EXPERT.AI GROUP

FINANCIAL REPORT

PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN UNION

AS AT 31 December 2024

Table of contents

EXPERT.AI MANAGEMENT REPORT AS AT 31 DECEMBER 2024 2

IFRS CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024 35

REPORT OF THE INDEPENDANT AUDITING FIRM AS AT 31 DECEMBER 2024 96

REPORT OF THE MANAGEMENT CONTROL COMMITTEE AS AT 31 DECEMBER 2024 101

EXPERT.AI MANAGEMENT REPORT AS AT 31/12/2024

Table of contents

EXPERT.AI MANAGEMENT REPORT AS AT 31/12/2024 2
I. PROFILE OF EXPERT.AI 4
CORPORATE BODIES 4
KEY SHAREHOLDERS OF PARENT COMPANY 6
APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS 7
GROUP STRUCTURE 7
BUSINESS 8
CUSTOMERS 10
II. RESEARCH AND DEVELOPMENT ACTIVITIES 11
III. OPERATING PERFORMANCE 13
EXAI.MI SHARE PRICE 13
MAIN EVENTS WHICH OCCURRED DURING THE YEAR 15
GENERAL ECONOMIC PERFORMANCE 16
THE SCENARIO OF THE NATIONAL ECONOMY 17
REFERENCE MARKET 17
OPERATING PERFORMANCE OF THE GROUP 19
MAIN ECONOMIC DATA 19
MAIN FIGURES OF THE STATEMENT OF FINANCIAL POSITION 22
BUSINESS OUTLOOK 26
TREASURY SHARES 27
IV. ENVIRONMENT, PERSONNEL AND RISKS 27

I. PROFILE OF EXPERT.AI

Dear Shareholders,

This report supplements the consolidated financial statements so as to provide all additional information for a better and clearer understanding of the performance of the consolidated companies, which cannot result from the mere reading of the consolidated financial statements and the explanatory notes.

CORPORATE BODIES

Board of Directors

Chairman of the Board of Directors - CEO	DARIO PARDI
Deputy Chairman of the Board of Directors - CTO	MARCO VARONE
Director	STEFANO SPAGGIARI
Director	SARA POLATTI
Director	STEFANO PEDRINI
Independent Director	MARCO DI TEODORO
Independent Director	ANDREA GABOLA
Independent Director	ETTORE LEALE
Independent Director	ROBERTO SAMBUCO
Independent Director	AMBROSELLA LANDONIO
Independent Director	NICOLA CINIERO

In light of the renewal of the Governance structure (21 June 2024), the Board of Directors is made up as follows:

Dario Pardi - Chairman, legal representative and major shareholder of GUM Group S.p.A., with decades of experience in major ICT multinationals, holding senior positions both internationally and in Italy;

Marco Varone - Co-founder and Chief Technology Officer, a leading expert in artificial intelligence applied to natural language understanding and processing;

Stefano Spaggiari - External Relations Director and Head of Investor Relations, one of the founding partners of the Company which, under his leadership, has become a leader in the artificial intelligence market;

Sara Polatti - Associate and CFO at CC & Soci S.r.l., where she provides financial advice on extraordinary finance transactions in Italy and abroad, club deal organisation and structuring as well as company set up and operational management;

Stefano Pedrini - Professor of Economics and Design Organization at the Polytechnic of Turin, expert in management consulting and advisory in corporate finance, management control and strategy;

Marco di Teodoro - Chartered Accountant and Auditor for corporations and trainer at SDA Bocconi and Cattolica del Sacro Cuore University.

Andrea Gabola - Chartered Accountant and Auditor, partner of the Ranalli e Associati firm in Turin, holding senior positions in several companies in various industry and service sectors;

Ettore Leale - US-based executive and investor working in software and digital education. He has led Yahoo's search engine business in emerging markets, launched new digital products and opened new markets for Harvard Business School, Instill, Digital Impact and Adaptec;

Roberto Sambuco - Investment banker and principal investor. He has worked in M&A, corporate finance, turnaround and corporate strategy, with a strong interest in innovation and digitalisation. Today, he focuses on investments for the growth of Italian companies and the country's strategic infrastructures;

Ambrosella Landonio - Lawyer enrolled in the bar since 1996. He works in the civil law field in collaboration with Studio Legale Izzi- Toniatti- Perron Cabus- Martini & Partners where he has gained significant experience in bankruptcy, corporate, commercial and regulatory matters;

Nicola Ciniero - Member of the Board of Directors of Elmec Informatica SpA, he gained forty years of experience in the IT field in companies such as Hewlett Packard, Nixdord and Digital Equipment to go on to hold the position of Chief Executive Officer of Compaq Computer and Chairman and Chief Executive Officer of IBM Italia SpA.

The Management Control Committee as at 13 November 2024 is made up as follows:

Andrea Gabola - Chairman;

Marco di Teodoro - Member;

Ambrosella Landonio - Member.

As at 13 November 2024, the Related Parties Committee is made up as follows:

Marco di Teodoro - Chairman;

Ambrosella Landonio - Member;

Andrea Gabola - Member.

Supervisory Body

Costantino di Miceli - Chairman and external member;

Stefano Termanini - External member

Nicola Bortoletto - Internal member

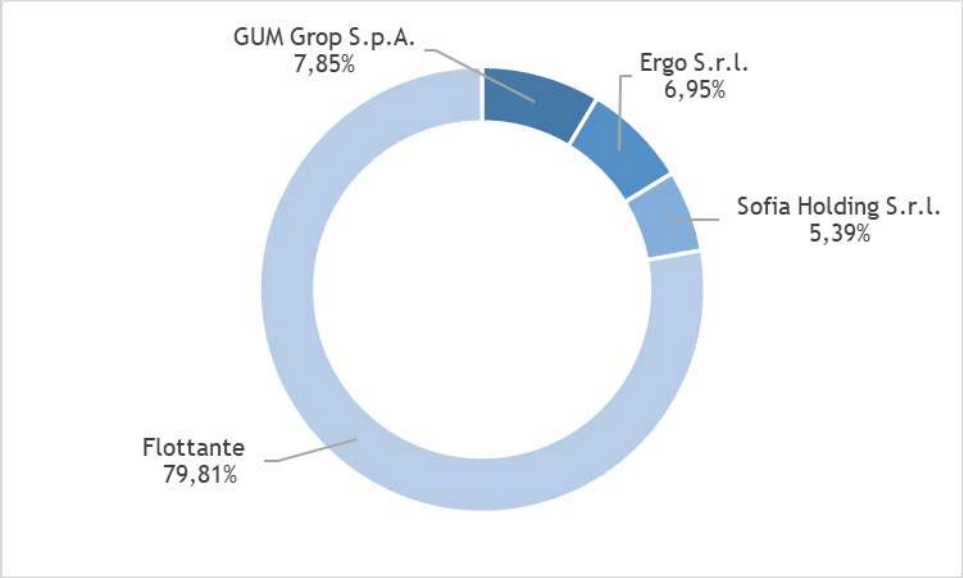
Audit Firm

BDO Italy S.p.A.

KEY SHAREHOLDERS OF PARENT COMPANY

Expert.ai S.p.A. is a company with registered office in Rovereto, in Via Fortunato Zeni 8 and with operational headquarters in Modena, in Viale Virgilio 56/Q. Its shareholders as at 31 December 2024 are shown in the table below.

Shareholder	**% of total share capital**
GUM Group S.p.A.	7.85
Ergo S.r.l.	6.95
Sofia Holding S.r.l.	5.39
Floating	79.81
Total	**100**

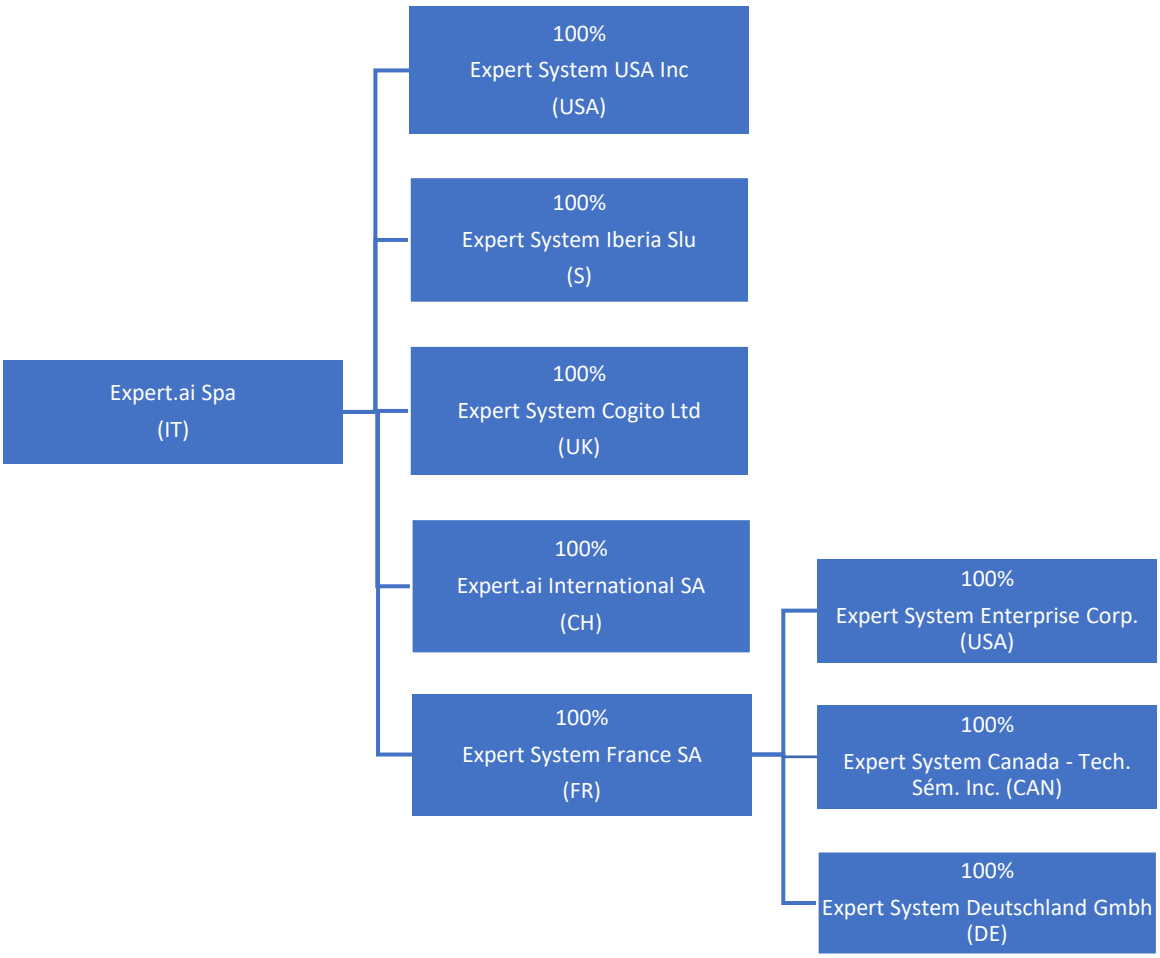


APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as at 31/12/2024 were approved by the Board of Directors on 28/03/2025 and have been audited.

GROUP STRUCTURE

Over the last few accounting periods, the Group has consolidated its physiognomy as a company offering services to



corporate and government intelligence, taking on the structure represented by the following chart:

The current corporate organisational chart has not changed substantially from that of 31 December 2023, with the exception of the following events:

- the company Expert System Helvetia Sàrl was excluded from scope of consolidation, as it is now in liquidation, with almost no impact on the income statement;
- in July 2024, the company Expert.AI International SA was established, which has since then offered a number of strategic consulting services to the group.

The expert.ai group currently has a global presence and infrastructure, with headquarters in Italy, Spain, France, Germany, UK, Switzerland, the USA and Canada:



BUSINESS

Expert.ai is a company specialising in implementing *enterprise* artificial intelligence (AI) solutions to create business value. The company, which was founded in Modena in 1989, is now active in Europe and North America and, thanks also to collaboration with a global partner network, is able to respond effectively to the most complex business challenges in the field of knowledge automation and "intelligent" process management.

Leveraging extensive and in-depth experience gained from hundreds of successful implementations, expert.ai supports companies and public administrations in innovation and digital transformation, simplifying the design, implementation and integration of scalable, efficient and highly accurate AI solutions, and making practical and optimised use of the most advanced AI technologies, from neurosymbolic artificial intelligence to Large Language Models, Generative AI and Agentic AI.

Hybrid AI

expert.ai's solutions integrate different AI technologies and models (*Hybrid AI* or *Composite AI*) ensuring explainability, maximum flexibility, accuracy, governance and return on investment. The company's main objective is to guide organisations to adopt AI by evaluating its benefits in a practical and tangible way, and by choosing an accountable, transparent and sustainable approach that focuses on people, problems to be solved and goals to be achieved.

The company has won several awards and important recognitions from analysts and industry experts. For five consecutive years, it has been quoted as a "Sample Vendor" in the Gartner report on the most innovative emerging technologies[1]. It was also named "Leader" in two Forrester reports: "The Forrester Wave™: Document Mining and Analytics Platforms, Q2 2024" and "The Forrester Wave™: Test Mining and Analytics Platforms, Q2 2024". The evaluation of companies for the Forrester[2] "Document Mining" Wave started with a pool of 41 vendors and ended with the selection of 14 companies. expert.ai scored highest in Generative AI, as well as for its visionary strategy. In particular, its ability to exploit the best technologies available on the market with proprietary ones (knowledge graph, machine/deep learning techniques, large language models and generative AI) according to different organisational needs and business objectives was highlighted.

EidenAI Suite - the expert.ai solution suite designed for vertical markets

The launch of "EidenAI Suite" (from the ancient Greek, "eidénai" means to have knowledge, to know, to understand) marked a milestone in the evolution of expert.ai to strengthen its strategic positioning. EidenAI Suite integrates the most advanced technologies in a modular and flexible suite, offering complete, ready-to-use tailor-made solutions for vertical markets that put the customer at the centre to maximise value and results, generating an immediate impact on business processes.

The main objective of EidenAI Suite is to enable organisations to go beyond data, transforming human potential into a

[1] *"Hype Cycle for Natural Language Technologies, 2024"* - Gartner, Bern Elliot, Adrian Lee, Gabriele Rigon - July 29, 2024

[2] *'The Forrester Wave™: Document Mining and Analytics Platforms, Q2 2024, 30 May 2024*; *"The Document Mining And Analytics Platforms Landscape, Q1 2024"; "The Forrester Wave™: Text Mining and Analytics Platforms, Q2 2024"; "Text Mining And Analytics Platforms Landscape, Q1 2024"*

strategic asset, creating an ecosystem where AI and people work together synergically to generate real value. A new standard for tackling even the most complex challenges in AI adoption paths, harnessing in-depth knowledge of industrial processes and solid technological *expertise* to turn every initiative into a tangible competitive advantage.

CUSTOMERS

Banks and financial institutions, insurance companies, publishing and pharmaceutical companies, public administration organisations, healthcare, defence and intelligence organisations choose expert.ai's solutions to automate knowledge on a large scale, effectively manage huge volumes of information, improve decision-making processes and enable new levels of efficiency by exploiting the right data at the right time, and with great speed.

In this scenario, with EidenAI Suite expert.ai provides packaged and verticalised solutions, designed to adapt in an agile manner to specific needs. Among the main vertical sectors:

- **Banks and Financial Services** - management of regulatory compliance, customer-associated financial risks and crimes monitoring, streamlining of operations, assistance for internal staff and improvement of customer interaction;
- **Pharmaceutical industry** - monitoring of resources related to clinical trials, enhancement of research and development activities, increased effectiveness in quality of care and support for analysis and prevention of operational risks;
- **Industrial**, with a focus on **manufacturing** - third-party and ESG compliance management, support for technical service activities, increased efficiency in manufacturing and customer service;
- **Insurance** - automation of core processes to increase the capacity of teams, improve risk analysis, speed up the determination of insurance coverage and perform faster preliminary analyses in claims management;
- **Public Administration** - innovation at the heart of operations but also the user/citizen experience with efficient, transparent and scalable digital services;
- **Publishing and Media** - optimising content creation and enhancement processes by improving workflows and manual tasks.

II. RESEARCH AND DEVELOPMENT ACTIVITIES

Investments in research and development, which have always been at the heart of expert.ai's strategy, have been and continue to be the basis of the company's business and are fundamental to maintain its competitive advantage and remain a state-of-the-art company in the field of artificial intelligence applied to the understanding of natural language.

The costs incurred for these activities have been capitalized, also within the scope of national and international multi-year research projects in which the Company has been involved. These activities covered the artificial intelligence platform and the products that exploit the platform to address the most common customer use cases, all collected within the EidenAI suite.
Below are the main research and development activities in 2024.

Development of the Insight Engine
2024 saw the start of the development of the new platform for analysing and monitoring large volumes of information (insight engine), which will take the place of previously developed components (such as those used in the Cogito Intelligence Platform) and which will be applied in the near future in all vertical markets in which Expert.ai operates (Banking, Insurance, Finance, Pharma/Life Science and Manufacturing): the insight engine is the key component of the EidenAI suite.
The most important activities pursued in 2023 were focused on:
- architectural design to ensure maximum scalability as volumes increase, security by design and optimised delivery costs for public cloud, private cloud and on-premise environments,
- complete merging of the stand-alone search engine within the new product in order to continue the development of a unified, flexible and configurable platform according to use cases and specific customer needs,
- implementation of a new UI component framework (Futura) used for the implementation of the entire Insight Engine interface and usable for all subsequent configurations and customisations of the user experience in customer projects,
- native integration with the previously developed artificial intelligence platform for fully dynamic management of indexing and analysis workflows,
- integration with third-party and/or open space LLM, via API or local deployment,
- implementation of new semantic matching algorithms between documents of different types, algorithms based on symbolic logics and/or LLM-based logics,
- user authentication based on market standards,
- implementation of advanced similarity and duplicate and near-duplicate recognition algorithms,
- study and implementation of spelling variant recognition of entities (persons, companies, products) with scalable performance on volumes of millions of documents,
- implementation of a complete subsystem for the visualisation and navigation of structured documents (in PDF or HTML format).

Development of the artificial intelligence platform
The platform stands out for its integrated end-to-end and web-based environment for the implementation of thesaurus, categorisation and extraction language projects and with the integration of machine learning and deep learning technologies.
The most important activities pursued in 2023 were focused on:
- revision and extension of OCR and IDP components
- integration of a basic dynamic workflow within the authoring environment to speed up analysis in hybrid projects,

- updating the architecture of the hybrid part for more efficient inclusion of open source LLM within the project workflow,
- optimisations for the management of large thesaurus,
- revision of the NLFLow architecture (production module) to reduce operating costs in cloud environments by optimising the synchronous configuration and implementing an asynchronous mode that can adapt flexibly and efficiently to different traffic volumes.

Knowledge model

New knowledge models were implemented for solving specific problems and reducing the implementation time of new projects. The most important models developed are:
- Workers Compensation: model created for analysing work-related injury claims for insurance companies operating in the US market,
- First Notice of loss: model realised for the insurance market,
- Chemical compound: model used in projects for the Life Science market.

Basic research

Basic research activities continued in 2024, focusing on specific topics and domains consistent with the company's supply and market strategy: most activities were focused on the study of neuro-symbolic techniques for improving results, reducing the shortcomings of purely generative approaches and minimising delivery costs.
Four papers were published during 2024:
- An Energy-Based Comparative Analysis of Common Approaches to Text Classification in the Legal Domain (Gultekin, S., Globo, A., Zugarini, A., Ernandes, M., and Rigutini, L.)
- Clue-Instruct: Text-Based Clue Generation for Educational Crossword Puzzles. ([Zugarini, A., Zeinalipour, K., Kadali, S. S., Maggini, M., Gori, M., and Rigutini, L.].
- Show Less, Instruct More: Enriching Prompts with Definitions and Guidelines for Zero-Shot NER. (Zamai, A., Zugarini, A., Rigutini, L., Ernandes, M., and Maggini, M.).
- SLIMER-IT: Zero-Shot NER on Italian Language. (Zamai, A., Zugarini, A., Rigutini, L., and Maggini, M.).

III. OPERATING PERFORMANCE

EXAI.MI SHARE PRICE

The performance of the **expert.ai** share price as at 31/12/2024 is shown below:

Market	Euronext Growth Milan
Share capital	*€ 973,376.29*
Minimum lot	*1.00*
Capitalisation	*€ 129,459,046.57 mln*
Closing price	*€ 1.3300*
Performance - 1 month	*-5.14%*
Performance - 6 months	*10.68%*
Performance - 1 year	*36.80%*

** Source: Bloomberg data*

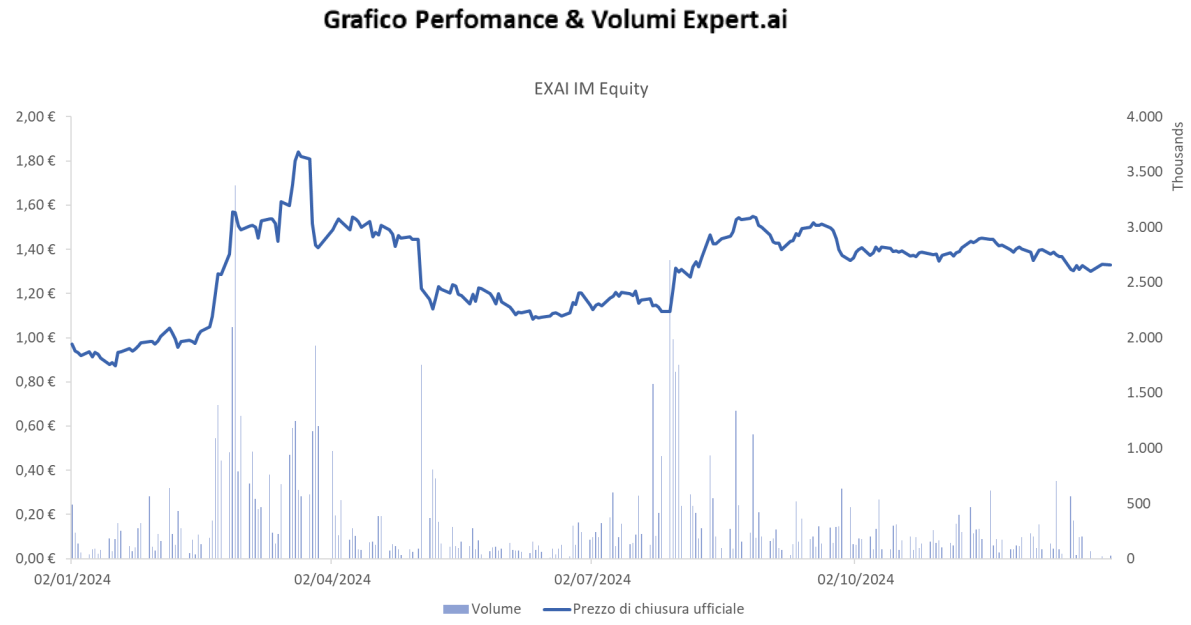


Grafico Performance Expert.ai



MAIN EVENTS WHICH OCCURRED DURING THE YEAR

With reference to the main events that affected the **expert.ai group** in the period, the following is reported.

