581.385
IRES taxable income	**10.913.483**	**9.007.391**
Effective rate applied	24,00%	24,00%
Current IRES on operating income	**2.619.236**	**2.161.774**

The total amount of IRES was determined by subjecting the pre-tax result, appropriately adjusted for the upward and downward changes provided for by current tax legislation, to the rate of 24.00%. Any changes resulting from changes in taxes and/or rates will be recognised in the financial year in which the new provisions come into force and are actually applicable. The calculation of IRES for the year takes into account the effects of A.C.E. (Aid to Economic Growth) in the amount of Euro 170,597.

IRAP	31/12/2022	31/12/2021
Difference between value and cost of production	10.722.585	9.104.515
Unimportant costs	4.129.465	3.578.138
Total	**14.852.050**	**12.682.653**
Ordinary rate applicable	4,82%	4,82%
Theoretical tax burden	715.869	611.304
Increases	1.281.015	1.478.513
Decreases	-571.843	-703.235
Total variations	709.172	775.278
Deductions Apprentices and Disabled	-444.873	-313.766
Tax Wedge Deductions	-2.491.961	-1.512.547

Further Deduction	-1.861.950	-2.256.058
Total deductions	-4.798.784	-4.082.370
Taxable IRAP	**10.762.438**	**9.375.561**
Effective rate applied	4,82%	4,82%
Current IRAP on operating income	**518.749**	**451.902**

The total amount of IRAP was determined by subjecting the net value of production, appropriately adjusted for the upward and downward changes provided for by current tax legislation, to the basic rate set at national level for each category of private sector taxpayers, increased by 0.92 percentage points (Decree-Law No. 206/2006 converted with amendments into Law No. 234/006). The rate applied is therefore 4.82%.

Deferred and prepaid taxes are recognised in the profit and loss account in order to represent the tax burden for the period, taking into account the tax effects of temporary differences between the profit in the financial statements and taxable income.

For more details on changes in deferred taxation, please refer to Note 11.

PART D - OTHER INFORMATION

Fees for corporate bodies

Pursuant to Article 2427, paragraph 1, no. 16 of the Italian Civil Code, the total gross remuneration for the year due to the Directors and members of the Board of Statutory Auditors is shown below:

	2022	2021	Variation
Administrative body	228.000	228.000	0
Board of Auditors	40.000	40.000	0
Total	**268.000**	**268.000**	**0**

Fees to the statutory auditor or auditing company

The table below shows the fees payable to the auditing firm.

	2022	2021	Variations
Legal audit	45.000	45.000	0
Annual budget audit	*35.000*	*35.000*	*0*
Audit of half-yearly financial statements	*10.000*	*10.000*	*0*
Other attestation activities	3.500	3.500	0
Total	**48.500**	**48.500**	**0**

Supervisory Board Law 231/2001

Unidata's internal control system is strengthened through the adoption of an Organisational, Management and Control Model, pursuant to Legislative Decree 231/2001, approved by the Board of Directors on 30 June 2009 and subsequently supplemented following regulatory developments (most recently with a resolution of the Board of Directors on 14 April 2021).

With the adoption of its Organisational Model, understood as a set of general and operational rules, Unidata has set itself the objective of equipping itself with a general set of principles of conduct that responds to the purposes and prescriptions of Legislative Decree 231/01 both in terms of the prevention of crimes and administrative offences, and in terms of controlling its implementation and the possible imposition of sanctions.

The Control and Supervisory Board was renewed by the Board of Directors at its meeting of 30 April 2021, after having ascertained the requisites of honourableness, professionalism appropriate to the role to be covered and the absence of causes of incompatibility and conflicts of interest with other functions and/or company offices that could undermine its independence and freedom of action and judgement. The Supervisory and Control Body will expire with the approval of the financial statements as at 31 December 2023. It consists of two members in the person of Messrs. Maria Teresa Colacino (Chairman) and Michele Ciuffi.

With a view to raising the level of usability of the Organisational, Management and Control Model by further complying with the requirement of 'adequacy' required by the legislator for the benefit of all those who, with different roles, are involved in the Model itself, the Board of Directors, at the request of the SB, in its meeting of 14 April 2021 approved the updating of the Model pursuant to Legislative Decree 231/2001.