MAIN EVENTS OF 2024

FINANCIAL EVENTS

On**8 February 2024**, expert.ai's Board of Directors announced the approval of the 2024-2026 business plan.

On **2 May 2024**, expert.ai's Board of Directors approved the proposals to increase the share capital under rights issue up to Euro 30 million and to grant authorisation to increase the share capital up to a further Euro 20 million; it also appointed Chairman Dario Pardi as CEO.

On **28 May 2024** GUM GROUP S.P.A. formalised a subscription commitment in connection with the share capital increase under rights issue resolved by the Shareholders' Meeting.

On **30 May 2024** Sofia Holding s.r.l. formalised a subscription commitment in connection with the share capital increase under rights issue resolved by the Shareholders' Meeting.

On **18 June 2024**, Ergo s.r.l. formalised a subscription commitment in connection with the share capital increase under rights issue resolved by the Shareholders' Meeting.

On **21 June 2024**, the Ordinary Shareholders' Meeting approved the financial statements as at 31 December 2023 and appointed the new Board of Directors.

On **24 June 2024**, the newly appointed Board of Directors resolved to appoint the Chairman, Mr. Dario Pardi, as Chief Executive Officer, appointed the members of the Management Control Committee (the independent directors Andrea Gabola, Stefano Pedrini and Marco di Teodoro) and established the Related Parties Committee.

On **28 June 2024**, the Board of Directors approved the terms and conditions of the share capital increase under rights issue and defined the timetable for the offer.

On **25 July 2024** expert.ai announced the conclusion of the rights issue relating to the capital increase with subscription of 88.10% of the New Shares for a total amount of Euro 26,137,108.80.

On **29 July 2024** expert.ai announced the early conclusion of the offer on the stock exchange of the unopted rights: 8,201,961 option rights were placed on the market, valid for the subscription of 3,209,463 newly issued shares.

On **31 July 2024** expert.ai announced the subscription by GUM Group S.p.A. of the unopted shares relating to the capital increase and final results of the capital increase, which was fully subscribed.

At the same time as the Capital Increase, the parent company Expert.ai S.p.A. agreed to a Debt Rescheduling Plan with the main financing institutions to which it is exposed. This plan envisages the suspension of principal payments for a period of 12 months, an extension of the maturity date by 24 months and a future repayment in increasing instalments. The lower capital repayments amounted to over Euro 3.5 million in 2024 and will be over Euro 3 million in 2025, thus ensuring the availability of the necessary resources to relaunch the Company through both systematic growth and inorganic growth strategies, including M&A transactions.

On **30 December 2024** expert.ai announced the acquisition of a **business segment** from Finix Technology Solutions S.r.l. and the signing of a **commercial agreement** with the latter. The business segment relates to contracts for the supply of application services and functional technical support (so-called *managed services solutions*) to 7 major customers, while the commercial agreement relates to the marketing by Finix of Expert.ai products.

CUSTOMERS, PARTNERSHIPS AND AWARDS

On **27 February 2024** expert.ai announced a new partnership with Finix Technology Solutions aimed at providing companies and the public administration with artificial intelligence-based tools capable of managing information-intensive contexts and transforming data into knowledge.

On **28 February 2024**, expert.ai announced that it had won the Artificial Intelligence Awards of the Corporate Vision magazine. It also announced the new release of its hybrid artificial intelligence platform.

On **13 March 2024**, expert.ai announced that it was one of the top '100 Companies that matter in Knowledge Management', the prestigious list of the American magazine KMWorld dedicated to the best companies in the field of corporate knowledge management.

On **10 April 2024**, expert.ai announced the enhancement of its offering to the bank and financial institution market with "Adverse News Screening" solutions for projects in the areas of anti-money laundering, intelligent research serving clients, ESG risk management and regulatory tracking & change management processes.

On **15 April 2024**, expert.ai disclosed the launch of "Insight Engine for Life Sciences", an innovative solution for the pharmaceutical industry, and was one of the finalists for the prestigious "Best of Show" award at the industry's flagship event, Bio-IT World.

On **20 May 2024** expert.ai announced that it was a winner at the American Business Awards and on **30 May 2024** at the "People's Choice Stevie® Awards" in the category of insurance innovation.

On **3 June 2024** expert.ai announced that it had been named "Leader" by Forrester in its report on document exploration and analysis platforms, scoring highest in Generative AI ("The Forrester Wave™: Document Mininig and Analytics Platforms, Q2 2024").

On **5 June 2024** expert.ai announced that it had been named "Leader" by Forrester in its report on platforms for text exploration and analysis ("The Forrester Wave™: Text Mining and Analytics Platforms, Q2 2024").

On**11 June 2024** expert.ai announced its win in the Duck Creek competition for the most innovative insurance solutions.

On **25 June 2024** expert.ai announced that it has been named in the "AIFinTech100" list dedicated to the world's most innovative companies specialising in AI solutions in the financial sector.

On **16 July 2024** expert.ai announced that it is one of the tech partners of Banca Investis S.p.A. for the realisation of an innovative app that can offer customers new ways of interacting thanks to the potential of generative AI.

On **4 September 2024** expert.ai announced that it has been selected by CNBC and the research company Statista in the report "The World's Top InsurTech Companies 2024" dedicated to the world's top 150 insurtech companies.

On **10 October 2024** expert.ai announced that it has been confirmed in the prestigious "InsurTech100" list of the 100 most innovative companies specialising in the development of insurance solutions.

On **5 November 2024** expert.ai announced collaboration with Autostrade per l'Italia for an innovative app ("virtual agent" based on AI) to support operators on high traffic days.

General economic performance[3]

Economic activity remains robust in the US but is losing momentum in other advanced economies. In China, the crisis in the real estate market is still weighing in on domestic demand. According to OECD assessments, world trade will expand slightly above 3% in 2025, in line with expected global output trends. However, the outlook for international trade could be adversely affected not only by heightened geopolitical tensions, but also by the announced tightening of US trade

[3] Source: Bank of Italy Economic Bulletin 1/2025

policy. Oil prices barely rose; natural gas prices remain volatile and subject to upward pressure due to factors related to both supply and demand.
In line with expectations, inflation rose slightly in the US; it fell slightly in the UK while in Japan it rose more than expected. At its December meeting, the Federal Reserve again cut its key interest rates by 25 basis points to 4.25-4.50 percent; compared to previous meetings, the members of the Federal Open Market Committee foresee a more gradual normalisation of monetary policy in view of the slower decline in inflation and the contained level of the unemployment rate. This contributed to the sharp appreciation of the dollar against other major currencies, including the Euro.
On the basis of the available information, economic growth in the Eurozone weakened at the end of 2024, adversely affected by sluggish consumption and investments and declining exports. The trend in manufacturing remains disappointing, particularly in Germany; the impetus provided by services has also weakened. Inflation remains moderate, at around 2 percent, with the core component remaining essentially stable: with regard to services the price change is still relatively high, partly reflecting delayed adjustments to past inflation.
In December, the Governing Council of the ECB cut key interest rates by a further 25 basis points. Markets expect a further reduction of about 75 basis points in the course of 2025. Despite the gradual easing of monetary policy, credit dynamics in the Eurozone remain subdued, in a context of high uncertainty and weak demand.

The scenario of the national economy[4]

Economic activity in Italy remained weak in the fourth quarter of 2024, suffering as in the rest of the Eurozone from the persistent sluggishness in manufacturing and the slowdown in services.
Domestic demand was reportedly held back by the deceleration of household spending and by conditions for investment that remain unfavourable. According to Bank of Italy projections, growth should gain momentum during 2025, averaging around 1% over the three-year period 2025-27.
In the Autumn, exports of Italian goods were reportedly held back by sharply declining global demand. The protectionist policies announced by the new US administration will allegedly affect the foreign sales of our country's companies exporting to the US market, especially small and medium-sized ones.
Although the number of those in employment continues to increase, the number of hours worked per employee is falling and the use of temporary layoff benefits (CIG) remains high, especially in the manufacturing industry. The gradual decline in participation, particularly in the younger segments of the population, continued into the Autumn, helping to reduce the unemployment rate to an exceptionally low level.
In the last few months of 2024, falling energy goods prices again helped to keep consumer inflation well below 2%. Core inflation remains moderate, but relatively higher in the services component.

REFERENCE MARKET

According to IDC's AI investment forecast guide, global spending on AI, including applications, infrastructure and related services, will double to US$ 632 billion by 2028. The rapid integration of AI and, in particular, generative AI (GenAI) into a wide range of products will lead to a compound annual growth rate (CAGR) of 29.0% over the forecast period 2024-2028[5]. In particular, according to the model developed by Bloomberg Intelligence, the segment represented by GenAI

[4] Source: Bank of Italy Economic Bulletin 1/2025

[5] International Data Corporation, IDC *"Worldwide AI and Generative AI Spending Guide"*, source *"Worldwide Spending on Artificial Intelligence Forecast to Reach $632 Billion in 2028, According to a New IDC Spending Guide"* – IDC, August 19, 2024

could reach US$ 55.7 billion in 2027, creating the basis for a US$ 1.3 trillion market by 2032[6]. During 2024, according to McKinsey & Company[7], the adoption of AI by organisations increased from 50% to 72%, with a share in relation to GenAI of 65%; while, according to Capgemini[8], the percentage of companies that have increased investment in GenAI stands at 80%.

Also in Italy, according to the most recent estimates of the Artificial Intelligence Observatory of the Politecnico di Milano[9], the AI market in 2024 was characterised by growing interest in GenAI, registering new record growth: +58% compared to 2023, which brings the total value to Euro 1.2 billion, 43% of which is related to GenAI solutions or hybrid projects (which include both GenAI and traditional AI in their development techniques), while the remaining 57% remains the fruit of traditional AI projects.

However, although the market is in great ferment driven by the global AI phenomenon that continues to evolve at a very fast pace, the adoption of enterprise-wide solutions remains at an experimental stage, with few tangible cases. In addition to initial expectations that are often not actually reflected in reality, the causes are mainly related to the lack of a consolidated strategy, including expertise, technological knowledge and governance with effective data management, but also internal oversight[10].

The key to maximising the potential of AI is identified in the ability to prioritise the development of strategies that demonstrate clear and measurable business results, emphasising the need to ensure sound governance with ongoing oversight, prioritising ethical guidelines and the development of a culture of accountability and transparency within organisations[11].

On the principle of supervision by professionals (*human-in-the-loop*), as well as on a hybrid AI approach[12] to accelerate the possibility of unleashing and fully exploiting the potential of AI in the enterprise environment, expert.ai has been a pioneer, profiling itself as one of the first companies specialised in AI applied to text analysis to integrate the best technologies available on the market with proprietary ones (knowledge graph, machine/deep learning techniques, large

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[6] "*Generative AI to Become a $1.3 Trillion Market by 2032, Research Finds*" - Bloomberg, June 1, 2023

[7] *"The state of AI in early 2024: Gen AI adoption spikes and starts to generate value*" - McKinsey & Company, May 30, 2024

[8] *"Harnessing the value of generative AI"* - Capgemini Research Institute, 2024

[9] "*The adoption of Artificial Intelligence in 2024:. Italy compared with Europe*" - Artificial Intelligence Observatory, Politecnico di Milano, Research 2024-2025, February 2025

[10] According to Gartner, at least 30% of projects involving the use of GenAI will be abandoned by the end of 2025 (*"Gartner Predicts 30% of Generative AI Projects Will Be Abandoned After Proof of Concept By End of 2025*" - Gartner, July 29, 2024). The main obstacle to the adoption of GenAI is the ability to demonstrate its real value due to a lack of talent/professionalism, technical/technological difficulties, data issues and, further still, a lack of business alignment but also a lack of full confidence in AI (*"Gartner Survey Finds Generative AI Is Now the Most Frequently Deployed AI Solution in Organizations*" - Gartner, May 7 2024)

[11] *"Top Seven Takeaways from Gartner's 2024 CIO GenAI Survey"* - Software Strategies Blog, September 17, 2024 https://softwarestrategiesblog.com/2024/09/17/top-seven-takeaways-from-gartners-2024-cio-genai-survey/

[12] Hybrid AI (or Composite AI) is confirmed as one of the leading innovations according to Gartner's "hype cycle" logic ("Hype Cycle for Artificial Intelligence, 2024" - Gartner, June 17, 2024).

language models and GenAI) and to agree on the need for responsible artificial intelligence, from which we can benefit in a sustainable way, according to a transparent, explainable, green and human-centred approach[13].

In the area of Text Analysis, Classification, and Conversation Systems solutions, which, according to the estimates of the AI Observatory of the Milan Polytechnic[9], account for one third of the AI market (32%) with the highest growth of all classes (+86% compared to 2023), the share of projects using hybrid methodologies reaches 90%.

Market size and excellent growth prospects for text analytics solutions are also confirmed globally, with text analytics estimated to be worth US$ 14.68 billion in 2025 and US$ 78.65 billion by 2030, with a CAGR of 39.9% over the 2025-2030 forecast period[14]. In this scenario, the cutting-edge potential of expert.ai's Hybrid AI, and thus the ability to integrate different technologies and the best of AI to more effectively and efficiently solve more business problems related to text analytics, was clearly recognised by Forrester, which positioned expert.ai among the leaders in text analytics platforms.[15]

OPERATING PERFORMANCE OF THE GROUP

The consolidated financial report as at 31 December 2024 includes the consolidated figures of the subsidiaries included in the scope of consolidation, as well as those of the parent company Expert.ai S.p.A.
In order to provide a better picture of the performance and results of operations, the tables below show an Added Value reclassification of the statement of profit or loss, a reclassification of the statement of financial position by functional area and on a financial basis and the most significant financial ratios.
It should be borne in mind that 2024 represents a turning point and relaunch year for the Expert.ai group.
The new business plan approved by the Board of Directors on 8 February 2024, the change of management and the capital increase of up to Euro 30 million (initiated in May and concluded in July 2024 with the full subscription of the amount) created the conditions for a substantial reorganisation of the entire group. For this reason, in order to make the economic data more understandable, a series of costs have been quantified that are directly related to the corporate restructuring and are therefore exceptional in nature (in terms of amount and impact on other financial statement items) and non-recurring.

Main economic data

The consolidated financial statements as at 31 December 2024, which include the consolidated figures of the subsidiaries included in the scope of consolidation, as well as those of the parent company Expert.ai S.p.A., show what follows (figures in Euro):

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13 [1] *"Expert.ai Advances Responsible AI in the Enterprise with Green Glass Approach"* - expert.ai, 15 December 2022 "Green Glass" approach to advance responsible AI in the enterprise sphere - expert.ai | expert.ai

14 Text Analytics Market Size & Share Analysis - Growth Trends & Forecasts (2025 - 2030) - Mordor Intelligence Research & Advisor, June 2024 [Retrieved March 19, 2025, from https://www.mordorintelligence.it/industry-reports/text-analytics-market Source: https://www.mordorintelligence.it/industry-reports/text-analytics-market]

15 "Expert.ai's hybrid AI capabilities clearly stand out from the crowd" - Forrester, *The Forrester Wave™: Document Mining and Analytics Platforms, Q2 2024"*, May 30, 2024; *"The Forrester Wave™: Text Mining and Analytics Platforms, Q2 2024"*, May 30, 2024.

Expert.ai Group			Main economic data	Expert.ai S.p.A.		
FY 2023	FY 2024	CHANGE		FY 2023	FY 2024	CHANGE
39,050,685	32,394,512	(17%)	Value of production	31,681,768	28,744,884	(9%)
(235,550)	3,386,098	>100%	EBITDA	3,849,405	4,862,377	26%
(8,814,722)	(4,968,505)	44%	EBIT	(3,509,877)	(2,737,423)	22%
(9,855,901)	(10,060,348)	(2%)	Profit for the period	(23,262,877)	(13,717,526)	41%

The reclassified statement of profit or loss of the **expert.ai Group** is as follows (in Euro).

Consolidated statement of profit or loss	**31/12/2024**	**31/12/2023**	**Change**
Revenues from sales	24,533,326	29,781,081	(5,247,755)
Other income	2,815,839	2,842,821	(26,982)
Change in inventories	0	(14,560)	14,560
Total Revenue	**27,349,166**	**32,609,343**	**(5,260,177)**
Increase in internally generated non-current assets	5,045,346	6,431,731	(1,386,384)
Value of operating production	**32,394,512**	**39,041,072**	**(6,646,560)**
External operating costs	(11,416,270)	(15,437,680)	4,021,410
Added value	**20,978,242**	**23,603,393**	**(2,625,151)**
Personnel expenses	(17,592,143)	(23,838,943)	6,246,800
EBITDA	**3,386,098**	**(235,550)**	**3,621,649**
Amortisation/depreciation and provisions	(8,354,603)	(8,579,172)	224,569
EBIT	**(4,968,505)**	**(8,814,722)**	**3,846,217**
Result of the financial area	(588,608)	(1,028,888)	440,280
Ordinary Result	**(5,557,113)**	**(9,843,610)**	**4,286,497**
External operating costs - Restructuring charges	(1,151,252)	0	(1,151,252)
Personnel costs - Restructuring charges	(2,317,514)	0	(2,317,514)
Profit before tax	**(9,025,880)**	**(9,843,610)**	**817,730**
Income taxes	(1,034,468)	(12,293)	(1,022,176)
Profit for the period	**(10,060,348)**	**(9,855,902)**	**(204,445)**

Sales revenues show a downturn related to the review of the sales proposition, which is more focused on offering customers specialised solutions for use cases and industrial sectors that have a higher replication potential, and is attributable to three factors:

- The commercial push aimed at selling software licences in SaaS mode with new pricing structures, linked to the volume of data usage by customers, which will allow for greater scalability of revenue per customer in subsequent years;

- A greater selection of higher-margin projects which led to a decrease in the overall volume of contracts over the short-term, but better future profitability;

- The reorganisation of the sales team in EMEA and the USA which temporarily generated less growth.

The value of production is also lower as a result of the lower capitalisation of costs incurred for internal work commented on below.

Total Revenues (net of Other income) is broken down by type as follows:

Description	31/12/2024	%	31/12/2023	%	Change
Periodic licences	13,385,551	55%	17,064,014	57%	(3,678,462)
Maintenance	2,400,284	10%	2,958,410	10%	(558,125)
Perpetual licences	612	0%	1,140,000	4%	(1,139,388)
Professional services	6,724,455	27%	7,356,137	25%	(631,682)
Hosting	1,029,996	4%	1,262,522	4%	(232,526)
Other	992,428	4%	0	0%	992,428
Total	**24,533,326**	**100%**	**29,781,082**	**100%**	**(5,247,755)**

Periodic licences were down 22% from last year.

Perpetual licences were reduced to zero compared to the previous year: the switch to temporary licences meets a strategic need and is functional so as to have more stable revenues and cash flows over time.
Professional services fell by 9%, but less than proportionally to that of licences.

The increase in internally generated non-current assets, represented by investments in research and development, amounted to Euro 5.0 million, demonstrating the central value of these investments in expert.ai's policy, which is always focused on the constant development of its technology. However, these increases are down from 31 December 2023 (Euro 6.4 million), contributing to the clear strategy of gradually improving the Group's financial sustainability.

The **EBITDA** was positive at Euro 3.4 million, a strong improvement from last year (negative at Euro 0.2 million as at 31 December 2023). This is a significant achievement that marks a turning point after years of challenges and transformations. The last year in which a positive EBITDA was realised was 2019, and the following years, 2020 to 2022, were characterised by extremely negative values due to multiple factors, including global economic instability and profound internal changes.
2024 represents a crucial year for the company, in which the strategies for reorganisation, innovation and optimisation of operational processes have confirmed the soundness of the path taken. The return to positive EBITDA demonstrates adaptability and resilience in overcoming difficulties, as well as the effectiveness of measures adopted to improve efficiency and competitiveness.
After Italy, the American market continues to be the Group's focus area. Local branches however recorded a drop of Euro 2.9 million, while the absolute change in revenues from US customers involved a decrease of Euro 3.7 million. This decrease is partly attributable to the change in senior management at Expert System Enterprise Corp. during the year.
EBITDA, excluding capitalisations, improved by Euro 5.0 million compared to the previous year.
EBIT was negative by Euro 5.0 million (negative by Euro 8.8 million at 31 December 2023), against amortisation of intangible assets for Euro 7.9 million, mainly relating to capitalised development costs, the amortisation of which amounts to Euro 7.1 thousand.
The negative result from financial operations amounting to Euro 0.6 million decreased compared to 31 December 2023 (negative in the amount of Euro 1.0 million), mainly due to the presence of exchange gains.
Restructuring charges totalling Euro 3.5 million, recognised for the year 2024 only by way of exception, relate to external consultancy and employee expenses. External consultancy expenses, amounting to Euro 1.2 million, consisted of consultants and professional firms that contributed to the Capital Increase, the renegotiation of financial debt, and the reorganisation of operational and staff departments. Personnel costs of Euro 2.3 million relate to redundant personnel, some of whom were given redundancy incentives and some of whom resigned and were not replaced.

The reduction in operating costs, beyond a separate classification of restructuring charges, amounts to Euro 6.8 million compared to 2023. Net of restructuring charges, on the other hand, the savings amounted to Euro 10.3 million compared to the situation in 2023.

Profit for the period posted a Euro 10.1 million loss (Euro 9.8 million as at 31 December 2023).

The company's income situation is further specified by the profitability ratios set out in the table below:

Profitability ratios	31/12/2024	31/12/2023
Net ROE	(0.32)	(0.81)
Gross ROE	(0.28)	(0.81)
ROI	(0.15)	(0.26)
ROS	(0.20)	(0.30)

Main figures of the statement of financial position

The **expert.ai Group**'s reclassified statement of financial position compared with that as at 31/12/2023 is as follows (in Euro):

Consolidated statement of financial position	31/12/2024	31/12/2023	Change
Net intangible assets	16,861,434	19,373,084	(2,511,649)
Net rights of use	1,323,451	1,199,350	124,102
Net property, plant and equipment	559,658	664,716	(105,058)
Equity investments and other non-current financial assets	12,534,222	10,545,183	1,989,039
Fixed capital	**31,278,766**	**31,782,332**	**(503,567)**
Short-term financial assets	0	0	0
Inventories	0	0	0
Trade receivables	16,444,816	21,548,007	(5,103,191)
Other receivables	4,858,354	6,631,221	(1,772,867)
Accrued income and prepaid expenses	1,046,033	895,882	150,151
Short-term operating assets	**22,349,203**	**29,075,109**	**(6,725,906)**
Trade payables	(4,215,774)	(5,193,239)	977,465
Advances	(215,975)	(578,181)	362,206
Tax and social security payables	(1,268,190)	(1,878,272)	610,082
Other payables	(2,446,482)	(4,192,587)	1,746,105
Accrued expenses and deferred income	(4,797,387)	(6,033,201)	1,235,814
Short-term operating liabilities	**(12,943,808)**	**(17,875,479)**	**4,931,671**
Net working capital	**9,405,395**	**11,199,630**	**(1,794,235)**
Post-employment benefits	(4,127,761)	(4,123,112)	(4,649)
Accrued expenses and deferred income due after 12 months	(2,054,145)	(3,278,714)	1,224,569
Other medium and long-term liabilities	(924,656)	(1,564,945)	640,289
Medium/long-term liabilities	**(7,106,562)**	**(8,966,771)**	**1,860,209**
CAPITAL EMPLOYED	**33,577,599**	**34,015,192**	**(437,593)**
Shareholders' Equity	(31,882,881)	(12,218,394)	(19,664,487)
Medium- and long-term net financial indebtedness	(15,383,265)	(11,301,071)	(4,082,193)
Short-term net financial indebtedness	13,688,546	(10,495,726)	24,184,273
EQUITY AND NET FINANCIAL INDEBTEDNESS	**(33,577,599)**	**(34,015,192)**	**437,593**

Fixed capital amounting to Euro 31 thousand (Euro 32 thousand as at 31 December 2023) decreased by Euro 0.5 million. This decrease is mainly due to the combined effect of:

- reductions in intangible assets resulting from lower capitalisation of research and development costs;
- reduction in receivables for grants for research projects.

The decrease is partially offset by the overall net increase in invoices to be issued related to long-term contracts and included under non-current financial assets.

Looking at **current assets**, there was a decrease of Euro 6.7 million due to the combined effect of the decrease in trade receivables for Euro 5.1 million and other receivables for Euro 1.8 million, partially offset by the increase in accrued income and prepaid expenses for Euro 0.15 million.

Short-term liabilities for the year decreased by Euro 4.9 million due to the combined effect of the decrease in trade payables for Euro 0.98 million, tax and social security payables for Euro 0.6 million, other payables for Euro 1.7 million (including, in particular, payables to employees for Euro 0.48 million), advances received for Euro 0.4 million, and accrued expenses and deferred income for Euro 1.2 million.

Net working capital was therefore lower than the previous period by Euro 1,794 thousand. The largely positive value of net working capital, in any event, allows for an essential break-even in current management

Medium- and long-term liabilities recorded a decrease of Euro 1.9 million, mainly due to the decrease in accrued expenses and deferred income beyond 12 months in the amount of Euro 1.2 million and in other medium- and long-term liabilities for Euro 0.6 million.

A number of financial ratios are shown below relating to both (i) the methods of financing medium/long-term investments and (ii) the composition of the sources of funding, compared with the same ratios for the consolidated financial statements as at 31 December 2023.

Non-current asset financing ratios	**31/12/2024**	**31/12/2023**
Non-current asset to equity capital margin	604,115	(19,563,938)
Non-current asset to equity capital ratio	1.02	0.38
Non-current asset to equity capital and medium-long term debt margin	21,039,797	(2,574,810)
Non-current asset to equity capital and medium-long term debt ratio	1.67	0.92

The **non-current asset to equity capital margin** and the related fixed capital self-coverage ratio express how the Group finances non-current assets; they correlate the value of shareholders' equity with fixed capital (as quantified in the table below). The value is not significantly different from the value as at 31 December 2023.

The result of the non-current asset to equity capital margin, with the related ratio lower than the unit for both periods under review, means that the Group is unable to cover its entire financial needs for investments in fixed assets through equity, having to resort to outside funding.

	31/12/2024	**31/12/2023**
Shareholders' Equity (A)	**31,882,881**	**12,218,394**
Net intangible assets	16,861,434	19,373,084
Net rights of use	1,323,451	1,199,350
Net property, plant and equipment	559,658	664,716
Equity investments and other non-current financial assets	12,534,222	10,545,183
Fixed capital (B)	**31,278,766**	**31,782,332**
Non-current asset to equity capital margin (A- B)	**604,115**	**(19,563,938)**
Non-current asset to equity capital ratio (A/ B)	**1.02**	**0.38**

The **non-current asset to equity capital and medium-long term debt margin** represents the difference between permanent capital and non-current assets of all kinds; in this case, therefore, medium- and long-term loans (as quantified in the table below) are also taken into account, i.e. consolidated liabilities (e.g. mortgages, post-employment benefits and, more generally, all payables that will not be covered in the following twelve months).
The negative result of the non-current asset to equity capital and medium-long term debt margin highlights how permanent financing sources do not cover long-term investments; the reasons for this are mainly to be found in the reduction of shareholders' equity due to the losses incurred in recent years, despite the improvement of the net financial position.

	31/12/2024	31/12/2023
Shareholders' Equity (A)	31,882,881	12,218,394
Net financial position in the medium and long term (B)	15,383,265	11,301,071
Other medium and long-term liabilities (C)	924,656	1,564,945
Post-employment benefits (D)	4,127,761	4,123,112
Fixed capital (E)	31,278,766	31,782,332
Non-current asset to equity capital and medium-long term debt margin (A + B + C + D - E)	**21,039,797**	**(2,574,810)**
Non-current asset to equity capital and medium-long term debt ratio (A + B + C + D)/E	**1.67**	**0.92**

The debt ratio has improved compared to that as at 31 December 2023 and indicates that the Group's business is financed with current and medium/long-term debts, which, added together, are higher than equity; the Group's objective is to reduce debt, also thanks to the capital increase carried out in July 2024 and which has already been mentioned in this Report, to bring the ratio back close to 50%, which can be considered an optimal figure.

Financing structure ratios	**31/12/2024**	**31/12/2023**
Liabilities within 12 months (A)	12,553,836	24,133,988
Liabilities after 12 months (B)	20,435,682	16,989,128
Equity (C)	31,882,881	12,218,394
Total indebtedness ratio (A+B)/C	**1.03**	**3.37**

Main financial data

The Group's Net Financial Indebtedness (or Net Financial Position) is determined as the result of current and non-current financial debt less cash and cash equivalents and current financial assets, as well as non-current financial assets related to derivatives. It also includes financial liabilities relating to short-term and/or long-term leases and non-interest-bearing debts that have a significant implicit or explicit financing component (e.g. trade payables with a maturity of more than 12 months), and any other non-interest-bearing loans (as defined by the 'Guidelines on disclosure requirements under the Prospectus Regulation' published by ESMA on 4 March 2021 with document 'ESMA32-382-1138' and incorporated by CONSOB in its communication 5/21 of 29 April 2021).

The Group's Net Financial Indebtedness is shown below:

Consolidated Net Financial Indebtedness	**31/12/2024**	**31/12/2023**	**Change**
A - Cash	18,087,439	1,779,202	16,308,237
B - Cash equivalents			0
C- Other current financial assets	8,523	16,782	(8,259)
D- Liquidity (A + B + C)	18,095,961	1,795,983	16,299,978

E - Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	2,464,726	7,279,547	(4,814,822)
F - Current portion of non-current financial debt	1,942,689	5,012,162	(3,069,473)
G - Current financial indebtedness (E + F)	4,407,415	12,291,710	(7,884,295)
H - Net current financial indebtedness (D-G)	13,688,546	(10,495,726)	24,184,273
I - Non-current financial debt (excluding the current portion and debt instruments)	11,679,985	10,850,920	829,065
J - Debt instruments	2,942,000	0	2,942,000
K - Trade payables and other non-current payables	761,280	450,151	311,128
L - Non-current financial indebtedness (I+J+K)	15,383,265	11,301,071	4,082,193
M - Net financial indebtedness (H-L)	**(1,694,718)**	**(21,796,798)**	**20,102,079**

The marked improvement in the Group's net financial debt, when compared to the figure as of 31 December 2023, is attributable to the reduction in financial debt to banks and other financial institutions due to the regular repayment of medium/long-term debts without activating new ones. Amounts due to banks and other lenders decreased from Euro 20.5 million in 2023 to Euro 17.2 million in 2024.

In addition, there was the capital increase for Euro 30 million, which was completed in July 2024 and is discussed in detail in the section on significant events during the year.

The effects of IFRS entries affect the NFP for Euro 1.3 million (Euro 1.2 million in the previous year).

It should be noted that as at 31 December 2024, the long-term payable for bonds was classified under item “J - Debt Instruments”, while as of 31 December 2023, it was entirely classified as short-term under item “E - Current Financial Debt” because at the end of the previous year, Expert.ai S.p.A. had not complied with the financial “covenants” envisaged in the loan regulations. The aforementioned Capital Increase in fact reconstituted the level of Equity required by the aforementioned financial “covenants”.

BUSINESS OUTLOOK

2024 without doubt represented a turning point and a relaunch year for the Group.

During the year, important action was initiated to improve the company's efficiency and competitiveness. This action was more decisive and far-reaching than originally budgeted for and resulted not only in an almost total replacement of the first lines, but also in a delay in the grounding of the new commercial policies with the implementation of new projects and the selection of verticals. This resulted in lower revenues than expected (see the explanation on revenue performance) as well as a number of costs directly related to corporate restructuring. Therefore, the EBITDA of Euro 3.4 million, although a sharp improvement over the previous year and a real turning point in the Group's history, was lower than the forecast for the first year of the 2024-2026 Business Plan of Euro 9-10 million.

Once the organisational restructuring and consolidation phase is over, the Company is ready to develop growth not only systemically but also through M&As and strategic Joint Ventures (JVs) by pursuing the goals of the 2024-2026 Business Plan, based on the 10 strategic pillars.

In particular, it is highlighted that, during 2024, the (1) capital increase of Euro 30 million and (2) debt renegotiation were successfully completed, and the conditions for a (3) stable cost reduction were created. From a business perspective, the foundations were laid for the (4) new business model that will ensure sustainable growth through (5) a new solution roadmap with the implementation of new projects and the selection of verticals, and (6) the establishment of new partnerships. This was made possible by (7) a new corporate infrastructure based on process optimisation and new operational tools and policies, and (8) a new management approach. Expert.ai is therefore ready to develop growth not only systemically but also through (9) M&As and (10) strategic JV transactions.

In light of the above, the Business Plan targets for the years 2025 and 2026 are revised. In particular, for 2025 we are highly confident of achieving a range, broadly similar to previous estimates, of between Euro 37 and 43 million.

The gross profit, in light of a different sales mix expected for the current year, is estimated to be between Euro 24 and 28 million. Consequently, the book EBITDA, initially expected to be in the range of Euro 9 to 13 million, is expected to be in the range of Euro 6 to 10 million, and finally, cash EBITDA (EBITDA net of capitalisation of R&D costs), initially expected to be in the range of Euro 4 to 7 million, is expected to be in the range of Euro 1 to 5 million, thus maintaining the group's goal of financial sustainability.

Below are the updated 2024-2026 Strategic Plan targets:

€/M	2025 old	2025 new	2026 old	2026 new
Revenues	34 - 43	37 - 43	36 - 53	43 - 53
Gross Profit	24 - 30	24 - 28	25 - 37	28 - 35
EBITDA	9 - 13	6 - 10	9 - 18	8 - 13
Cash EBITDA	4 - 7	1 - 5	4 - 12	3 - 8

TREASURY SHARES

As of 31 December 2024, the Parent Company Expert.ai S.p.A. did not hold any treasury shares, as it did not hold any as of 31 December 2023, nor were any traded during the period.

IV. ENVIRONMENT, PERSONNEL AND RISKS

ENVIRONMENT

During the year, no damage was caused to the environment for which expert-ai was definitively found guilty. During the period, no definitive sanctions or penalties were imposed on the company for environmental offences or damages.

PERSONNEL

As mentioned in the Report on the 2022 financial statements, the Group was committed to a significant cost-cutting objective; to this end, on 14 March 2023 it signed a 12-month "defensive" solidarity agreement (within the meaning of Article 21, paragraph 5, and Article 22, paragraph 3, of Italian Legislative Decree No. 148 of 14 September 2015) with a duration of 12 months and with a maximum average hourly reduction of monthly working hours of 45%. The contract ended as planned on 13 March 2024 and did not result in the application of particularly high reduction percentages in all departments. At the end of the solidarity period, the company started a process for reorganising the various departments and optimising the management of available skills, which led to a further reduction in personnel costs.

The company continued to make personnel training and development investments. Using different types of training (asynchronous distance training, webinars and face-to-face sessions), several initiatives were offered to employees, focused on developing both technical and behavioural skills. Some inter-professional funds were used to deliver the training activities.

As usual, expert.ai also conducted refresher courses on occupational health and safety for workers' safety representatives in compliance with Italian Legislative Decree No. 81/08. The company also monitored, planned and delivered courses on the aforementioned topics to be provided to all employees (including supervisors).

Specific attention was paid to Privacy and Data Protection, Cyber Security (of particular importance given the business sector in which Expert.ai is active) and the Organisational Model relating to Legislative Decree 231/01. For all these topics, both introductory courses for new employees and refresher courses for existing employees were organised, accompanied by the corresponding learning tests.

During the year, there were no fatal work injuries involving personnel entered in the employee ledger, no serious occupational accidents resulting in serious or very serious injuries to existing personnel and no charges for occupational illnesses involving employees or former employees and no mobbing cases.

expert.ai S.p.a. continues to support the purchasing power of workers and personal and family well-being by implementing the Welfare Plan.

DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

General risks: regarding the risks deriving from the geopolitical tensions and the tightening of the US trade policy, reference should be made to the information provided above in "National economic scenario", in the commentary on "General economic performance" and in the Explanatory Notes, commenting on point 22-quater of Art. 2427 of the Italian Civil Code.

Risks related to the time taken to collect trade receivables: the Group's business is characterised by customer payment terms which cannot always be determined in advance and which can sometimes reach several months, also in relation to the type of work and the general economic situation. Any extensions of customer payment terms may require the Group to finance the related working capital needs. This is significant also in view of the relevance of trade receivables due from public customers. It may take longer to collect these receivables, with such time being more difficult to predict than in case of receivables from private customers.

Risks associated with internationalisation: the Group is pursuing its internationalisation process in the hope that an increasingly significant part of its revenues will be generated by sales outside the domestic market, in Europe and on the American market, which is a strategic area to be monitored both on the public and private front. In this regard, **Expert.ai** might be exposed to risks that are typically associated with operating internationally, including those related to changes in local economic, political, fiscal and regulatory conditions, as well as risks related to the complexity of doing business in geographically remote areas, in addition to risks related to currency exchange rate fluctuations in the case of countries outside the Eurozone. Unfavourable developments in these areas might have negative effects on the Group's business and growth prospects as well as on its economic, equity and financial position.

The table below shows the exchange rates used to convert the financial statements of subsidiaries:

Currency	Exchange rate as at 31/12/2024	Average exchange rate in 2024	Exchange rate as at 31/12/2023	Average exchange rate in 2023
USD - US Dollar	1.0389	1.0824	1.1050	1.0813
CHF - Swiss Franc	0.9412	0.9526	0.9260	0.9718
GBP - pound sterling	0.8292	0.8466	0.8691	0.8698
CAD - Canadian dollar	1.4948	1.4821	1.4642	1.4595

Risks associated with related party transactions: the Group has finalised, and may continue to finalise commercial and financial transactions with related parties as part of its business. The main transactions with related parties carried out by the company mainly concern commercial transactions such as the purchase and sale of licenses, maintenance fees, technical and/or commercial consulting services, administrative service contracts and lease agreements. Contracts of a financial nature, on the other hand, mainly concern loans granted by Expert.ai S.p.A. to Group companies in order to provide them with the financial resources necessary to meet their respective expenditure and investment commitments. The intercompany financing offers subsidiaries a simplified way of obtaining financial resources on the market which, on the whole, facilitates the execution of the group's strategic plan.

Since 2024, the Group has had business dealings with GUM Group S.p.A., GUM Consulting S.p.A., Finix and Payglobe srl, companies referable to the Chairman and Chief Executive Officer Dario Pardi, in order to carry out the necessary reorganisation and relaunch of the company.
All transactions were concluded at arm's length and, where necessary, were submitted to the Related Parties Committee for prior examination and subsequent approval by the Board of Directors.

Risks related to claiming intellectual property rights: in order to protect the company's value against competitors, the Company registered the trademarks "Expert System" and "COGITO" several years ago. Following the rebranding of the Company, the application for registration of the two new trademarks "**expert.ai**" and "Nlops" was filed in 2020: the procedure has already been completed in Europe and the trademarks are therefore registered at European level, while the US Office has registered the trade name 'Expert.ai'. In addition, the core part of the COGITO software has been patented in the United States of America. By distinguishing the company and its products, registered trademarks assume a central value for the strategy of focusing and differentiating offerings, for brand recognition and for the protection of the company's assets. Just as brands are key factors in the identification of value by customers and the market, so the website domain conveys the corporate identity on the Internet. In this respect, in 2020 the Company was able to purchase and secure a high quality and visible Internet domain - www.expert.ai – which perfectly mirrors the name of the new brand and whose extension emphasises its link with Artificial Intelligence.

Interest rate risk: the interest rate risk management policy pursues the objective of limiting this volatility primarily through the identification of a balanced mix of fixed-rate and floating-rate loans and also through the use of hedging derivatives that limit interest rate fluctuations, while derivatives or similar instruments are not used and held for mere trading purposes, rather only for hedging transactions. With regard to interest rate dynamics, please refer to what is stated above in 'National economic scenario', in the commentary on 'General economic performance'.

Administrative liability: Italian Legislative Decree no. 231 of 8 June 2001 has introduced into the Italian legal system the administrative liability of legal persons, companies and associations, including those without legal personality (entities). The decree establishes that no administrative liability can be ascribed to companies where they have effective and efficient organisational and management models that can prevent crimes by persons with top management positions in the Company.

Expert.ai S.p.A. has drawn up an Organisational and Management Model and a Code of Ethics also to reflect the Company's broader business policy, which is expressed in interventions and initiatives aimed at raising awareness, both among all its personnel (from management to employees) and all external collaborators and partners, as to the company's transparent and correct management, in compliance with current legal regulations as well as the fundamental principles of business ethics in the pursuit of the corporate purpose. Within this framework, Expert.ai S.p.A. intends to pursue, through the adoption of the Organisational and Management Model provided for by Italian Legislative Decree 231/2001, the objective of making its existing set of rules and controls suitable also to prevent the crimes indicated in the decree itself.

The Organisational and Management Model and the Code of Ethics were approved by the Board of Directors of Expert.ai S.p.A. on 21 December 2016.

The adoption of the model refers exclusively to the parent company Expert.ai S.p.A. since the legal system considers the Group as a whole only from an economic perspective. The Group is not an entity and therefore cannot be considered a direct centre for the attribution of liability for a crime; and thus cannot be classified as one of the subjects indicated in Art. 1 of decree 231.

The Code of Ethics, on the other hand, is applicable to Group companies as it expresses the general principles of corporate and business ethics that the Group recognises as its own and which are to be complied with by all its employees, managers and directors. Therefore, the Code of Ethics has a different scope than the Organisational and Management Model, since the Model meets specific requirements contained in the Decree, whereas the ethical principles contained in the Code of Ethics are the basic rules of conduct for the legitimate pursuit of company activities.

The Organisational and Management Model has been developed around concrete situations that characterise the company's operations, i.e. all the company's actual activities and functions and therefore the real risks of crime that can be envisaged in relation to them.

For each function in which a potential risk has been identified as existing, one or more decisional and management protocols have been defined containing the rules to be followed in carrying out the activity. The protocols are inspired by the rule of making the various stages of the decision-making process documented and verifiable, so that the motivation that guided the decision can be traced.

In particular, suitable procedures have been defined to prevent the following offences: offences against the P.A. and its assets; cyber crimes and unlawful data processing; organised crimes; forgery and crimes against industry and commerce; corporate crimes; crimes for the purpose of terrorism or subversion of the democratic order; crimes against the individual; market abuse; offences committed in violation of the rules on the protection of occupational health and safety; money laundering and receiving stolen goods; copyright infringement offences; the crime of making false statements to the judicial authorities; environmental crimes; employment of personnel without a legal residence permit.

The exemption from administrative liability as governed by Art. 6, paragraph 1, of Italian Legislative Decree 231/2001 requires, as an element of fundamental importance, the establishment of a Supervisory Body within the company, with autonomous powers of action and control, which has the task of supervising the operation of and compliance with the Model and verifying that the Board of Directors updates the Model itself.

The Supervisory Body of Expert.ai S.p.A. is made up of three members, one internal and two external members. All its members are individuals with proven skills and professionalism. The presence of the internal member ensures that the SB has immediate and in-depth knowledge of the entity’s structure and the organisation of its activities in the light of its actual corporate function.

This solution is deemed the most suitable, based on the characteristics of its organisational structure, to ensure the effectiveness of the controls for which the Supervisory Body is institutionally responsible and meets the requirements of the recently approved Confindustria Guidelines.

In order to ensure the necessary stability and continuity of action for the aforementioned Body, its members hold this role for a period of 3 years from the date of their actual appointment.

The appointment of the Supervisory Body, as well as its possible revocation, is the responsibility of management, which provides therefor in full compliance with the law, also on the basis of the provisions of the Confindustria Guidelines.

Finally, it should be noted that expert.ai has developed an Information Security, IT Security, Privacy and Quality Management System identified as the Information Security and Quality Management System (ISQMS).

This management system permits the effective maintenance of current company certifications: ISO/IEC 27001, ISO 9001, SOC 2 Type II, and is designed to allow integration and continuous updating with respect to laws, regulations and certification standards. The integration of AI Governance and a cybersecurity and privacy compliance certification specifically for cloud services ISO/IEC 27017/27018 is being managed during 2024.

USE OF FINANCIAL INSTRUMENTS

As stated in the section on the “interest rate risk”, the Group uses financial derivatives solely to hedge its exposure to the interest rate risk, thereby stabilizing the liability flow due to interest paid mainly on medium and long-term debt, and does not hold any speculative financial instruments.

Derivatives, recognised at fair value, are classified as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the hedge is highly effective. For a detailed analysis of the fair value and information on the extent and nature of each category of derivatives implemented by the company, broken down by class, taking into consideration aspects such as the characteristics of the instruments themselves and the purposes of their use, reference should be made to the explanatory notes to the consolidated financial statements, in the point on 'Derivatives'.