Privacy and data protection

In compliance with the provisions of the European Privacy Regulation No. 679/2016 Art. 13 (GDPR), laying down provisions on the technical and organisational methods to be adopted for the protection of sensitive data using IT tools, the company has carried out all the necessary activities to ensure compliance with the regulations in force.

Significant events occurring after the end of the financial year

At the date of preparation of the financial statements, there were no significant events occurring after 31 December 2022 that had an impact on the balances in the financial statements.

On 20 February 2023, the Board of Directors, in partial exercise of the authority granted to it by the Extraordinary Shareholders' Meeting of 10 November 2022, resolved to increase the share capital by 360,000 ordinary shares. The purpose of this increase was to quickly and efficiently raise risk capital to be used to pursue the company's growth strategy. The shares were placed at a price of Euro 42.00 per share for a total value of the increase of Euro 15,120,000 (including share premium).
In addition, following the acquisition of the TWT Group, as described below, a further tranche of the share capital increase was subscribed to for a number of ordinary shares in the amount of 190,476 by one of the shareholders of that Group. Following the subscription of the newly issued shares, the Company's share capital after the capital increase increased to €3,088,661.

On 28 February 2023, the company completed the acquisition of Berenix Srl and its subsidiaries Domitilla Srl and TWT SpA, as well as Voisoft Srl. These acquired companies are part of the so-called TWT Group. The total acquisition price for the TWT Group was Euro 58.0 million (of which Euro 55.6 million for Berenix Srl and its subsidiaries, and Euro 2.4 million for Voisoft Srl), of which Euro 2.8 million had already been paid as a deposit as at 31 December 2022. The Company will therefore already prepare consolidated financial statements as at 30 June 2023.

The acquisition will also favour the diversification and strengthening of Unidata's commercial offer by leveraging the reseller channel present throughout Italy and the TWT Group's proprietary platform dedicated to reseller channel customers, which is unique in the current national competitive environment. In addition, the integration with the TWT Group will allow Unidata to expand its geographical presence and enter new markets not currently covered by it, as well as to realise potential synergies, particularly in data access and software costs, thanks to the presence within the TWT Group of Voisoft S.r.l., a company specialised in the production of software in the telecommunications sector.
The completion of the acquisition will lead to the expansion of Unidata's market share on the Italian territory, going beyond the borders of Lazio, its current operational headquarters, in line with the opening of a new office in Bari through which Unidata has already started operating in the Apulian market.

In order to finalise the acquisition of the TWT Group, Unidata signed a loan agreement with a pool of financing banks at market conditions for a total amount of approximately Euro 41.2 million. This loan has a term of six years and a variable interest rate linked to the Euribor rate. Against this loan, the Company simultaneously hedged itself against the interest rate risk by entering into an Interest Rate Swap with the same banks. It should also be noted that the loan agreement provides for certain financial covenants, based on the Leveraged Ratio, the Gearing Ratio and the Interest Cover Ratio.

Furthermore, in the IoT area, the company was awarded in January 2023, as the leader of an RTI that also includes the companies BIP S.p.A. and Lektor S.r.l., the tender called by AMAP S.p.A for the network and infrastructure for the remote reading and processing of water consumption in Palermo Metropolitan City. The project, worth approximately EUR 2.7 million, will involve up to 140,000 water users distributed throughout the Palermo Metropolitan City area. The remote reading network will be based on LoraWAN® technology while all network management, data collection and processing infrastructures will be hosted on Unidata's Cloud IaaS, Paas infrastructure.

Proposed Appropriation of Profits or Coverage of Losses

In light of the above, the Board of Directors proposes to allocate the year's profit of EUR 7,504,220 as follows:

- Euro 14,709 to increase the legal reserve;
- Euro 306,123 to be allocated as dividend (Euro 0.10 per share, excluding treasury shares);
- Euro 7,183,388 to be carried forward to the next financial year.

REPORT OF THE BOARD OF AUDITORS

AUDITORS' REPORT