IFRS CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

IAS/IFRS consolidated financial statements as at 31/12/2024 38
Financial Statements 38
Statement of financial position - Assets 38
Statement of financial position - Liabilities 39
Statement of profit or loss 40
Statement of comprehensive income 41
Statement of cash flows 42
Information following the Statement of cash flows 43
Statement of changes in equity from 1 January 2023 to 31 December 2024 44
EXPLANATORY NOTES 45
GENERAL INFORMATION 45
Main industrial activities of the Group 45
FINANCIAL STATEMENTS 45
PRESENTATION CURRENCY 46
BASIS OF PREPARATION AND GOING CONCERN PRINCIPLE 46
ACCOUNTING POLICIES, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS FROM 1 JANUARY 2024 AND APPLICABLE BY THE GROUP 46
ACCOUNTING POLICIES, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT YET ADOPTED IN ADVANCE BY THE GROUP 47
RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED 47
REPORTING DATE 47
OPERATING SEGMENT DISCLOSURE 47
SCOPE OF CONSOLIDATION 47
PRINCIPLES OF CONSOLIDATION AND CONVERSION 47
MEASUREMENT CRITERIA 50
OTHER INFORMATION 61
COMMENTS ON THE MAIN ITEMS OF THE STATEMENT OF FINANCIAL POSITION 62
1. Intangible assets 62
2. Property, plant and equipment 64
3. Rights of use 66
4. Equity Investments and Securities 67
5. Other non-current assets 67
6. Non-current tax assets 68
7. Inventories 68
8. Trade and other receivables 68
9. Current tax assets 70
10. Other current assets 70

11. Current financial assets 71
12. Cash and cash equivalents 71
13. Shareholders' Equity 72
14. Provisions for risks and charges 73
15. Other non-current payables 74
16. Post-employment benefits 74
17. Provisions for deferred tax liabilities 75
18. Current and non-current financial liabilities 75
19. Trade and other payables 78
20. Current tax payables 78
21. Other current liabilities 79
COMMENTS ON THE MAIN STATEMENT OF PROFIT OR LOSS ITEMS 80
22. Revenues from sales and services 80
23. Change in inventories 80
24. Other revenues and income 80
25. Raw materials and consumables 81
26. Costs for services 81
27. Rental and lease expenses 82
28. Personnel expenses 83
29. Other provisions and other costs 83
30. Amortisation, depreciation and writedowns 84
31. Restructuring charges 84
32. Finance income and cost 85
33. Income taxes 86
OTHER INFORMATION 87
34. Transactions with subsidiaries, parent companies, associated companies and affiliates 87
35. Guarantees and commitments and contingent liabilities 89
36. Other information 91
37. Share-based payments 91
38. Events after the reporting period and business outlook 92
APPENDIX A - derivative instruments 93

Financial Statements

Statement of financial position - Assets

In Euro	**31/12/2024**	**31/12/2023**
Intangible assets	16,861,434	19,373,084
Rights of use	1,323,451	1,199,350
Property, plant and equipment	559,658	664,716
Other non-current assets	10,196,652	7,462,053
Equity investments and securities	175,943	331,065
Deferred tax assets and other tax assets	2,161,627	2,752,065
Total non-current assets	**31,278,766**	**31,782,332**
Inventories	0	0
Trade receivables and other receivables	18,618,417	23,855,041
Current tax assets	2,684,754	4,324,186
Other current assets	1,046,033	895,882
Current financial assets	8,523	16,782
Cash and cash equivalents	18,087,439	1,779,202
Total current assets	**40,445,164**	**30,871,093**
Total assets	**71,723,930**	**62,653,425**

Statement of financial position - Liabilities

In Euro	31/12/2024	31/12/2023
Share capital	973,374	689,245
Legal reserve	101,554	101,554
Other reserves	121,684,240	89,933,708
Undivided profit (loss)	(80,815,940)	(68,650,211)
Net profit (loss) for the period	(10,060,348)	(9,855,901)
Equity attributable to owners of the parent	**31,882,881**	**12,218,394**
Equity attributable to non-controlling interests	0	0
Shareholders' Equity	**31,882,881**	**12,218,394**
Non-current financial debt	14,621,985	10,850,920
Provisions for risks and charges	19,341	201,341
Other non-current payables	2,815,425	3,728,865
Employee benefits	4,127,761	4,123,112
Provisions for deferred tax liabilities	905,315	1,363,604
Total non-current liabilities	**22,489,827**	**20,267,842**
Trade and other payables	7,334,134	10,577,633
Current financial debt	4,407,415	12,291,710
Current tax payables	812,287	1,264,646
Other current liabilities	4,797,387	6,033,201
Total current liabilities	**17,351,223**	**30,167,189**
Total liabilities	**71,723,930**	**62,653,425**

Statement of profit or loss

In Euro	31/12/2024	31/12/2023
Revenues from sales and services	24,533,326	29,781,081
Change in inventories	0	(14,560)
Other revenues	7,861,186	9,274,551
Total Revenues	**32,394,512**	**39,041,072**
Consumption of materials	2,038,094	2,055,918
Costs for services	6,396,811	8,223,024
Rental and lease expenses	2,517,481	3,343,064
Personnel expenses	17,592,143	23,838,943
Other provisions and other costs	463,885	1,815,673
EBITDA	**3,386,098**	**(235,550)**
Amortisation	8,054,603	8,579,172
Impairment of non-current assets	300,000	
Operating profit	**(4,968,505)**	**(8,814,722)**
Costs for services - Restructuring charges	1,151,252	0
Personnel costs - Restructuring charges	2,317,514	0
Finance cost	1,665,619	1,505,250
Finance income	1,077,011	476,363
Profit before tax	**(9,025,880)**	**(9,843,609)**
Income taxes	1,034,468	12,293
Profit for the period	**(10,060,348)**	**(9,855,901)**
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	**(10,060,348)**	**(9,855,901)**

Earnings per share	31/12/2024	31/12/2023
Basic	0.00	0.00
Diluted	0.00	0.00

Statement of comprehensive income

Other comprehensive income includes income and expenses (including reclassification adjustments) that are not recognised in profit (loss) for the period as required or permitted by other IFRSs.

STATEMENT OF COMPREHENSIVE INCOME	31/12/2024	31/12/2023
Profit for the period	(10,060,348)	(9,855,901)
Exchange rate changes	2,276,806	(1,397,648)
Change in post-employment benefits pursuant to IAS 19	105,528	(104,395)
Change in derivatives reserve	(194,649)	(239,802)
Other changes	0	
Comprehensive profit for the period	(7,872,664)	(11,597,746)

In Euro	31/12/2024	31/12/2023
Profit for the period	**(10,060,348)**	**(9,855,901)**
Other comprehensive profit/(loss) that will not be subsequently reclassified to profit/(loss) for the period:		
Actuarial gains (losses) on defined benefit plans	138,852	(137,362)
Tax effect related to Other profit/(loss) that will not be subsequently reclassified to profit/(loss) for the period	(33,324)	32,967
Total other comprehensive profit/(loss) that will not be subsequently reclassified to profit/(loss) for the period, net of tax effect	**105,528**	**(104,395)**
Other comprehensive profit/(loss) that will be subsequently reclassified to profit/(loss) for the period:		
Exchange rate differences on conversion of foreign operations	2,276,806	(1,397,648)
Change in cash flow hedge reserve	(173,922)	(186,817)
Tax effect related to Other profit/(loss) that will be subsequently reclassified to profit/(loss) for the period	(20,728)	44,836
Total other comprehensive profit/(loss) that will be subsequently reclassified to profit/(loss) for the period, net of tax effect	**2,082,157**	**(1,539,629)**
Total other comprehensive income, net of tax effects:	**(7,872,664)**	**(11,499,925)**

Statement of cash flows

A. Cash flows from operating activities (indirect method)	31/12/2024	31/12/2023
Profit (loss) for the period	(10,060,348)	(9,855,901)
Income taxes	1,034,468	12,293
Restructuring charges	3,468,766	0
Finance cost (Income)	588,608	1,028,888
Other non-monetary income components	664,911	
Amortisation	8,354,603	8,579,172
Cash flow from operating activities before changes in net working capital	**4,051,010**	**(235,549)**
Changes in net working capital		
Decrease/(Increase) in inventory	0	14,560
Decrease/(Increase) in trade receivables and other receivables	5,226,100	(3,831,390)
Increase/(Decrease) in trade payables and other payables	(4,156,940)	(2,373,505)
Decrease/(Increase) in other current assets	(150,151)	698,818
Increase/(Decrease) in other current liabilities	(1,235,814)	(419,037)
Net tax liabilities paid	(452,358)	963,794
Total changes in net working capital	**(769,164)**	**(4,946,760)**
Increase/(Decrease) in provisions for risks and charges	(160,000)	181,999
Increase/(Decrease) in deferred tax liabilities	0	123,632
Increase/(Decrease) in employee benefits	(532,885)	328,155
Increase/(Decrease) in restructuring charges	(3,468,766)	0
Total other changes in operating activities	**(4,161,651)**	**633,786**
Cash flow from operating activities (A)	**(879,805)**	**(4,548,524)**
Property, plant and equipment and rights of use		
(Investments)	(68,846)	(291,743)
Divestments	2,546	56,882
Intangible assets		
(Investments)	(5,234,476)	(6,720,174)
Divestments	-	-
Non-current financial assets		
(Investments)	-	-
Divestments	-	-
Decrease/(Increase) in investments and other non-current assets	(1,865,949)	2,451,696
Cash flow from investing activities (B)	**(7,166,725)**	**(4,503,338)**
Loan capital		
Increase/(Decrease) in financial payables	(4,878,840)	(4,746,211)
Decrease/(Increase) in current financial assets	8,259	(138)
Finance cost (Income)	(588,608)	(1,028,887)
Equity		
Capital increase against payment	29,667,517	4,098,215
Stock options and stock grants	29,280	833,082
Employee benefits	0	(104,394)
Other changes in equity	117,159	(244,728)
Cash flow from financing activities (C)	**24,354,768**	**(1,193,061)**
Increase (decrease) in cash and cash equivalents (A ± B ± C)	**16,308,237**	**(10,244,923)**

Opening cash and cash equivalents	1,779,202	12,024,125
Closing cash and cash equivalents	18,087,439	1,779,202
Increase (decrease) in cash and cash equivalents	**16,308,237**	**(10,244,923)**

Information following the Statement of cash flows

This statement allows you to evaluate:

- cash generated/absorbed by operating activities and how it is used/covered;
- the company's ability to meet its short-term financial commitments;
- the company's ability to finance itself.

The cash flows presented in the Statement of cash flows derive from operating, investing and financing activities. The algebraic sum of these cash flows represents the increase or decrease in cash and cash equivalents during the period.

Cash flows from operating activities include flows from the acquisition, production and distribution of goods and the provision of services, and other flows not included in investing and financing activities.

Cash flows from operating activities are determined using the indirect method, whereby profit (or loss) for the period is adjusted to take into account all those changes (amortisation/depreciation of non-current assets, accruals to provisions for risks and charges, post-employment benefits, impairments, changes in inventories, changes in trade receivables and trade payables, changes in accruals and deferrals, gains or losses from the disposal of assets) the purpose of which is to transform positive and negative income components into cash receipts and payments (i.e. changes in cash and cash equivalents).

Thanks also to positive EBITDA (Euro 3.4 million) in sharp contrast to 2023 (Euro -0.2 million), the Group saw its cash and cash equivalents increase by Euro 16.3 million (against an absorption of Euro 10.2 million in 2023), for the reasons summarised below.

Net working capital management absorbed liquidity for about Euro 0.8 million (compared to Euro 4.9 million in 2023); the absorption of liquidity is mainly attributable to the combined effect of the increase (approximately Euro 5.1 million) in trade and other receivables and the increase (approximately Euro 5.8 million) in current payables.

Investment activities absorbed Euro 7.2 million in liquidity, mainly due to investments in research and development for Euro 5 million and the remainder due to the increase in receivables from customers and long-term research projects.

Financing activities generated Euro 24.4 million in liquidity, of which Euro 5.5 million was absorbed for disbursements related to financial payables and Euro 29.8 million in increased liquidity from equity, mainly related to the capital increase, which is illustrated in detail in the section on “main events”.

However, there are no problems related to the Group's ability to meet its financial commitments over the short term, also in light of the considerations made with regard to the debt restructuring transaction already mentioned in this document.

Statement of changes in equity from 1 January 2023 to 31 December 2024

	Capitale sociale	Riserva legale	Sovraprezzo azioni	Riserva copertura flussi finanziari	Riserva FTA	Riserva IFRS 2	Riserva IAS 19	Riserva di traduzione	Riserva straordinaria	Altre riserve	Altre riserve	Utili (perdite) non distribuiti	Utili (perdite) netto esercizio	Patrimonio netto
SALDI AL 01 GENNAIO 2023	**620.896**	**101.554**	**77.004.697**	**447.105**	**(443.567)**	**3.061.529**	**(135.973)**	**(887.206)**	**7.187.820**	**518.313**	**6.818.928**	**(46.202.625)**	**(23.780.422)**	**17.492.122**
Destinazione risultato		0	0	0	0	0	0		0	0	-	(23.780.422)	23.780.422	-
Dividendi											-			-
Aumento capitale sociale per sottoscrizione nuove azioni emesse	68.349		4.029.866								-			4.098.214,83
Aumento Capitale sociale a pagamento (inclusa stock option)											-			0
Aumento Capitale sociale gratuito (Stock grant)											-			0
Variazioni da azioni proprie											-			-
Variazione area/operazioni straord.											-			-
Variazione operazioni copertura flussi finanziari				(186.817)							-			(186.817)
Variazione utile/perdite attuariali TFR							(104.394)				-			(104.394)
Risultato d'esercizio											-		(9.855.901)	(9.855.901)
Altri movimenti						833.082		(1.397.648)	(14.269)	21.168	(1.390.747)	1.332.836		775.171
SALDI AL 31 DICEMBRE 2023	**689.244**	**101.554**	**81.034.564**	**260.288**	**(443.567)**	**3.894.611**	**(240.367)**	**(2.284.853)**	**7.173.551**	**539.481**	**5.428.181**	**(68.650.211)**	**(9.855.901)**	**12.218.394**

SALDI AL 01 GENNAIO 2024	**689.244**	**101.554**	**81.034.564**	**260.288**	**(443.567)**	**3.894.611**	**(240.367)**	**(2.284.853)**	**7.173.551**	**539.481**	**5.428.181**	**(68.650.211)**	**(9.855.901)**	**12.218.394**
Destinazione risultato		-	-	-	-	-	-		-	-	-	(9.855.901)	9.855.901	-
Dividendi											-			-
Aumento capitale sociale per sottoscrizione nuove azioni emesse	269.704		29.397.813								-			29.667.517
Aumento Capitale sociale a pagamento (inclusa stock option)	240		29.040								-			29.280,00
Aumento Capitale sociale gratuito (Stock grant)	14.186								(14.186)		(14.186)			-
Variazioni da azioni proprie											-			-
Variazione area/operazioni straord.											-			-
Variazione operazioni copertura flussi finanziari				(194.649)							-			(194.649)
Variazione utile/perdite attuariali TFR							105.528				-			105.528
Risultato d'esercizio											-		(10.060.348)	(10.060.348)
Altri movimenti						(3.894.611)		2.276.806	0	4.044.788	6.321.596	(2.309.827)		117.158
SALDI AL 31 DICEMBRE 2024	**973.374**	**101.554**	**110.461.417**	**65.638**	**(443.567)**	**0**	**(134.840)**	**(8.047)**	**7.159.365**	**4.584.269**	**11.735.591**	**(80.815.940)**	**(10.060.348)**	**31.882.880**

EXPLANATORY NOTES

GENERAL INFORMATION

Expert System S.p.A. changed its company name to Expert.ai S.p.A. by resolution of the shareholders' meeting of 29 April 2021, filed with the Chamber of Commerce on 11 May 2021.

Expert.ai is the brand of Expert S.p.A., an innovative company in the artificial intelligence (AI) technology market, founded in Modena in 1989, today an AI platform company based on a Group of over 200 professionals with solid technical and business skills, dedicated research laboratories and an international presence with subsidiaries and offices in Europe and North America.

Main industrial activities of the Group

The company's main goal represents one of the most fascinating challenges in computational science: to develop artificial intelligence technology capable of understanding language with a human-like approach. The advent of the digital age and the explosion of information has in fact accelerated the need to focus on more advanced technological solutions, capable of increasing human capabilities and intelligence by simplifying the reading and understanding of all textual content expressed in natural language (documents, research, web news, emails, customer interactions, etc.) in order to extract the elements of interest, on which to carry out further research, provide more appropriate answers, make more informed and timely decisions.

In this scenario, Expert.ai has consolidated its position as a global market leader with its artificial intelligence platform for natural language analysis and processing. Its customers span all major markets: Banking and Insurance, Publishing and Media, Defence and Intelligence, Health and Pharmaceuticals, Energy, etc.

FINANCIAL STATEMENTS

With regard to the methods of presenting the financial statements, the 'current/non-current' distinction has been adopted for the Statement of financial position, while the step-by-step format with the classification of costs by nature has been adopted for the Statement of comprehensive income and the indirect method for the Statement of cash flows. It should also be noted that the Group has applied the provisions of Consob Resolution No. 15519 of 27 July 2006 concerning financial statement formats. The Consolidated financial statements for the period ended 31 December 2024 have been prepared in accordance with IAS 1 and IAS 7 and consist of:

- Statement of financial position, which is presented by showing current and non-current assets and current and non-current liabilities separately (as is usually done by industrial and commercial entities), with a description in the notes for each asset and liability of the amounts expected to be settled or recovered within or beyond 12 months from the reporting date;
- statement of profit or loss, the form of analysis of which is the nature of cost method;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows, for which the indirect method has been used.

The Consolidated financial statements and the Explanatory Notes to the Consolidated financial statements have been drawn up in Euros.

PRESENTATION CURRENCY

These financial statements are expressed in Euros, which is the currency of the main economic environment in which the Group operates. Foreign companies are included in the Consolidated financial statements in accordance with the principles indicated in the following notes.
When specific cases so require, the monetary unit applied is expressly indicated, if different from the Euro.

BASIS OF PREPARATION AND GOING CONCERN PRINCIPLE

The consolidated financial statements of the Expert.ai Group are prepared in accordance with the IFRS, meaning all the International Financial Reporting Standards (IFRS), all the International Accounting Standards (IAS), all the interpretations given by the 'International Financial Reporting Interpretations Committee' (IFRIC), previously referred to as 'Standing Interpretations Committee' (SIC) that, as of the date of the Consolidated financial statements, have been endorsed by the European Union in accordance with the procedure set forth in Regulation (EC) No. 1606/2002 of the European Parliament and the European Council of 19 July 2002 and pursuant to Legislative Decree 38/2005.

IFRS have been applied consistently to all periods discussed in this document.

The Consolidated Financial Statements have been prepared on a going concern basis; during the year, this aspect was further ensured by the capital increase and debt renegotiation, as explained in the section of the Management Report relating to the “business outlook”.
In addition, the Directors have verified that there are no financial, management or other indicators that could indicate critical issues regarding the Group's ability to meet its development plans and obligations in the foreseeable future, particularly in the following 12 months from the closing date based on the expected cash flows available at the date of approval of the financial statements.

Although this does not pose a risk to the company's ability to continue as a going concern, and although it does not entail a change in the balances of the financial statements as at 31 December 2024, there are risks and uncertainties with regard to global growth due to the ongoing conflict between Russia and Ukraine and the tariff policies initiated by the Trump administration in the USA.

On the other hand, the European Central Bank cut its key interest rates by 25 basis points on 6 March 2025 and experts expect further cuts during 2025. These cuts are part of the ECB's strategies to stimulate the economy and address global uncertainties, including geopolitical conflicts and trade tensions.

The Consolidated financial statements have been prepared on the basis of the conventional criterion of historical cost, with the exception of the measurement of financial assets and liabilities, where application of the fair value standard is required.

ACCOUNTING POLICIES, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS FROM 1 JANUARY 2024 AND APPLICABLE BY THE GROUP

The following is a description of the amendments, improvements and interpretations applied to the financial statements for the year ended after 31 December 2023 and which became effective on or after 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- IAS 1 - Classification of Liabilities as Current or Non-Current;
- IAS 1 – Non-Current Liabilities with Covenants.

The adoption of these amendments had no impact on the Group's consolidated financial statements.

ACCOUNTING POLICIES, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT YET ADOPTED IN ADVANCE BY THE GROUP

For all newly issued policies, as well as for revisions and amendments to existing policies, the Group is assessing any impacts, which cannot currently be reasonably estimated, resulting from their future application.

RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

With regard to the risks and uncertainties to which the Group is exposed, please refer to the specific chapter in the Management Report.

REPORTING DATE

The reporting date of the consolidated financial statements is 31/12/2024.

OPERATING SEGMENT DISCLOSURE

The company does not present the information required under IFRS 8, as it does not have operating segments identified in accordance with paragraphs 5 to 10 of that standard.

SCOPE OF CONSOLIDATION

The interim consolidated financial statements as at 31/12/2024 of the Group include the financial statements of Expert.ai S.p.A. and its foreign subsidiaries, which are consolidated using the line-by-line method.

SCOPE OF CONSOLIDATION AS AT 31/12/2024

Company name	*Registered office*	*CURRENCY*	*% shareholding*
Expert.ai S.p.A.	Rovereto, Italy	EUR	Parent Company
Expert System USA Inc	Rockville (USA)	USD	100% Expert.ai S.p.A..
Expert System Iberia Slu	Madrid (ESP)	EUR	100% Expert.ai S.p.A..
Expert System Cogito Ltd	London (UK)	GBP	100% Expert.ai S.p.A..
Expert.ai International SA	Lugano (CH)	CHF	100% Expert.ai S.p.A..
Expert System France S.A.S.	Paris (FRA)	EUR	100% Expert.ai S.p.A..
Expert System Enterprise Corp.	Rockville (USA)	USD	100% Expert System France S.A.S.
Expert System Canada - Tech. Sém. Inc.	Montreal (CAN)	CAD	100% Expert System France S.A.S.
Expert System Deutschland Gmbh	Bad Homburg vdH (GER)	EUR	100% Expert System France S.A.S.

PRINCIPLES OF CONSOLIDATION AND CONVERSION

The consolidated financial statements of the Expert.ai Group include the financial statements of the parent company

Expert.ai S.p.A. and of the companies controlled thereby (subsidiaries) drawn up as at 31/12/2024. The changes to the scope of consolidation are described in the section “Group structure” above.

All Group companies have produced the data and information required to prepare the Consolidated Financial Statements in accordance with IFRS.

Subsidiaries

The Consolidated Financial Statements include the financial statements of all controlled companies. The group controls an entity when the group is exposed, or has the right, to the variability of results arising from that entity and can influence those results by exercising power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control is acquired until such control ceases to exist. Costs incurred in the acquisition process are expensed in the period in which they are incurred. Receivables and payables, as well as costs and revenues arising from transactions between companies included in the scope of consolidation are fully eliminated; capital losses and gains arising from transfers of non-current assets between consolidated companies, losses and gains arising from transactions between consolidated companies relating to the sale of goods that are held as inventory by the acquiring company, impairment losses and reversals of impairment losses of equity investments in consolidated companies, as well as intercompany dividends, are also eliminated. The non-controlling interest in capital and reserves in subsidiaries and the non-controlling interest in the Profit or Loss for the year of consolidated subsidiaries, if any, are separately identified. Losses attributable to non-controlling interests that exceed the portion of interest in the capital of the investee company are allocated to equity attributable to non-controlling interests.

Changes in ownership interests in subsidiaries that do not result in the acquisition or loss of control are posted to changes in shareholders' equity. The difference between the price paid and the portion of shareholders' equity acquired is recorded as an offsetting entry to Equity attributable to owners of the parent as the Profits/Losses arising from the sale of shares to minority shareholders.

When the Group loses control of a subsidiary, the fair value of the residual interest (equity investment) held at the date of loss of control is remeasured by recognising any resulting difference as a Profit or Loss in the Statement of Profit/(Loss) attributable to the parent company. This value will also correspond to the initial recognition value of the said remaining equity investment as an equity investment in an associated company, joint venture or financial asset. Finally, the Group will account for all amounts previously recognised in other comprehensive income with respect to that subsidiary, similar to what would be required if the parent had directly disposed of the related assets or liabilities. This might result in the reclassification of such Profits or Losses from Shareholders’ Equity to Profit/(Loss) for the period.

The financial statements of subsidiaries are adjusted in order to bring them into line with the accounting standards adopted by the Group. The reporting date of subsidiaries is aligned with that of the Parent Company; if this is not the case, the subsidiaries prepare special statements of financial position for use by the Parent Company.

Associated companies

Associated companies are those over which significant influence is exercised, which is presumed to exist when the shareholding is between 20% and 50% of the voting rights. Equity investments in associated companies are initially recorded at cost and subsequently valued using the Shareholders' Equity method described below. The accounting value of these equity investments is in line with the Shareholders' Equity adjusted, where necessary, to reflect the application of IFRS and includes the recognition of the higher values attributed to assets and liabilities and any goodwill identified at the time of acquisition. The financial statements of the companies measured with the equity method are also adjusted to bring them into line with the accounting standards adopted by the Group.

Profits or losses attributable to the owner of the parent are accounted for from the date on which the significant

influence begins and until the date on which it ceases. If, as a result of losses, the Company measured using this method shows a negative Shareholders' Equity, the accounting value of the equity investment is cancelled and any surplus attributable to owners of the parent, where the latter has undertaken to meet the legal or implicit obligations of the investee company, or otherwise to cover its losses, is recognised in a specific provision; changes in the equity of companies accounted for by using the Equity method that are not reflected in the statement of profit or loss are posted directly as an adjustment to Shareholders' Equity reserves. Unrealised Profits and Losses generated by transactions between the Parent Company/Subsidiaries and the investee company measured by using the Equity method are eliminated in proportion to the value of the Group's holding in the investee company; unrealised losses are eliminated, except where they represent impairment.

Business combinations

In accordance with the provisions of IFRS 3 Business Combinations, business combinations whereby control of an entity is acquired are recognised according to the acquisition method. The acquisition cost is represented by the fair value at the acquisition date of the assets sold, liabilities assumed and equity instruments issued. The identifiable assets acquired, liabilities and contingent liabilities assumed are recorded at their fair value at the acquisition date, except for deferred tax assets and liabilities, assets and liabilities for employee benefits and assets held for sale which are recorded in accordance with the relevant accounting policies. The difference between the cost of acquisition and the fair value of the assets and liabilities acquired, if positive, is recorded under intangible assets as goodwill, or, if negative, after having verified that the fair values of the assets and liabilities acquired and the cost of acquisition have been correctly measured, is recorded directly in the statement of profit or loss, as income. Incidental transaction costs are recognised in the statement of profit or loss as they are incurred. The acquisition cost also includes contingent consideration, which is recognised at fair value at the date of acquisition of control. Subsequent changes in fair value are recognised in the statement of profit or loss or other comprehensive income if the contingent consideration is a financial asset or liability. Contingent consideration classified as Shareholders' Equity is not recalculated and the subsequent settlement is recorded directly in Shareholders' Equity. If the business combinations with which control is acquired take place in stages, the Group recalculates the interest it previously held in the acquiree at the respective fair value at the acquisition date and recognises any resulting Profit or Loss in the statement of profit or loss. Acquisitions of non-controlling interests relating to entities for which control already exists or the sale of non-controlling interests that do not entail loss of control are considered transactions relating to Shareholders' Equity; therefore, any difference between the cost of the acquisition/sale and the related fraction of Shareholders' Equity acquired/sold is posted as an adjustment to Equity attributable to owners of the parent.
In the event of the acquisition of non-total controlling shareholdings, goodwill is recorded only for the portion attributable to the Parent Company. The value of non-controlling shareholdings is determined in proportion to the non-controlling interests held in the acquiree's identifiable net assets. Ancillary charges associated with the acquisition are recognised in the statement of profit or loss at the date the services are rendered.

Transactions eliminated in the consolidation process

In preparing the consolidated financial statements, all significant balances and transactions between Group companies are eliminated, as are unrealised profits and losses on intercompany transactions. Realised profits and losses generated on transactions with associated or jointly controlled companies are eliminated in proportion to the value of the Group's interest in those companies.

Conversion of financial statements in foreign currency

When translating financial statements denominated in foreign currency, statement of financial position items are

converted at exchange rates at the reporting date, whilst statement of profit or loss items are converted at the average exchange rate for the period. Shareholders' equity items are converted into euros at the exchange rate in force on the respective date of formation, or at the average exchange rate for the period if the items are formed more than once during the period. Any differences between the profit for the period, deriving from conversion at average exchange rates, and that resulting from conversion at year-end exchange rates, as well as the effects on other shareholders' equity items of fluctuations between historical exchange rates and year-end rates, are recorded in shareholders' equity under the 'Conversion reserve' item. The rates applied when converting the financial statements of companies located outside the euro area are shown below.

Currency	Exchange rate as at 31/12/2024	Average exchange rate in 2024	Exchange rate as at 31/12/2023	Average exchange rate in 2023
USD - US Dollar	1.0389	1.0824	1.1050	1.0813
CHF - Swiss Franc	0.9412	0.9526	0.9260	0.9718
GBP - pound sterling	0.8292	0.8466	0.8691	0.8698
CAD - Canadian dollar	1.4948	1.4821	1.4642	1.4595

MEASUREMENT CRITERIA

The accounting policies and measurement criteria adopted in preparing the Consolidated financial statements are shown below:

Intangible assets

Intangible assets consist of non-monetary items that are identifiable and have no physical substance, are controllable and capable of generating future economic benefits. These items are recognised at purchase and/or production cost, including directly attributable expenses for preparing the asset for use, net of accumulated amortisation and any impairment losses. Any interest expense accrued during and in connection with the development of intangible assets is capitalised as an increase of the asset itself. Items that meet the definition of 'assets acquired in a business combination' are only accounted for separately if their fair value can be reliably determined. Intangible assets are subject to amortisation except when they have an indefinite useful life. Amortisation begins when the asset is available for use and is systematically allocated in relation to the residual possibility of use of the same, i.e. on the basis of the estimated useful life.

Costs incurred for intangible assets after purchase are only capitalised if they increase the future economic benefits of the intangible asset to which they refer. All other costs are charged to the statement of profit or loss in the period in which they are incurred. Intangible assets include those with a finite useful life or other intangible assets, the measurement criteria for which are described in the following paragraphs.

Goodwill

Goodwill arising from the acquisition of a subsidiary or other business combinations represents the excess of the acquisition cost over the Group's share of the fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is not amortised, but is tested for impairment annually, or more frequently if specific events or changed circumstances indicate that it may be impaired. Reversals of impairment losses are not permitted in the case of a previous write-down for impairment. After initial recognition, goodwill is measured at cost, less any accumulated impairment losses.

Upon the transfer of control of the previously acquired business, the gain or loss on disposal takes into account the corresponding residual value of the previously recognised goodwill.

Research and development costs

Research costs are charged to the statement of profit or loss in the period in which they are incurred.
Costs for the development of new products and processes are capitalised and recognised as intangible assets only if all of the following conditions are met:

- the project is clearly identified and the costs associated with it are reliably identifiable and measurable;
- the technical feasibility of the project is demonstrated;
- the intention to complete the project and sell the intangible assets generated by the project is demonstrated;
- there is a potential market or, in the case of internal use, the usefulness of the intangible asset is demonstrated;
- the technical and financial resources necessary to complete the project are available.
- they are amortised over the period in which expected future revenues arise from the same project. The useful life is established as 5 years.

Patents and Intellectual Property

The amortisation of industrial patents and intellectual property rights is calculated using the straight-line method, so as to allocate the cost incurred for the acquisition of the right over the shorter of the period of expected use and the duration of the related contracts, starting from the time at which the right acquired becomes exercisable. Software license costs are amortised using the straight-line method over the 10-year period.

Concessions, licences and trademarks

Concessions, licences and similar rights deriving from an acquisition are recognised at their fair value at the date of acquisition and are systematically amortised taking into account the shorter of the period of expected use and the period of ownership of the right. The amortisation period is 10 years.

Other intangible assets

This item includes costs that qualify for capitalisation and have not been included in the above categories.

Rights of use

The accounting policy defines a single model for recognising leases, eliminating the distinction between operating and finance leases, and providing for the recognition of an asset for the right to use the asset and a liability for the lease. A contract is, or contains, a lease if, in exchange for consideration, it grants the right to control the use of a specified asset for a period of time. Assets for the right to use leased goods are initially measured at cost, and subsequently amortised over the term of the lease defined during the analysis phase, taking into account reasonably exercisable options to extend or terminate the lease. The cost of right of use assets includes the initially recognised value of the lease liability, the initial direct costs incurred, an estimate of any restoration costs to be incurred at the end of the lease term, and lease-related prepayments made at the first transition date net of any lease incentives received. The related liabilities for leased assets are initially measured at the present value of the payments due for fixed rentals to be paid at the date the lease agreement is signed and for the price of exercising the purchase and redemption option if reasonably exercisable, discounted using the implicit interest rate of the lease, if determinable, or the marginal financing rate at that date. Liabilities for leased assets are subsequently increased by interest accruing on such liabilities and decreased in correlation with lease payments. Liabilities for leased assets are in any case restated to take into

account any changes to the payments due for the lease, adjusting the asset consisting of the right of use by the same amount. However, if the accounting value of the asset consisting of the right of use is zero and there is a further reduction in the measurement of the lease liability, this difference is recognised in the profit (loss) for the period. In the case of intervening changes in the lease, such changes are accounted for as a separate lease when rights of use are added to one or more underlying assets and the lease consideration increases by an amount reflecting the stand-alone price for the increase in the scope of the lease. In connection with changes that are not accounted for as a separate lease, the lease liability is restated by discounting the revised lease payments due using a revised discount rate, based on the new lease term. These adjustments to liabilities are accounted for by making a corresponding change to the asset consisting of the right of use, recognising any profit or loss related to the partial or total termination of the contract in the statement of profit or loss. No assets are recognised for rights of use in relation to: i) short-term leases; ii) leases where the underlying asset is of low value. Payments due under these types of leases are recognised as operating expenses on a straight-line basis. The statement of profit or loss, under operating costs, shows amortisation of the right of use asset and, in the financial section, interest expense accrued on the lease liability, if not capitalized. The statement of profit or loss also includes: i) payments related to short-term, low-value leases, as permitted under simplified rules; and ii) variable lease payments, which are not included in the determination of the lease liability (e.g., payments based on the use of the leased asset). The Group's rights of use relate to leased properties and motor vehicles. The company has chosen to show them in the financial statements separately from other property, plant and equipment. The amortisation period corresponds to the duration of the respective contracts, also taking into account reasonably probable renewals.

Property, plant and equipment

These non-current assets, shown net of accumulated depreciation, are recorded at purchase or production cost, with the exception of assets whose value has been remeasured on the basis of legal provisions. Cost includes ancillary charges and costs directly attributable to the asset. Non-current assets, with the exception of land, are systematically depreciated each period on a straight-line basis at economic-technical rates determined in relation to the residual possibility of use of the assets; in the event of a permanent impairment, irrespective of the depreciation already recorded, the non-current asset is written down accordingly. Ordinary maintenance costs are charged in full to the statement of profit or loss. Maintenance costs of an incremental nature are allocated to the assets to which they refer and depreciated in relation to the residual possibility of use of the same. Assets under construction and advances to suppliers are recorded under assets on the basis of the cost incurred, including directly attributable expenses.
The depreciation rates applied are as follows:

CATEGORY	%
Buildings	3.0%
Specific installations	20.0%
Electronic office machines	20.0%
Office furniture and furnishings	12.0%
Mobile phones	20.0%
Motorcycles	25.0%
Other non-current assets	12.0%

Leasehold improvements, which include the costs incurred for the modernisation and extraordinary maintenance of buildings not owned by the Company (and which are nevertheless instrumental to the Group's activities) are depreciated on the basis of the duration of the lease contract, including any periods of renewal, or the useful life of the asset, if this is shorter. The cost of extraordinary maintenance is included in the accounting value of an asset when it is likely

that the Company will obtain future economic benefits in excess of those originally determined. Such maintenance is depreciated over the remaining useful life of the related asset. All other maintenance costs are recognised in the statement of profit or loss in the period in which they are incurred.

Impairment of non-financial assets

At each reporting date, tangible and intangible assets are analysed in order to identify any indicators of impairment. In the presence of such indicators, the recoverable value of the said assets is estimated, allocating any write-down compared to the related accounting value to the statement of profit or loss. An intangible asset with an indefinite useful life, such as goodwill, is not amortised but is subject to an impairment test every year or more frequently, whenever there is an indication that the asset may be impaired. The recoverable value of an asset is the higher of its fair value, less costs to sell it, and its value in use, this meaning the current value of the future cash flows estimated for this asset. For an asset that does not generate largely independent cash flows, the realisable value is determined in relation to the cash generating unit to which that asset belongs. In determining the value in use, expected future cash flows are discounted using a discount rate that reflects the current market measurement of the cost of money, in relation to the period of the investment and the specific risks of the asset. The value in use is determined net of the tax effect, applying a post-tax discount rate, as this method produces values that are substantially equivalent to those that can be obtained by discounting pre-tax cash flows at a pre-tax discount rate. An impairment loss is recognised in the statement of profit or loss when the accounting value of the asset is greater than its recoverable amount. If the conditions for a previous write-down no longer apply, the accounting value of the asset, excluding goodwill, is reinstated and charged to the statement of profit or loss, within the limits of the net accounting value that the asset in question would have had if the write-down had not been carried out and amortisation had been applied.

Equity investments in other companies and other securities

Equity investments in companies other than subsidiaries, associated companies and joint ventures (generally with an ownership of less than 20%) fall into the category of financial assets measured at fair value, which normally corresponds, on initial recognition, to the transaction price including directly attributable transaction costs. Subsequent changes in fair value are recorded in the statement of profit or loss (FVPL) or, if the option provided for in the standard is exercised, in the statement of comprehensive income (FVOCI) under the item 'Reserve for instruments at FVOCI'. For equity investments measured at FVOCI, impairment losses are never recognised in the statement of profit or loss as are accumulated gains or losses when the equity investment is sold; only dividends distributed by the investee are recognised in the statement of profit or loss when:

- the Group's right to receive payment of the dividend arises;
- it is likely that the Group will obtain the economic benefits arising from the dividend;
- the amount of the dividend can be reliably estimated.

If the fair value cannot be reliably determined, equity investments and securities are measured at cost, adjusted if necessary for any impairment losses. The related dividends are posted among finance income when the right to receive them is established, which generally coincides with the Shareholders' Meeting resolution.

Determination of recoverable value

In case of indicators, events or changes in circumstances that lead to the assumption of impairment losses, the accounting policy requires intangible assets, property, plant and equipment and financial assets to undergo impairment testing, in order to ensure that assets are not entered in the financial statements at a value higher than their recoverable value. As already mentioned, this test should be carried out at least once a year for non-current assets with an indefinite useful life. The recoverable value of assets corresponds to the higher of Fair Value, net of selling costs, and value in

use. In order to determine value in use, estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the value of money and the risks associated with the Group's operations, as well as the cash flows deriving from disposal of the asset at the end of its useful life. If an independent cash flow for a single asset cannot be estimated, the cash generating unit to which the asset belongs and to which it is possible to associate future independent cash flows is identified.

Reversals of impairment losses

A reversal of an impairment loss on a financial asset carried at amortised cost should be recognised when the subsequent increase in recoverable amount can be objectively attributed to an event that occurred after an impairment loss was recognised. In the case of other non-financial assets, a reversal of an impairment loss takes place if there is an indication that the loss in value no longer exists and there has been a change in the measurements used to determine the recoverable value. A reversal of an impairment loss must be recognised immediately in the statement of profit or loss by adjusting the accounting value of the asset to its recoverable amount. The latter must not exceed the accounting value that would have been determined, net of amortisation and depreciation, if no impairment loss had been recognised in previous periods. Goodwill cannot be reversed.

Trade receivables and other receivables

Receivables are initially recorded at estimated realisable value, i.e. at face value less allowances for doubtful accounts that reflect estimated losses on receivables. Receivables are written down when there is an objective indication that the receivable is likely to be uncollectable and on the basis of historical experience and statistical data, applying an expected loss approach. Receivables are regularly reviewed for maturity and seasonality in order to prevent adjustments for unexpected losses. Any medium- and long-term receivables that include an implicit interest component are discounted using an appropriate market rate. This item includes accruals and deferrals relating to portions of costs and income that are common to two or more periods, the amount of which varies over time, in application of the accruals principle.

Inventories

Inventories are carried at the lower of purchase or production cost and net realisable value represented by the amount the company expects to obtain from their sale in the ordinary course of business, less costs to sell. The cost of inventories of raw, ancillary and consumable materials as well as finished goods and goods for sale is determined by applying the weighted average cost method. Production cost includes raw materials, direct labour costs and other production costs (based on normal operating capacity). Finance cost is not included in the measurement of inventories. Materials that are slow-moving or otherwise no longer reusable or saleable in the normal operating cycle are appropriately written down to align their value with their net realisable value.

Work in process on long-term contracts

The recognition of assets or liabilities for work in process on long-term contracts (hereinafter also referred to as 'contracts') depends on the method by which control is transferred to the customer of the good or service: in the case where this occurs gradually as the good is constructed or the services are rendered, the assets are stated at the value of the agreed contractual payments, according to the method of hours worked, taking into account the stage of progress achieved and the expected contractual risks; where, instead, control is transferred at the time of the final delivery of the good or the completion of the provision of all the services promised, the assets are stated at purchase cost.
A contract is recognised as a single asset if it identifies a single contractual obligation, i.e. if the promise is to transfer a single good/service to the customer or a series of substantially equal goods/services transferred to the customer over

a period of time in the same manner. If different contractual obligations are identified within the contract, they are recognised in the accounts as separate assets derived from the same contract with the customer. Contractual changes are recognised as a new contract if they include new separate goods or services and the price of the contractual change represents the stand-alone selling price charged for additional goods and services; otherwise the additional good is accounted for as a single contract together with the original contract. Work progress is measured by referring to the contract hours used at the date of the financial statements in relation to the total estimated working hours for the contract. If the completion of a contract is expected to result in a loss in terms of industrial margin, this is recognised in its entirety in the period in which it becomes reasonably foreseeable. Assets for work in process on long-term contracts are stated considering costs incurred plus recognised margins, net of related liabilities, i.e. work progress billings and any expected losses. This analysis is carried out contract by contract. If the differential is positive, the imbalance is classified as an asset in the item 'work in process on long-term contracts'; if, on the other hand, the differential is negative, the imbalance is classified as a liability.

Financial assets

The Group classifies financial assets according to the following categories:

- financial assets valued at amortised cost;
- assets at fair value through other comprehensive income (FVOCI);
- assets at fair value through profit or loss for the period (FVTPL).

Given the immateriality of the financial assets in the Consolidated financial statements, the directors have opted to recognise them at cost, which is substantially not dissimilar to fair value.

Cash and cash equivalents

Cash and cash equivalents include cash balances and demand deposits and all highly liquid investments purchased with an original maturity of three months or less. Securities included in cash and cash equivalents are recognised at fair value.

Employee benefits

The cost related to benefits provided to employees is determined using the Projected Unit Credit Method by performing actuarial measurements at the end of each period. Defined-benefit plans also include post-employment benefits due to employees of the Group's Italian companies pursuant to article 2120 of the Italian Civil Code, accrued prior to the reform of post-employment benefits in 2007, in that they are similar to defined-benefit plans. The amount recorded in the financial statements is subject to actuarial calculation according to the projected unit credit method, using for discounting purposes an interest rate that reflects the market yield on securities with maturities consistent with the expected maturity of the obligation. The calculation concerns post-employment benefits accrued for work already carried out and incorporates, for Italian subsidiaries which in 2007 had fewer than 50 employees, assumptions regarding future salary increases. Any actuarial gains or losses are recorded directly in the 'Measurement reserves' included in shareholders' equity, with immediate recognition in the statement of comprehensive income.

Share-based incentive plans

Certain employees of the Group, the Directors and certain consultants receive part of their remuneration in the form of share-based payments, so employees perform services in exchange for shares ('equity-settled transactions'). The cost of equity-settled transactions is determined by the fair value at the grant date, using an appropriate measurement method, as explained in Note 38.

This cost is recognised under personnel expenses over the period in which the conditions relating to the achievement of targets and/or the provision of the service are met, with a corresponding increase in shareholders' equity. The cumulative costs recognised in respect of these transactions at the end of each period up to the vesting date are commensurate with the maturity of the vesting period and the best estimate of the number of equity instruments that will actually vest.

Service or performance conditions are not taken into account when determining the fair value of the plan at the grant date. However, the probability that these conditions will be met is taken into account when defining the best estimate of the number of capital instruments that will vest. Market conditions are reflected in the fair value at the grant date. Any other plan-related condition that does not result in a service obligation is not considered a vesting condition. Non-vesting conditions are reflected in the fair value of the plan and result in the immediate recognition of the cost of the plan unless there are also service or performance conditions.

No expense is recognised for rights that do not vest because performance and/or service conditions are not met. When rights include a market condition or a non-vesting condition, they shall be treated as if they had vested, regardless of whether the market conditions or other non-vesting conditions to which they are subject are met, provided that all other performance and/or service conditions are met.

If the terms of the plan are changed, the minimum cost to be recognised is the fair value at the grant date in the absence of the plan change, assuming the original terms of the plan are met. In addition, a cost is recognised for any change that results in an increase in the total fair value of the payment plan, or is otherwise favourable to employees; such cost is measured by reference to the date of change. When a plan is cancelled by the entity or the counterparty, any remaining element of the fair value of the plan is immediately reversed to profit or loss.

Provisions for risks and charges

Provisions for risks and charges are recorded in respect of losses and charges of a determinate nature, whose existence is certain or likely, but whose amount and/or date of occurrence cannot be precisely determined. Recognition is only made when a current obligation exists for a future outflow of economic resources as a result of past events and it is likely that such outflow will be required to settle the obligation. This amount represents the best estimate of the expense required to settle the obligation. When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the funds are measured at the present value of the expected expense using a rate that reflects market conditions, the change in the cost of money over time, and the specific risk associated with the obligation. The increase in the value of the provision caused by changes in the cost of money over time is recorded as interest expense. Risks for which the occurrence of a liability is only possible are indicated in the specific section on commitments and risks for which no provision is made.

Derivatives

The derivatives held by the Group are designed to cover exposure to the interest rate risk associated primarily with loans. On the date the contract is entered into, derivatives are initially recognised at fair value and, if they cannot be classified as hedging instruments, any changes in fair value after their initial recognition are treated as an operating or financial component of the profit for the period in relation to the nature of the instrument. If, on the other hand, the derivatives meet the requirements to be classified as hedging instruments, any subsequent changes in fair value are accounted for by following the specific criteria indicated below.

For each derivative identified as a hedging instrument, its relationship to the hedged item is documented, including risk management objectives, the hedging strategy and the assessment of hedge effectiveness. The effectiveness of each hedge is tested both at the time of inception of each derivative and during its life. Generally, a hedge is considered to be highly 'effective' if, both at its inception and during its life, changes in the fair value in the case of a fair value hedge

or in the expected future cash flows in the case of a cash flow hedge of the hedged item are substantially offset by changes in the fair value of the hedging instrument. When the hedge concerns changes in the fair value of assets or liabilities recorded in the financial statements (fair value hedge), both the changes in the fair value of the hedging instrument and the changes in the hedged item are posted to the statement of profit or loss. In the case of a hedge aimed at neutralizing the risk of changes in future cash flows deriving from the future execution of transactions that are expected to be highly likely at the reporting date (cash flow hedge), the changes in the fair value of the derivative after its initial recognition are accounted for, limited only to the effective portion, among comprehensive income items. When the economic effects arising from the hedged item become apparent, the reserve is reversed to the statement of profit or loss among operating components. If the hedge is not perfectly effective, the change in fair value of the hedging instrument, referring to the ineffective portion of the hedge, is immediately recognised in the statement of profit or loss. If, during the life of a derivative, the expected transaction for which the hedge was activated is no longer expected to take place, the portion of the 'reserves' item relating to this instrument is immediately reversed to the statement of profit or loss for the period. On the other hand, if the derivative is sold or no longer qualifies as an effective hedging instrument, the part of the 'reserves' item representing the changes in fair value of the instrument, recognised up to that moment, is maintained as a comprehensive income component and is reversed to the statement of profit or loss in accordance with the classification criterion described above, at the same time as occurrence of the economic effects of the transaction originally covered by the hedge. The fair value of instruments listed on public markets is determined with reference to prices at the reporting date. The fair value of unlisted instruments is measured with reference to financial measurement techniques: in particular, the fair value of interest rate swaps is measured by discounting expected cash flows.

Financial assets and liabilities valued at fair value are classified in the three hierarchical levels described below, based on the relevance of the information (input) used to determine fair value. Specifically:

- Level 1: financial assets and liabilities whose fair value is determined based on listed prices (unmodified) on active markets for identical assets or liabilities;
- Level 2: financial assets and liabilities whose fair value is determined on the basis of inputs other than the listed prices referred to in Level 1 but which are observable directly or indirectly (such as primarily: market exchange rates at the reference date, expected rate differentials between the currencies involved and volatility of the reference markets, interest rates and commodity prices);
- Level 3: financial assets and liabilities whose fair value is determined based on inputs that are not based on observable market data.

Financial assets are removed from the statement of financial position when the right to receive cash flows from the instrument has expired and the company has essentially transferred all risks and benefits relating to the instrument and the corresponding control.

Financial payables

Financial liabilities, including financial payables, trade payables, other payables and other liabilities, other than derivatives, are initially recognised at fair value and subsequently measured at amortised cost, net of any principal repayments already made. Payables and other liabilities are classified as current liabilities unless the Group has a contractual right to settle its obligations at least beyond twelve months from the reporting date. Financial liabilities are eliminated when they are settled, i.e., when the obligation specified in the contract is fulfilled, cancelled or expired.

Bank overdrafts and loans

Loans are initially measured at cost, which approximates their fair value, net of transaction costs. Subsequently, they are recorded at amortised cost, with any difference between cost and the value of repayment over the duration of the loan being charged to the statement of profit or loss using the effective interest rate method. Loans are classified as current liabilities unless the Group has the unconditional right to defer settlement of such liability for at least twelve months after the reporting date.

Trade and other payables

Trade and other payables are initially measured at fair value, normally equal to nominal value, net of discounts, returns or billing adjustments, and are subsequently measured at amortised cost.

Capital grants and operating grants

Any government grants are recognised in the financial statements when there is reasonable assurance that the Company will comply with all conditions for receipt of the grants and that the grants will be received. The Group has opted to present any capital grants in the financial statements using the deferred income method and with recognition on a systematic basis over the useful life of the asset. Any operating grants are reported under other revenues.

Revenues

Revenues are accounted for by applying a 5-step model:

1. Identification of the customer contract;
2. Identification of performance obligations ('P.O.s');
3. Determination of transaction consideration;
4. Allocation of consideration to the various P.O.s;
5. Revenue recognition when entity meets P.O.

Revenues are recorded net of returns, discounts, allowances and bonuses, as well as taxes directly related to the sale of goods and the provision of services. Revenues from sales are recognised when the company has transferred the significant risks and benefits associated with ownership of the asset and collection of the related receivable is reasonably certain.

Revenues from contracts with customers are recognised based on the temporal transfer of control of the goods and/or services to the customer. In the event that the transfer of control takes place as the asset is constructed or the services are rendered, revenues are recognised 'over time', that is, as activities gradually progress; on the other hand, in the event that the transfer of control does not take place as the asset is constructed or the services are rendered, revenues are recognised 'at a point in time', that is, at the time of final delivery of the asset or upon completion of service supply.

In order to assess the progress of 'over time' contracts, the Group applies the criterion of the percentage of progress assessed on the basis of hours accrued. When it is likely that total whole-life contract costs will exceed total corresponding whole-life revenues, the potential loss is recognised immediately in the statement of profit or loss.

The company records revenues from standard licences, both perpetual and time-limited (almost all cases) upon delivery and testing, 'at a point in time'. Only in the (residual) case of customised orders is the revenue recognised 'over time' on the basis of service progress, the company being entitled to collect the consideration for the services completed on the date.

Maintenance revenues are recognised 'over time' on the basis of the duration of the contract if the contract with the customer specifies a fixed maintenance fee, while they are recognised 'over time' on the basis of service progress if the contract specifies the expected hours of maintenance.

Dividends

Dividends received from investee companies are recognised in the statement of profit or loss when:

- the Group's right to receive payment of the dividend arises;
- it is likely that the Group will obtain the economic benefits arising from the dividend;
- the amount of the dividend can be reliably estimated.

Costs

Costs and expenses are accounted for on an accrual basis.

Finance income and cost

These include all the financial items posted to the statement of profit or loss for the period, including interest expense accrued on financial payables calculated using the effective interest method (primarily current account overdrafts, medium/long-term loans), foreign exchange gains and losses, and the portion of interest expense deriving from the accounting treatment of assets held under finance leases.

Interest income and expenses are charged to the statement of profit or loss for the period in which they are realised/incurred.

Taxes

Income taxes for the period include current taxes and deferred tax liabilities. Income taxes for the period are recognised in the statement of profit or loss; however, when they refer to items recognised directly under Shareholders' Equity, they are accounted for in this latter item.

Other non-income related taxes, such as property taxes, are included in operating expenses.

Current taxes on taxable income for the period represent the tax charge determined using the tax rates in effect at the reference date of the financial statements, and any adjustments to tax liabilities calculated in prior periods.

Deferred tax liabilities are recognised for all temporary differences existing at the reference date between the accounting values of assets and liabilities entered in the financial statements and the corresponding values used to determine taxable income for tax purposes.

Deferred tax liabilities refer to:

(i) temporary differences between the taxable base of an asset or liability and its accounting value in the financial statements;

(ii) positive income components recognised in the year in question and in past years, but taxable in subsequent years;

(iii) deferred tax assets are recorded in the financial statements;

(iv) all deductible temporary differences, if it is likely that taxable income will be realised in respect of which the deductible temporary difference can be used, unless the deferred tax asset arises from the initial measurement of an asset or liability in a transaction other than a business combination which, at the date of the transaction, affects neither accounting result nor taxable income (tax loss);

(v) the carryforward of unused tax losses and unused tax receivables, if it is likely that taxable income will be realised in respect of which the tax loss or tax receivable can be used.

Deferred tax assets and deferred tax liabilities are determined on the basis of the tax rates expected to apply to changes in income in the periods in which the temporary differences will reverse, based on tax rates and tax laws in force or substantially in force at the reporting date.

The effect of the change in tax rates on the aforesaid taxes is posted to the statement of profit or loss in the period in which such change takes place. Deferred tax assets and deferred tax liabilities are only offset when they refer to taxes levied by the same tax authorities.

Use of estimates

The preparation of the financial statements requires Directors to apply principles and methods that, in certain circumstances, are based on difficult and subjective assessments of estimates based on historical experience and assumptions that are from time to time considered reasonable and realistic depending on the relevant circumstances. The application of these estimates and assumptions influences the amounts reported in the financial statements, such as the consolidated Statement of financial position, the Statement of comprehensive income, the Statement of changes in shareholders' equity and the Statement of cash flows, as well as the information provided. The final results of the financial statement items for which the above-mentioned estimates and assumptions are used may differ from those shown in the financial statements that reflect the effects of the estimated event, due to the uncertainty that characterises the assumptions and the conditions on which estimates are based. With regard to the business sectors in which the Group operates, the items that are most impacted by the use of estimates and measurements and for which a change in the conditions underlying the assumptions used might have a significant impact on the consolidated financial data, are briefly described below.

Impairment of assets

The Group's property, plant and equipment and its intangible assets are subject to impairment testing on at least an annual basis if they have an indefinite life or more often in case of events that indicate that their accounting value cannot be recovered. The write-down is determined by comparing the accounting value with the related recoverable value, represented by the greater of fair value, net of disposal charges, and value in use determined by discounting to present value the expected cash flows deriving from use of the asset, net of disposal charges. Expected cash flows are quantified in light of the information available at the time of the estimate on the basis of subjective opinions on the trend of future variables (prices, costs, growth rates of demand, production profiles) and are discounted using a rate that takes account of the risk pertaining to the asset concerned. Goodwill and other intangible assets with an indefinite useful life are not subject to amortisation; the recoverability of their accounting value is checked at least annually and otherwise when events occur that presuppose impairment. With reference to goodwill, the test is carried out at the level of the smallest aggregate (cash generating unit 'CGU') on the basis of which Management assesses, directly or indirectly, the return on the investment that includes goodwill itself. When the accounting value of the cash generating unit, including the goodwill attributed to it, is higher than the recoverable value, the difference is subject to impairment that is first attributed to goodwill up to its amount; any excess of the impairment over goodwill is attributed pro-rata to the accounting value of the assets making up the cash generating unit.

Business Combinations

Recognition of Business Combinations involves allocating to the assets and liabilities of the acquired company the difference between the purchase cost and the net accounting value of the net assets acquired. For most assets and liabilities, the difference is allocated by recognising assets and liabilities at their fair value. The unallocated portion, if positive, is recorded under goodwill, if negative it is charged to the statement of profit or loss. In the allocation process, Management makes use of available information and, for the most significant Business Combinations, of external measurements.

Medium/long-term share-based incentive plans

Any medium/long-term share-based incentive plans envisage that, at the end of each accounting period, the estimated number of rights that will accrue until maturity is updated. The change in the estimate is posted as an adjustment to a Shareholders' Equity reserve, created specifically for incentive plans, with a corresponding entry in 'Personnel expenses'.

Basic or diluted earnings per share

Basic earnings per share are calculated by dividing the profit or loss for the period attributable to shareholders holding Ordinary Shares by the weighted average number of Ordinary Shares outstanding during the period.
The calculation of diluted earnings per share is consistent with the calculation of basic earnings per share, but takes into account all potential dilutive ordinary shares outstanding during the period, i.e:

- profit for the period attributable to ordinary shares is increased by the amount, net of tax, of dividends and interest recognised during the period in respect of potential dilutive ordinary shares and adjusted for any other changes in income or expense resulting from the conversion of potential dilutive ordinary shares;
- the weighted average number of ordinary shares outstanding is increased by the weighted average number of additional ordinary shares that would be outstanding if all potential dilutive ordinary shares were converted.

Events after the reporting period

As for events after the reporting period, the Group analyses business events occurring after such date in order to verify whether, given the conditions identified by IAS 10, they should be used to adjust the amounts recognised in the financial statements or to recognise elements not previously recognised.

OTHER INFORMATION

Statement of cash flows

The Statement of cash flows has been prepared using the indirect method. Cash and cash equivalents included in the Statement of cash flows include the statement of financial position balances of that item at the reporting date. Other cash equivalents represent short-term, highly liquid financial resources that are readily convertible to cash and are exposed to an insignificant risk of change in value. Therefore, a financial resource is usually classified as cash equivalent when it is short term, i.e., three months or less from the date of purchase.
Overdrafts are usually part of financing activities unless they are repayable on demand and are an integral part of a Company's cash or cash equivalent management, in which case they are classified as a reduction of cash equivalents.
Foreign currency cash flows are translated at the average exchange rate for the period. Income and expenses related to interest, dividends received, and income taxes are included in cash flows from operations.
The Statement of cash flows shows separately the cash flows deriving from operating, investing and financing activities:

- cash flow from operating activities: cash flows from operating activities are primarily linked to income-generating activities and are reported by the Group using the indirect method. According to this method, profit for the period is adjusted for the effects of items that did not involve any disbursements during the period, i.e. did not generate cash (non-monetary transactions);
- cash flow from investing activities: investing activities are shown separately because they are, among other things, indicative of investments/disinvestments made with the aim of obtaining future revenues and positive cash flows;
- cash flow from financing activities: financing activities consist of flows that entail changes in the amount and composition of Shareholders' Equity and loans obtained.

1. Intangible assets

Intangible assets amount to Euro 16,861,435 (Euro 19,373,084 in the previous period), showing the following changes:

Description	Development costs	Industrial rights and patents	Concessions, licences and trademarks	Goodwill	Intangible assets in process	Other intangible assets	Total
01/01/2023	**16,218,799**	**474,048**	**13,033**	**3,421,599**	**2,800**	**177,543**	**20,307,822**
Increases for purchases	6,394,778	300,000	0	0	0		**6,694,778**
Decreases	0	0	0	0	0	0	**0**
Other changes	33,880	(8,484)	0	0	0	0	**25,396**
Depreciation for the period	(7,400,197)	(212,554)	(496)	0	0	(41,665)	**(7,654,912)**
31/12/2023	**15,247,260**	**553,010**	**12,537**	**3,421,599**	**2,800**	**135,878**	**19,373,084**
Increases for purchases	5,167,410	10,194	56,873	0	0	0	**5,234,476**
Decreases	0	0	0	0	0	0	**0**
Other changes	(121,970)	(302,215)	(56,872)	0	0	1	**(481,056)**
Depreciation for the period	(7,133,044)	(90,175)	(184)	0	0	(41,666)	**(7,265,069)**
31/12/2024	**13,159,656**	**170,813**	**12,354**	**3,421,599**	**2,800**	**94,213**	**16,861,435**

HISTORICAL COST	Development costs	Industrial rights and patents	Concessions, licences and trademarks	Goodwill	Intangible assets in process	Other intangible assets	Total
01/01/2023	**64,495,834**	**1,992,033**	**957,460**	**3,421,599**	**2,800**	**282,607**	**71,152,333**
Increases for purchases	6,394,778	300,000	0	0	0	0	6,694,778
Decreases	0	0	0	0	0	0	0
Other changes	(32,117)	(9,312)	(32,181)	0	0	0	(73,610)
31/12/2023	**70,858,495**	**2,282,721**	**925,279**	**3,421,599**	**2,800**	**282,607**	**77,773,501**
Increases for purchases	5,167,410	10,194	56,873	0	0	0	5,234,476
Decreases	0	0	0	0	0	0	0
Other changes	(0)	(300,000)	(0)	0	0	0	(300,000)
31/12/2024	**76,025,905**	**1,992,914**	**982,152**	**3,421,599**	**2,800**	**282,607**	**82,707,977**

ACCUMULATED DEPRECIATION	Development costs	Industrial rights and patents	Concessions, licences and trademarks	Goodwill	Intangible assets in process	Other intangible assets	Total
01/01/2023	**48,277,035**	**1,517,985**	**944,427**	**0**	**0**	**105,064**	**50,844,511**
Amortisation	7,400,197	212,554	497	0	0	41,666	7,654,914
Decreases	0	0	0	0	0	0	0
Other changes	(65,997)	(829)	(32,181)	0	0	0	(99,007)
31/12/2023	**55,611,235**	**1,729,710**	**912,743**	**0**	**0**	**146,730**	**58,400,418**
Amortisation	7,133,044	90,175	184	0	0	41,666	7,265,069
Decreases	0	0	0	0	0	0	0
Other changes	121,969	2,215	56,872	0	0	(1)	181,056
31/12/2024	**62,866,248**	**1,822,101**	**969,799**	**0**	**0**	**188,395**	**65,846,543**

Development costs are almost entirely referable to the parent company Expert.ai S.p.A. to which most of 'Research and Development activities' can be attributed. The costs entered are reasonably related to a useful life of several periods and are systematically amortised in relation to their useful life which is equal to 5 years. The costs incurred for these activities have been capitalized, also within the scope of national and international multi-year research projects in which the Company has been involved. In 2023 these activities focused on the artificial intelligence platform and the products that use the platform to target the most common customer use cases.

Goodwill recorded in the financial statements corresponds to the residual part, not yet amortised at the transition date (1 January 2019) according to previously adopted OIC accounting policies. In detail, goodwill refers:

- For Euro 320,020, to the subsidiary Expert System Iberia S.L.U. following acquisition of the branch of the company Isoco at the time of incorporation of Expert System Iberia S.L.U. and the consolidation of this company in the Group;
- For Euro 3,101,577, to the subsidiary Expert System France S.A.S. (formerly Temis) following acquisition of the French group.

The above goodwill was tested for impairment as of 31 December 2024. No write-downs were necessary.
Pursuant to IAS 36, the recoverable value of goodwill recorded in the financial statements is estimated by using the Discounted Cash Flow model in the unlevered version, which involves estimating future cash flows and applying an appropriate discount rate to determine the value in use of an asset. These flows are projected beyond the explicit horizon covered by the plan according to the terminal value method, using growth rates ('g rates') in line with those expected for the markets in which single CGUs operate. For the purpose of impairment testing, the Group uses projections of future cash flows based on the best information available at the time of the estimate, which can be inferred from forecast data for periods subsequent to the respective reference dates. This information is based on forecasts prepared by management of the subsidiaries as of 31 December 2024.
The growth rates used to estimate cash flows beyond the explicit forecast periods are determined in light of market data, and in particular using the average inflation expected over the cash flow reference period.
Expected future cash flows are discounted using WACC (Weighted Average Cost of Capital) with reference to the weighted average cost of capital for the individual sectors to which the CGUs refer and are adjusted, where necessary, to take account of the specific country risk premium/discount.
The WACCs used for discounting purposes are post-tax rates applied consistently to the reference flows.

It should also be noted that the cash flow projections reflect the current conditions of the CGUs being measured and that the WACC and g rate values are consistent with Management's expectations in relation to the expected performance of the reference markets.
It should be pointed out that, for the purposes of the impairment test, the group as a whole is considered as a single cash-generating unit, since the individual companies do not meet the definition of 'the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets having functional autonomy'.

CGU 31.12.2024	goodwill value	recoverable amount	WACC	g rate	cash flow period
Expert System France / Iberia	3,421,597	value in use	10.07%	1.8%	3 years

Tests were performed based on cash flows inferred from forecasts prepared by management of the subsidiary for the period 2025-2027, based on expected growth.
No impairment loss was found during the impairment test as the recoverable amount is higher than the accounting value of the CGU.
On the basis of the assumptions described above, the Enterprise Value of the entire group was calculated, quantified as Euro 51.2 million with respect to a net invested capital of Euro 33.6 million.
By varying the WACC and g by +1% and -1%, respectively, the Enterprise Value varies between Euro 42.8 million (WACC 11.07%, g 0.8%) and Euro 67.3 million (WACC 9.07%, g 2.8%).

2. Property, plant and equipment

Property, plant and equipment amount to Euro 559,657 (Euro 664,716 in the previous period), showing the following changes:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other goods	Total
01/01/2023	**307,300**	**44,770**	**0**	**473,317**	**825,387**
Increases for purchases	0	10	0	7,376	**7,386**
Decreases	0	0	0	(56,882)	**(56,882)**
Other changes	0	(9)	0	79,172	**79,163**
Depreciation for the period	(11,087)	(11,529)	0	(167,721)	**(190,337)**
31/12/2023	**296,213**	**33,241**	**0**	**335,262**	**664,716**
Increases for purchases	0	9,620	0	25,749	**35,370**
Decreases	0	0	0	(2,546)	**(2,546)**
Other changes	(0)	0	0	10,144	**10,144**
Depreciation for the period	(11,087)	(11,990)	0	(124,949)	**(148,027)**
31/12/2024	**285,125**	**30,872**	**0**	**243,660**	**559,657**

HISTORICAL COST	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other goods	Total
01/01/2023	**456,980**	**275,937**	**2,037**	**2,946,950**	**3,681,904**
Increases for purchases	0	0	10	7,376	7,386
Sales	0	0	0	0	0
Other changes	0	0	0	(56,869)	(56,869)
31/12/2023	**456,980**	**275,937**	**2,047**	**2,897,457**	**3,632,421**
Increases for purchases	0	9,620	0	25,749	35,369
Sales	0	0	0	(9,839)	(9,839)
Other changes	0	0	24	33,451	33,475
31/12/2024	**456,980**	**285,557**	**2,071**	**2,946,818**	**3,691,426**

ACCUMULATED DEPRECIATION	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other goods	Total
01/01/2023	**149,680**	**231,167**	**2,037**	**2,473,633**	**2,856,517**
Depreciation for the period	11,087	11,529	0	167,721	190,337
Sales	0	0	0	0	0
Other changes	0	0	10	(79,159)	(79,149)
31/12/2023	**160,767**	**242,696**	**2,047**	**2,562,194**	**2,967,705**
Depreciation for the period	11,087	11,990	0	124,949	148,026
Sales	0	0	0	(7,293)	(7,293)
Other changes	0	(0)	24	23,307	23,331
31/12/2024	**171,855**	**254,686**	**2,071**	**2,703,157**	**3,131,769**

The item 'Other' includes residual values not classifiable in the previous items; specifically this item consists of:

- Office furniture for Euro 56,262
- Electronic office machines for Euro 152,490
- Cell phones for Euro 10,157
- Other assets for 24,752

3. Rights of use

Rights of use refer to assets that are leased or rented. These rights refer in particular to properties rented by the Group and leased company cars.

Net value	
01/01/2023	1,728,077
Purchases	395,786
Amortisation	(733,921)
Other changes	(190,592)
31/12/2023	**1,199,350**
Purchases	765,610
Amortisation	(641,508)
Other changes	0
31/12/2024	**1,323,451**

Rights of use - HISTORICAL COST	
01/01/2023	**4,995,883**
Purchases	395,786
Sales	
Other changes	(190,592)
31/12/2023	**5,201,077**
Purchases	765,610
Sales	0
Other changes	0
31/12/2024	**5,966,687**

Rights of use - ACCUMULATED AMORTISATION	
01/01/2023	3,267,806
Purchases	
Amortisation	733,921
Other changes	
31/12/2023	**4,001,727**
Purchases	0
Amortisation	641,508
Other changes	0
31/12/2024	**4,643,235**

In particular, these rights of use refer to the following companies:

Company	**Properties**	**Vehicles**
EXPERT SYSTEM ENTERPRISE CORP	16,706	-
EXPERT.AI S.p.A.	658,590	648,156
Total	**675,295**	**648,156**

4. Equity Investments and Securities

Equity investments and Securities amount to Euro 175,943 (Euro 331,065 in the previous period).

The composition of and changes in individual items are represented as follows:

Description	31/12/2024	31/12/2023	Change
Equity investments	**89,577**	**70,777**	**18,800**
Equity investments in Buzzoole Holding Limited	50,000	50,000	0
Equity investment in Datum Consortium	3,572	3,572	0
Equity investments in other companies	36,005	17,205	18,800
Securities	**86,366**	**260,288**	**(173,922)**
Other securities	86,366	260,288	(173,922)
Total	**175,943**	**331,065**	(155,121)

Equity investments not included in the scope of consolidation amount to Euro 89,577 (Euro 70,777 in the previous period). The item "Other securities" amounting to Euro 86,366 represents the positive fair value of derivative instruments, finalised by the Group, to hedge its interest rate risk exposure mainly related to loans, as more fully indicated in Appendix A..

5. Other non-current assets

Other non-current assets amount to Euro 10,196,652 (Euro 7,462,053 in the previous period).
The composition of and changes in individual items are represented as follows:

Description	31/12/2024	31/12/2023	Change
Other prepaid expenses over 5 years	223,606	281,579	(57,972)
Miscellaneous security deposits over 12 months	96,016	101,170	(5,153)
EXTRA-EEC customers for invoices to be issued > 12 months	1,896,699	2,600,234	(703,535)
EEC customers for invoices to be issued > 12 months	194,380	441,500	(247,120)
National customers for invoices to be issued > 12 months	4,537,052	1,193,676	3,343,377
Receivables for grants for research projects over 12 months	3,248,898	2,843,895	405,003
Total	**10,196,652**	**7,462,053**	**2,734,599**

The increase in receivables for invoices to be issued > 12 months is mainly attributable to the conclusion of a higher number of contracts for multi-year licences with longer invoicing schedules.

Non-current receivables for grants on research projects are detailed in the table below:

Description	Expert.AI S.p.a.	Expert System Iberia Slu	Expert System France Sas	Total
2023	2,843,895	0	0	2,843,895
2024	3,248,898	0	0	3,248,898

Grants on research projects beyond 12 months are attributable to Expert.ai S.p.A.; specifically the most significant grants are:

- MIUR (Ministry of Education and Merit) for Euro 312,052
- European Community for Euro 1,701,391
- MISE (Ministry for Economic Development) for Euro 548,475.
- Emilia-Romagna Region for Euro 299,472
- Lazio Region for Euro 83,143
- Autonomous Province of Trento for Euro 304,365

6. Non-current tax assets

Non-current tax assets amount to Euro 2,161,627 (Euro 2,752,065 in the previous period).

The composition of and changes in individual items are represented as follows:

Description	31/12/2024	31/12/2023	Change
Deferred tax assets after 12 months	2,161,627	2,752,065	(590,438)
Total	**2,161,627**	**2,752,065**	**(590,438)**

7. Inventories

There were no increases in the value of inventories under current assets or changes with respect to the previous year.

8. Trade and other receivables

Trade and other current receivables amounted to Euro 18,618,417 (Euro 23,855,041 in the previous period).

This item is detailed in the table below:

Description	31/12/2024	31/12/2023	Change
Trade receivables	17,048,339	22,331,185	(5,282,846)
Bad debt provision	(603,523)	(783,178)	179,655
Group current trade receivables	0	0	0
Receivables from others	2,173,600	2,307,034	(133,434)
Total	18,618,417	23,855,041	(5,236,624)

Changes in the bad debt provision during the period were as follows:

Description	31/12/2023	Provision	Used	Release	31/12/2024
Bad debt provision	783,178	141,525	(190,180)	(131,000)	603,523

The bad debt provision was adjusted in line with the best estimate of the credit risk and expected losses at the reporting date, carried out also by means of analysis of each past due item.

The breakdown of trade receivables by geographical area is shown in the following table:

Geographical area	31/12/2024	31/12/2023	Change
Italy	7,897,877	11,384,548	(3,486,671)
EEC countries	2,620,513	2,310,941	309,572
USA	5,597,607	5,324,245	273,362
Rest of the world	932,342	3,311,451	(2,379,109)
Total	17,048,339	22,331,185	(5,282,846)

The following table shows the receivables classified by seniority:

	31/12/2024	31/12/2023	Change
Current receivables (not past due)	14,885,842	16,617,722	(1,731,880)
Expired up to 30 days	957,756	2,984,795	(2,027,039)
Expired up to 60 days	272,848	106,798	166,050
Expired up to 90 days	0	43,400	(43,400)
Expired over 90 days	931,893	2,578,470	(1,646,577)
Total	17,048,339	22,331,185	(5,282,846)

Other receivables are detailed in the following table:

Description	31/12/2024	31/12/2023	Change
Advances	48,590	9,168	39,422
Miscellaneous security deposits within 12 months	56,215	387,285	(331,070)
Sundry receivables	2,068,796	1,910,582	158,214
Total	2,173,600	2,307,034	(133,434)

Sundry receivables include grants related to development projects falling due within 12 months, which are broken down by company as follows:

Description	Expert.AI S.p.a.	Expert System Iberia Slu	Expert System France Sas	Total
2023	1,712,101	50,594	0	1,762,695
2024	929,731	50,594	0	980,325

Most of the grants on research projects within 12 months are attributable to Expert.ai S.p.A.; specifically the most significant grants are:

- MISE for Euro 230,779;
- MIUR [Ministry for Education, Universities and Research] for Euro 401,955;
- Tuscany Region for Euro 110,171;
- EC for Euro 186,826

9. Current tax assets

Current tax assets amounted to Euro 2,684,754 (Euro 4,324,187 in the previous period).

The composition of and changes in individual items are represented as follows:

Description	31/12/2024	31/12/2023	Change
Tax assets	2,437,253	3,136,106	(698,853)
Deferred tax assets	247,501	1,188,081	(940,580)
Total	2,684,754	4,324,187	(1,639,433)

A breakdown of tax assets is provided below:

Description	31/12/2024	31/12/2023	Change
VAT receivable	0	329,086	(329,086)
Due from tax authorities for withholdings	70,674	69,000	1,674
IRAP [Regional Tax on Production] receivable	64,147	64,147	0
Non-taxable R&D tax assets	2,198,462	2,624,697	(426,235)
Decree Law 66/14 bonus receivables	6,598	1,397	5,201
Treasury for VAT settlement	52,907	(132,532)	185,439
IRES [Regional Tax on Production] receivable	26,652	166,097	(139,445)
VAT credit to be offset	14,214	14,214	0
Other tax receivables	3,600	0	3,600
Total	**2,437,253**	**3,136,106**	**(698,853)**

10. Other current assets

Other current assets consist of accrued income and prepaid expenses amounting to Euro 1,046,033 (Euro 895,882 in the previous period).

The composition of and changes in individual items are represented as follows:

Description	31/12/2024	31/12/2023	Change
Current accrued income	0	0	0
Current prepaid expenses	1,046,033	895,882	150,151
Total	**1,046,033**	**895,882**	**150,151**

The most significant portions of costs (including the non-current portion) are attributable to Expert.ai S.p.A., specifically the most significant items are listed below:

- Insurance for Euro 12 thousand;

- Public Relations for Euro 35 thousand;
- Purchase of software for Euro 786 thousand;
- Technical consultancy for Euro 62 thousand;
- Software maintenance for Euro 90 thousand;
- Internet&Hosting expenses of Euro 16 thousand;

11. Current financial assets

Details of current financial assets are shown in the table below.

Description	31/12/2024	31/12/2023	Change
Equity investments in Eurofidi	8,400	8,400	0
Other securities	0	8,259	(8,259)
Certificates of Deposit	122	122	0
Total	**8,522**	**16,781**	**(8,259)**

12. Cash and cash equivalents

Cash and cash equivalents included in current assets amount to Euro 18,087,439 (Euro 1,779,202 in the previous period).

The composition of and changes in individual items are represented as follows:

Description	31/12/2024	31/12/2023	Change
Bank and postal deposits	18,085,929	1,777,650	16,308,279
Cash on hand	1,510	1,552	(42)
Total	**18,087,439**	**1,779,202**	**16,308,237**

The increase is mainly due to the recapitalisation that took place during the period; for greater details please refer to the descriptive section on the Statement of Cash Flows.

13. Shareholders' Equity

The following tables show the reconciliations of the parent company's shareholders' equity and consolidated shareholders' equity as at 31 December 2024

Descriptions	Shareholders' Equity 31/12/2024	Result 31.12.24
Expert.ai SPA	**66,163,502**	**(13,717,526)**
Elimination of the accounting values of subsidiaries	(38,920,083)	7,936,424
Shareholders' Equity of subsidiaries	1,085,885	(4,201,150)
Adjustments to the sale of non-current assets	(0)	0
Other adjustments	131,977	(78,096)
Suspension of goodwill amortisation	3,421,599	
Total adjustments	(34,280,622)	3,657,178
Expert.ai Group	**31,882,880**	**(10,060,348)**

Description	31/12/2024	31/12/2023	Change
Share capital	973,374	689,245	284,130
Share premium	110,461,417	81,034,563	29,426,853
Legal reserve	101,554	101,554	0
Cash flow hedge reserve	65,638	260,288	(194,649)
Conversion reserve	(8,047)	(2,284,854)	2,276,806
FTA reserve	(449,234)	(449,234)	0
IFRS 2 reserve	0	3,894,611	(3,894,611)
IAS 19 reserve	(134,840)	(240,367)	105,528
Other reserves	11,749,307	7,718,702	4,030,605
Undivided profit (loss)	(80,815,940)	(68,650,211)	(12,165,729)
Net profit (loss) for the period	(10,060,348)	(9,855,901)	(204,446)
Equity attributable to owners of the parent	31,882,881	12,218,394	19,664,487
Capital/reserve attributable to non-controlling interests			0
Profit for the period attributable to non-controlling interests			0
Total	**31,882,881**	**12,218,394**	**19,664,487**

With regard to changes in shareholders' equity and the breakdown of individual reserves, reference should also be made to the statement of changes in equity.

The Reserve for stock options and stock grants (IFRS 2) refers to the stock option plan approved by the Parent Company in favour of employees (including executives with strategic responsibilities), directors of **Expert.ai** and its subsidiaries. The amount recorded refers to the estimated fair value of the equity instruments granted.

The conversion reserve is generated by converting the financial statements of foreign subsidiaries expressed in currencies other than the Euro.

The FTA reserve derives from the first-time adoption of the international accounting standards (IAS/IFRS) and represents

the effects of the conversion of financial statement items previously valued according to the Italian accounting standards (OIC).

The cash flow hedge reserve includes the fair value of derivatives used by the Parent Company to hedge its interest rate exposure until the underlying hedged item is recognised in the statement of profit or loss. When this condition is met, it is reversed to the statement of profit or loss, offsetting the effects generated by the economic manifestation of the hedged transaction.

The actuarial valuation reserve (IAS 19) is generated by the recognition of actuarial gains and losses in the statement of comprehensive income.

In terms of changes, in addition to the profit for the period, the effect of exchange rate differences on foreign subsidiaries and the change in the provision for risks on derivatives, the events reported below had an impact.

Changes in capital and number of shares

The shares of Expert.ai S.p.A. as of 31 December 2024 have no par value and are fully paid up. There are no shares issued that are not fully paid.

Shares at the beginning of the period totalled 68,924,558. Due to the events described in the Management Report, 28,413,071 shares were subscribed during the year, resulting in a total of 97,337,629 shares at the end of the period, as shown in the summary table.

number of shares 31/12/2023	**68,924,558**
Shares subscribed for capital increase	26,970,471
Shares subscribed for stock grants	24,000
Shares subscribed for stock options	1,418,600
number of shares 31/12/2024	**97,337,629**

14. Provisions for risks and charges

The provisions for risks and charges are recorded under liabilities for a total of Euro 19,341 (Euro 201,342 in the previous period).

The composition of and changes in individual items are represented as follows:

Description	31/12/2023	Used	Provision	Other changes	31/12/2024
Provision for customer allowances	4,341			0	4,341
Provision for legal disputes	197,000	(160,000)		(22,000)	15,000
Total	**201,341**	**(160,000)**	**0**	**(22,001)**	**19,341**

These are established to cover losses or payables whose existence is certain or likely, but whose amount or date of occurrence could not be determined at the reporting date.

The general criteria of prudence and accrual are respected in the measurement of these provisions and no generic risk provisions without economic justification are established.

The increases relate to provisions for the period. The decreases relate to uses during the period. Other changes in the year relate to the release of the surplus provision from previous years.

Contingent liabilities are recognised in the financial statements and included under provisions since they are considered likely and the amount of the related charge can be reasonably estimated.

15. Other non-current payables

Other non-current payables are recorded under liabilities for a total of Euro 2,815,425 (Euro 3,728,865 in the previous period).

The composition of the individual items is represented as follows:

Description	31/12/2024	31/12/2023	Change
Advances on contributions beyond 12 months	761,280	450,151	311,128
Accrued expenses and deferred income beyond 12 months	2,054,145	3,278,714	(1,224,569)
Total	**2,815,425**	**3,728,865**	**(913,441)**

Advances on contributions beyond 12 months amounted to Euro 761,280.

Deferred income mainly refer to grants for research and development projects.

16. Post-employment benefits

Post-employment benefits are recorded under liabilities for a total of Euro 4,127,761 (Euro 4,123,112 in the previous period).

The composition of and changes in individual items are represented as follows:

Description	31/12/2023	Used	Provision	Other changes	31/12/2024
Post-employment benefits	4,123,112	(532,885)	676,386	(138,852)	4,127,761
Total	**4,123,112**	**(532,885)**	**676,386**	**(138,852)**	**4,127,761**

This item represents the actual debt accrued toward employees in accordance with the law and the employment contracts in force, considering all forms of remuneration of an ongoing nature.

The provision corresponds to the total individual indemnities accrued in favour of employees at the reporting date, net of advances paid, and is equal to what would have been payable to employees if the employment relationship had terminated on that date.

Post-employment benefits, which represent a deferred payment plan in favour of all employees of the company Expert.ai S.p.A., amount to a defined benefit plan, since the company's obligation does not end with the payment of contributions accrued on the liquidated salaries, rather continues until the end of the employment relationship.

For these types of plans, the accounting standard requires that the amount accrued must be projected into the future

in order to determine the amount to be paid at the time of termination of employment, using an actuarial measurement that takes into account the rate of staff turnover, the foreseeable evolution of salary trends and any other factors. This method does not apply to those employees whose post-employment benefits are paid into occupational pension funds, since in this case a defined contribution pension plan is involved.
It should be remembered that as from 1 January 2013, following the amendment to IAS 19, the corridor method can no longer be used; therefore, the component represented by actuarial gains/losses is allocated to a specific shareholders' equity reserve.

As of 1 January 2007, the Finance Act and related implementing decrees introduced significant changes in the rules governing post-employment benefits, including the choice left to workers as to the use of their accruing benefits. In particular, the new post-employment benefits may be channelled by the worker into chosen pension forms or kept within the company (in which case the latter will pay post-employment benefits to a treasury account set up at INPS [National Social Security Office[).

17. Provisions for deferred tax liabilities

The provisions for deferred tax liabilities are recorded under liabilities for a total of Euro 905,315 (Euro 1,363,604 in the previous period).

The composition of and changes in individual items are represented as follows:

Description	31/12/2023	Used	Provision	Other changes	31/12/2024
Provision for deferred tax liabilities	1,363,604	(503,213)	44,924	0	905,315
Total	**1,363,604**	**(503,213)**	**44,924**	**0**	**905,315**

18. Current and non-current financial liabilities

The following table provides details of both current and non-current financial liabilities:

Description	31/12/2024	31/12/2023	Change
Banks for ordinary accounts	128,006	287,652	(159,646)
Banks for advances (subject to clearance operations, advance on contracts/invoices/currency)	380,762	1,124,575	(743,812)
Bank debt for current accounts and advances	**508,768**	**1,412,227**	**(903,459)**
Mortgage loans (<12 months)	1,942,689	5,012,162	(3,069,473)
Mortgage loans (>12 months)	10,072,064	9,418,829	653,235
Bank debt for interest accrued	46,661	150,251	(103,590)
Bank debt for mortgages and loans	**12,061,414**	**14,581,243**	**(2,519,828)**
Other current loans and borrowings	39,003	80,875	(41,872)
Other non-current loans and borrowings	708,252	778,023	(69,771)
Other loans and borrowings	**747,254**	**858,898**	**(111,643)**
Non-current bonds	2,942,000	0	2,942,000
Current bonds	1,421,600	5,068,200	(3,646,600)
Bonds	**4,363,600**	**5,068,200**	**(704,600)**
Payables for IFRS 16 (< 12 months)	448,695	567,994	(119,299)

Payables for IFRS 16 (> 12 months)	899,669	654,068	245,600
Payables for IFRS 16	**1,348,364**	**1,222,062**	**126,301**
Total	**19,029,401**	**23,142,630**	**(4,113,229)**
Of which due within 1 year	4,407,416	12,291,710	(7,884,294)
Of which due between 1 and 5 years	13,921,985	10,150,920	3,771,065
Of which due beyond 5 years	700,000	700,000	0

The company enforced the option not to use the amortised cost method and not to discount payables.
The accounting policies adopted by the company are as follows:

- non-discounting and non-application of the amortised cost standard for payables maturing within 12 months;
- non-discounting of payables since the effective interest rate is not significantly different from the market interest rate;
- non-application of the amortised cost standard since the relevant transaction costs, commissions and any other difference between initial value and the value at maturity are of little significance.

Therefore, payables are stated at their nominal value.
The reduction in payables due within 1 year is attributable to the rescheduling of financial payables, as commented on in the Management Report in the section on “main events”.

Bank debt for current accounts and advances

These payables include current account balances and advances granted by credit institutions to the Group.
Advances primarily represent the use of short-term lines of credit to finance working capital.

Bank debt for mortgages and other loans and borrowings

The exposure to the banking system and other lenders did not change significantly compared to the previous year. On the other hand, important changes took place after the end of the year, as is discussed in detail in the section of the Management Report on the “business outlook”.

Bonds

The item 'Bonds' consists of the bond issued by Expert.ai S.p.A.
The debt for bonds corresponds to the total amount of principal outstanding as at 31/12/2024, according to the repayment schedule.
The balance of the debt for bonds, amounting to Euro 4,363,600, is due:

- for Euro 1,363,600, to the issue of a bond reserved for professional investors, fully subscribed by Fondo Strategico Trentino-Alto Adige managed by Finint Investments SGR S.p.A. The main terms and conditions of the Bond are set out below:

Amount	Nominal Euro 5,000,000.00
Date of issue	31/07/2015
Maturity	30/06/2025, bond repayment date
Issue price	Equal to 100% of the nominal value of each bond
Interest rate	Gross fixed rate of 4% per annum with half-yearly payment from January 2016 onwards

Bond structure	Amortising with 4 years of pre-amortisation

- for Euro 3,000,000, to the issue of a non-convertible bond, fully subscribed by Unicredit S.p.A.. The main terms and conditions of the Bond are set out below:

Amount	Nominal Euro 5,000,000.00
Date of issue	02/08/2019
Maturity	02/08/2027, bond repayment date
Issue price	Equal to 100% of the nominal value of each bond
Interest rate	Nominal floating rate equal to Euribor 3M + 225bb with quarterly payments from November 2019 onwards
Bond structure	Amortising with 2 years of pre-amortisation

Payables for IFRS 16

They represent the effects of the application of the IFRS 16-'Leases' accounting standard, applied as of 1 January 2019.

Financial liabilities	01/01/2024	Refunds	Increases	31/12/2024
Expert System Enterprise Corp	117,830	100,468	0	17,363
Expert System France Sas	0	0	0	0
Expert System Iberia Slu	30,381	30,381	0	0
Expert System Cogito LTD	20,190	20,190	0	0
Expert.AI S.p.a.	1,053,660	548,685	826,026	1,331,001
Total	**1,222,062**	**699,725**	**826,026**	**1,348,364**

For all group companies, the amount of residual debt is reconstructed mainly on the basis of the lease contracts for the properties in use.

Derivatives

The parent company Expert.ai S.p.A. uses derivatives solely to hedge its exposure to the interest rate risk on loans, thereby stabilizing the flow of interest paid mainly on medium and long-term debt, and does not hold any speculative financial instruments. Derivatives, recognised at fair value, are classified as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the hedge is highly effective. Changes in fair value are reported in the statement of comprehensive income in a dedicated line.
Please refer to Appendix A to the financial statements for details of derivatives.

19. Trade and other payables

Trade and other payables are recorded under current liabilities for a total of Euro 7,334,134 (Euro 10,577,633 in the previous period).

The composition of the individual items is represented as follows:

Description	31/12/2024	31/12/2023	Change
Advances	215,975	578,181	(362,206)
Trade payables	4,215,774	5,193,239	(977,465)
Due to social security and welfare institutions	455,903	613,626	(157,723)
Other payables	2,446,482	4,192,587	(1,746,105)
Total	**7,334,134**	**10,577,633**	**(3,243,500)**

The breakdown of current trade payables by geographical area is shown in the following table:

Geographical area	31/12/2024	31/12/2023	Change
Italy	3,600,631	4,443,252	(842,621)
EEC countries	245,341	258,477	(13,136)
USA	167,114	204,593	(37,479)
Rest of the world	202,688	286,917	(84,229)
Total	**4,215,774**	**5,193,239**	**(977,465)**

A breakdown of the item 'Other payables' is provided below:

Description	31/12/2024	31/12/2023	Change
Payables to personnel	486,573	587,211	(100,639)
Payables to directors	8,175	7,011	1,164
Payables to collaborators	800	0	800
Customers for credit notes to be issued	7,000	111,475	(104,475)
Payables to employees for deferred charges	1,884,853	3,430,973	(1,546,120)
Payables to personnel for accrued vacations and leaves of absence	88	7,739	(7,650)
Other current payables	58,993	48,179	10,815
Total	**2,446,482**	**4,192,587**	**(1,746,105)**

20. Current tax payables

Current tax payables are recorded under current liabilities for a total of Euro 812,287 (Euro 1,264,646 in the previous year).

The composition of the individual items is represented as follows:

Description	31/12/2024	31/12/2023	Change
Payables for withholdings	738,454	877,645	(139,192)
Other tax payables	73,834	387,000	(313,166)
Total	**812,287**	**1,264,646**	**(452,358)**

21. Other current liabilities

Other current liabilities are made up of accrued expenses and deferred income posted under current liabilities for a total of Euro 4,797,387 (Euro 6,033,202 in the previous period).

The composition of the individual items is represented as follows:

Description	31/12/2024	31/12/2023	Change
Accrued expenses	**121,779**	**220,500**	**(98,721)**
Accrued expenses	121,779	220,500	(98,721)
Deferred income	**4,675,608**	**5,812,702**	**(1,137,093)**
Deferred income	1,101,099	2,690,433	(1,589,334)
Deferred income for R&D tax assets	1,002,860	983,595	19,265
Deferred income for grants for research projects	2,571,648	2,138,673	432,975
Total	**4,797,387**	**6,033,202**	**(1,235,815)**

Accrued expenses and deferred income are determined on an accrual basis. For long-term accruals and deferrals, the conditions that led to their original recognition were verified when preparing these statements, adopting, where necessary, the appropriate changes.
They represent the connection items of the period accounted for on an accrual basis.

Deferred income, including the non-current portion, mainly consists of hosting fees, grants for research projects, R&D tax assets, licences, maintenance and professional services.

The most significant portions of revenues (including the non-current portion) are attributable to Expert.ai S.p.A., specifically the most significant items are listed below:

- Hosting fees for Euro 83 thousand;
- Maintenance for Euro 328 thousand;
- Licences for Euro 117 thousand;
- Professional Services for Euro 152 thousand;
- Tax asset on R&D activities for Euro 1,525,549;
- Grants for research projects for Euro 3,590,137.

As at 31/12/2024, there were no accruals and deferrals with a duration of more than five years.

22. Revenues from sales and services

Revenues at the end of the period totalled Euro 24,533,326 (Euro 29,781,082 in the previous period).
The following is a breakdown of revenues by geographical area:

Geographical area	31/12/2024	%	31/12/2023	%	Change
Italy	14,979,052	61%	14,675,685	49%	303,367
EEC countries	2,406,336	10%	3,926,172	13%	(1,519,836)
USA	5,294,284	22%	9,010,515	30%	(3,716,231)
Rest of the world	1,853,655	8%	2,168,710	7%	(315,055)
Total	**24,533,326**	**100%**	**29,781,082**	**100%**	**(5,247,756)**

Revenues from the sale of products are recognised at the time when the corresponding risks and benefits are transferred, which normally takes place on delivery of the availability of the licences and the start of the related services.

23. Change in inventories

The table below shows the changes in inventories compared with the previous period:

Description	31/12/2024	31/12/2023	Change
Closing inventory	0	0	0
Opening inventory	0	14,560	(14,560)
Total	**0**	**14,560**	**(14,560)**

24. Other revenues and income

Other revenues and income are recorded under value of production in the income statement for a total of Euro 7,861,186, compared with Euro 9,284,163 in the previous year.

This item breaks down as follows:

Description	31/12/2024	31/12/2023	Change
Revenues for tax assets	952,542	1,029,351	(76,809)
Capital grants	1,387,812	1,622,121	(158,395)
Grants for current expenses	18,500	55,150	(36,650)
Miscellaneous refunds	0	11,948	(11,948)
Other revenues	452,506	105,242	271,349
Contingent assets	4,480	19,008	(14,528)
Increases in internally generated assets	5,045,346	6,431,731	(1,386,384)
Total	**7,861,186**	**9,274,551**	**(1,413,365)**

The Group receives contributions from various bodies (European Community, Ministry of Education, University and Research, Ministry of Economic Development and other bodies) to finance research and development projects. These grants are reclassified under capital grants as they are intended to finance multi-year investments. The indirect method is used for the accounting of these grants, as established by IAS 20, which provides for their recognition in proportion to the amortisation of the related R&D costs.

Increases for internal work are attributable to development activities performed during the year and refer to:

Project	Amount
Core Technology	818,913
Document Understanding	232,724
Expert.ai Platform	809,977
Insight Engine	2,506,192
Language Model	640,750
Total	**5,008,558**

25. Raw materials and consumables

The cost of purchasing raw materials and consumables at the end of the year amounted to Euro 2,038,094 (Euro 2,055,917 in the previous year).

Description	31/12/2024	31/12/2023	Change
Fuel	93,818	89,945	3,873
Stationery and printers	4,027	1,935	2,092
Purchases of raw materials, semi-finished products, materials	1,940,249	1,964,039	(23,790)
Total	**2,038,094**	**2,055,917**	**(17,823)**

This item breaks down as follows:

Costs for raw materials and consumables primarily include purchases of raw materials and semi-finished materials. Lastly, they are closely related to the information provided in the section of the Management Report and to performance of point A (Value of production) of the statement of profit or loss.

26. Costs for services

Costs for services are recorded under production costs in the income statement for a total of Euro 6,396,811, (Euro 8,223,024 in the previous year).

The composition of the individual items is as follows:

Description	31/12/2024	31/12/2023	Change
Utilities	112,355	130,762	(18,407)
Maintenance and repair costs	153,837	180,974	(27,137)
Consulting services	4,008,077	5,082,287	(1,074,210)
Directors' fees	225,586	473,992	(248,406)
Fees to auditors and external auditors	111,320	82,289	29,031
Commissions payable	0	0	0
Advertising	112,735	292,126	(179,391)
Services for personnel	475,993	405,671	70,321
Services (directors and consultants) for stock options	(144,150)	28,876	(173,026)
Fairs and corporate events	119,456	233,657	(114,202)
Condominium expenses	36,674	51,787	(15,113)
Services from financial enterprises and banks of a non-financial nature	61,643	66,500	(4,857)
Insurance	245,988	218,630	27,358
Entertainment expenses	23,539	11,119	12,420
Travel and business trip expenses	330,532	263,778	66,754
Rental costs	19,447	27,823	(8,375)
Other	503,780	672,753	(168,973)
Total Costs for recurring services	6,396,811	8,223,024	(1,826,213)
Costs for services - Restructuring charges	1,151,252	0	1,151,252
Total Costs for services	7,548,063	8,223,024	(674,961)

Costs for services are primarily attributable to consulting, utilities, maintenance, advertising, services for personnel and directors' fees.
Further details on restructuring charges relating to costs for services can be found in section 31.

27. Rental and lease expenses

Rental and lease expenses are recorded under costs of production of the statement of profit or loss for a total of Euro 2,517,481 (Euro 3,343,064 in the previous period).

The composition of the individual items is as follows:

Description	31/12/2024	31/12/2023	Change
Lease expenses	85,148	38,105	47,043
Rentals and other	2,432,333	3,304,959	(872,626)
Total	**2,517,481**	**3,343,064**	**(825,583)**

Rental and lease expenses mainly refer to rental fees for motor vehicles and hosting, for which the IFRS 16 'Leases' was not applied, since the conditions were not met.

28. Personnel expenses

Personnel expenses are recorded in the statement of profit or loss for a total of Euro 17,592,143 (Euro 23,838,943 in the previous period).

The composition of the individual items is as follows:

Description	31/12/2024	31/12/2023	Change
Wages and salaries	12,819,209	17,019,006	(4,199,797)
Social security charges	3,120,628	4,629,659	(1,509,031)
Post-employment benefits	841,118	793,687	47,430
Other personnel expenses	512,660	583,676	(71,016)
Stock grants	301,674	805,209	(503,536)
Stock options	(3,146)	7,706	(10,851)
Total recurring personnel costs	17,592,143	23,838,943	(6,246,800)
Personnel costs - Restructuring charges	2,317,514	0	2,317,514
Total personnel costs	19,909,657	23,838,943	(3,929,286)

Costs associated with employee benefits include wages and salaries, social security charges, post-employment benefits and other personnel-related costs.
Further details on restructuring charges relating to personnel costs can be found in section 31.

The average number of employees of the Group as of 31 December 2024 is as follows:

Average number of employees by qualification	31/12/2024	31/12/2023	Change
Executives	0	0	0
Middle managers	62	68	-6
Employees	164	184	-20
Total	**226**	**252**	**-26**

29. Other provisions and other costs

Other costs are recorded in the income statement for a total of Euro 463,885 (Euro 1,815,674 in the previous period).

The composition of the items is as follows:

Description	31/12/2024	31/12/2023	Change
Bad debt provision	141,525	516,218	(374,693)
Losses on receivables	243,333	829,994	(586,661)
Taxes and fees	72,469	64,414	8,055

Magazine and newspaper subscriptions	(28,562)	22,354	(50,916)
Allocation to provision for legal dispute risks	(21,999)	182,000	(203,999)
Other operating expenses	57,120	200,694	(143,574)
Total	463,885	1,815,674	(1,351,789)

30. Amortisation, depreciation and writedowns

As regards amortisation and depreciation, it should be noted that it is calculated on the basis of the useful life of each asset and its use in production.

No writedowns were made during the period.

The composition of the items is as follows:

Amortisation of intangible assets	**31/12/2024**	**31/12/2023**	**Change**
Amortisation of goodwill	0	0	0
Amortisation of development costs	7,133,044	7,400,197	(267,153)
Amortisation of other intangible assets	132,025	254,717	(122,692)
Total	**7,265,069**	**7,654,914**	**(389,845)**

Depreciation of property, plant and equipment	**31/12/2024**	**31/12/2023**	**Change**
Depreciation of buildings	11,087	11,087	0
Depreciation of plants and machinery	11,990	11,529	461
Depreciation of other property, plant and equipment	124,949	167,721	(42,771)
Total	**148,026**	**190,337**	**(42,311)**

Amortisation of rights of use	**31/12/2024**	**31/12/2023**	**Change**
Amortisation of rights of use	641,508	733,921	(92,413)
Total	**641,508**	**733,921**	**(92,413)**

Total amortisation	**8,054,603**	**8,579,172**	**(524,569)**

31. Restructuring charges

The item "**Restructuring charges**" totalled Euro 3,468,766 in 2024, (Euro 0 in the same period of the previous year). Restructuring charges, recognised for the year 2024 only by way of exception, consist of external expenses and internal personnel. External expenses, amounting to Euro 1.2 million, consisted of consultants and professional firms that contributed to the Capital Increase, the renegotiation of the financial debt, and the reorganisation of operational and staff departments. Personnel costs of Euro 2.3 million relate to redundant personnel, some of whom were given redundancy incentives and some of whom resigned and were not replaced.

Below is a breakdown of the item:

Description	31/12/2024	31/12/2023	Change
Consulting fees	1,151,245	0	1,151,245
Personnel expenses	2,317,514	0	2,317,514
Total	**3,468,766**	**0**	**3,468,766**

32. Finance income and cost

The item **"Financial income"** amounted to Euro 395,653 in 2024, excluding exchange differences (Euro 307,421 in 2023).

The item **"Financial expense"** amounted to Euro 1,308,749 in 2024, excluding exchange differences (Euro 1,152,225 in 2023). The item "Financial income" net of the exchange rate delta includes:

Description	31/12/2024	31/12/2023	Change
Interest income	48,069	4,444	43,625
Other finance income	178,017	302,801	(124,783)
Gains on disposal of securities	4,951	176	4,776
Other income from investments in affiliated companies	164,616	0	164,616
Total	395,653	307,421	88,233

The item "**Financial expense**" net of the exchange rate delta includes:

Description	31/12/2024	31/12/2023	Change
Commissions for sureties	4,766	9,817	(5,051)
Overdraft charges	46,623	39,185	7,438
Interest expense on leases under IFRS 16	43,410	33,354	10,057
Interest on debt for bonds	254,870	257,404	(2,534)
Commissions on financing	218,183	74,539	143,644
Other finance cost	58,287	75,415	(17,128)
Interest on loans	640,888	662,511	(21,624)
Write-down of investment	41,721		41,721
Losses from assets held for sale			0
Total	1,308,749	1,152,226	156,523

The item '**Exchange rate delta**' includes:

Description	31/12/2024	31/12/2023	Change
Foreign exchange gains	681,358	168,943	512,415
Foreign exchange losses	(356,871)	(353,025)	(3,846)
Total	324,487	(184,082)	508,569

The positive difference between exchange gains and losses was primarily generated by trade collections and payments,

and also includes exchange rate differences generated by the adjustment of receivables and payables in foreign currency to the exchange rate in force as at 31 December 2024.

33. Income taxes

This item includes:

Description	31/12/2024	31/12/2023	Change
IRAP	0	0	0
IRES	5,249	0	5,249
deferred tax liabilities/(deferred tax assets)	1,029,220	12,293	1,016,927
Total	1,034,468	12,293	1,022,176

Deferred tax assets are recognised since there is reasonable certainty of the existence, in the periods of transfer of the deductible temporary differences for which deferred tax assets are recognised, of taxable income not less than the amount of the differences that will be annulled.
Deferred tax liabilities have been calculated on the basis of global allocation, taking account of the cumulative amount of all the temporary differences, based on the effective tax rate for the last period. As previously mentioned, changes in deferred tax liabilities (increases and uses) derive from amortisation and depreciation deducted only in the tax return, and from the differences in statutory and fiscal values calculated as a result of the above-mentioned contribution in suspension of taxation.
In 2024, the impact of Euro 1 million is due to the release of provisions recognised in previous years for the Stock Option and Stock Grant plans, plans that were terminated and not renewed, as described in section 37.

34. Transactions with subsidiaries, parent companies, associated companies and affiliates

Below is information concerning related party transactions.

Trade relations

	Payables	Receivables	Guarantees	Commitments	Costs	Revenues
Expert System USA INC	204,536	6,391	0	0	120,553	0
Expert System Cogito LTD	2,439,640	368,129	0	0	778,921	0
Expert System Iberia Slu	1,893,925	322,619	0	0	566,600	112,247
Expert System Enterprise Corp	10,542,695	3,078,465	0	0	4,126,775	824,793
Expert System France Sas	1,205,961	1,641,964	0	0	356,645	169,129
Expert System Deutschland Gmbh	326,444	265,476	0	0	50,673	19,857
Expert System Canada Technologies Sémantiques INC	45,557	944,948	0	0	17,273	229,853
Expert.AI S.p.A	2,184,178	11,712,817	0	0	1,100,557	5,501,116
Expert.AI International SA	8,448	381,428	0	0	8,347	376,863
Gum Group S.p.A.	0	0	0	0	386,540	0
Gum Consulting S.p.A.	0	0	0	0	199,833	0
Finix Technology Solutions S.r.l.	676,000	231,350	0	460,000	0	189,631
Payglobe s.r.l.	0	0	0	0		36,742
Total	**19,527,385**	**18,953,587**	**0**	**460,000**	**7,712,717**	**7,460,230**

Financial relations

	Payables	Receivables	Guarantees	Commitments	Charges	Income
Expert System USA INC	9,626	0	0	0	0	0
Expert System Cogito LTD	7,962	0	0	0	0	0
Expert System Iberia Slu	77,769	0	0	0	1,673	0
Expert System Enterprise Corp	0	0	0	0	0	0
Expert System France Sas	27,806	0	0	0	4,089	0
Expert System Deutschland Gmbh	101,056	0	0	0	1,122	0
Expert System Canada Technologies Sémantiques INC	46,477	0	0	0	944	0
Expert.AI S.p.A	0	568,482	0	0	0	11,011
Expert.AI International SA	299,774	0	0	0	3,182	0
Gum Group S.p.A.	0	0	0	0	0	0
Gum Consulting S.p.A.	0	0	0	0	0	0
Finix Technology Solutions S.r.l.	0	0	0	0	0	0
Payglobe s.r.l.	0	0	0	0	0	0
Total	**570,469**	**568,482**	**0**	**0**	**11,011**	**11,011**

Trade and financial relations

	Financial payables	Financial receivables	Trade receivables	Trade payables	Sales	Purchases
Expert System USA INC	9,626	0	6,391	204,536	0	120,553
Expert System Cogito LTD	7,962	0	368,129	2,439,640	0	778,921
Expert System Iberia Slu	77,769	0	322,619	1,893,925	112,247	568,272
Expert System Enterprise Corp	0	0	3,078,465	10,542,695	824,793	4,126,775
Expert System France Sas	27,806	0	1,641,964	1,205,961	169,129	360,735
Expert System Deutschland Gmbh	101,056	0	265,476	326,444	19,857	51,795
Expert System Canada Technologies Sémantiques INC	46,477	0	944,948	45,557	229,853	18,218
Expert.AI S.p.A	0	568,482	11,712,817	2,184,178	5,512,127	1,100,557
Expert.AI International SA	299,774	0	381,428	8,448	376,863	11,530
Gum Group S.p.A.	0	0	0	0	0	386,540
Gum Consulting S.p.A.	0	0	0	0	0	199,833
Finix Technology Solutions S.r.l.	0	0	231,350	676,000	189,631	0
Payglobe s.r.l.	0	0	0	0	36,742	0
Total	**570,469**	**568,482**	**18,953,587**	**19,527,385**	**7,471,241**	**7,723,728**

These relations, which do not include atypical and/or unusual transactions, are regulated at arm's length.
Information on the nature of these transactions is provided below:
Intercompany costs and revenues comprise licences, maintenance fees, professional services and minor expense reimbursements; intercompany income and expenses comprise interest on loans granted; in addition, there are further transactions:

With the related company Gum Group S.p.A.:

Purchase

- Restructuring charges for Euro 276,766;
- Remuneration of corporate bodies for Euro 98,436

With the related company Gum Consulting S.p.A.:

Purchase

- Restructuring charges for Euro 77,071;
- Commercial consulting for Euro 122,762.

With the related company Finix Technology Solutions S.r.l. (a Gum Group S.p.A. company):

Sale

- Hardware for Euro 189,631;
- Commitments for Euro 460,000 for the 2025 earn-out on the acquisition of a business segment (for greater information, please see the section “guarantees and commitments”).

With the related company Payglobe s.r.l. (a Gum Group S.p.A. company):

Sale

- Consulting for Euro 36,742.

35. Guarantees and commitments and contingent liabilities

The table below shows commitments, guarantees and contingent liabilities not shown on the statement of financial position:

Description	Initial balance	Change	Final balance
Commitments	0	460,000	460,000
Guarantees	834,319	14,344	848,663
Memorandum accounts	**834,319**	**474,344**	**1,308,663**

With regard to commitments, these are earn-outs with the related party Finix for the purpose of evaluating the final purchase price of the business segment. These commitments are conditional on the renewal of certain contracts during 2025.

The following table shows their details.

Beneficiary	Commitment amount	date of issue	expiration date
Finix Technology Solutions S.r.l.	€ 237,588.00	31/12/2024	31/12/2025
Finix Technology Solutions S.r.l.	€ 121,029.00	31/12/2024	30/06/2025
Finix Technology Solutions S.r.l.	€ 101,383.00	31/12/2024	31/01/2025
TOTAL	**€ 460,000.00**		

With regard to the guarantees, these are surety guarantees to credit institutions or insurance companies. The following table shows their details.

Guarantor	Beneficiary	Guarantee Amount	date of issue	expiration date
BPER	Office rental (Rovereto facility extension)	5,622	21/02/2018	31/12/2025
BPER	Office rental	1,975	01/10/2018	30/09/2025
BPER	MIUR - C4E PROJECT	462,500	12/01/2019	30/06/2025
COFACE	PCM S.S.	45,617	17/10/2019	to be released by beneficiary

Tokio Marine HCC	CONSOB	36,000	04/12/2019	36 months - to be released by beneficiary
ELBA ASSICURAZIONI S.P.A.	PCM Susi	18,443	20/05/2020	to be released by beneficiary
Tokio Marine HCC	SOGEI	40,248	20/11/2020	to be released by beneficiary
BPER	Office rental	7,382	17/12/2020	to be released by beneficiary
Unicredit	Office rental	6,105	12/03/2021	12/03/2033
Tokio Marine HCC	TELEDIFE	21,332	11/10/2021	to be released by beneficiary
Assicuratrice Milanese S.p.A.	FASTWEB	60,000	07/03/2022	31/12/2025
COFACE	CASSA DEPOSITI E PRESTITI	14,603	20/06/2022	to be released by beneficiary
Tokio Marine HCC	PCM P.S.	15,500	25/08/2022	to be released by beneficiary
COFACE	SOGEI	60,495	14/10/2022	to be released by beneficiary
Assicuratrice Milanese S.p.A.	TALETE SPA	6,821	17/05/2022	to be released by beneficiary
Tokio Marine HCC	PCM GG	4,725	13/01/2023	to be released by beneficiary
Tokio Marine HCC	PCM P.S.	14,754	03/03/2023	to be released by beneficiary
Tokio Marine HCC	CONSOB	9,750	16/03/2023	to be released by beneficiary
Tokio Marine HCC	CINECA	2,450	11/06/2023	to be released by beneficiary
Allianz	PCM XX SEPTEMBER	14,344	26/08/2024	to be released by beneficiary
TOTAL		**848,663**		

36. Other information

In accordance with the law, the total fees due to the Directors, the members of the Management Control Committee and the Audit Firm are shown below.

Qualification	31/12/2024	31/12/2023	Change
Directors	**225,586**	**473,992**	**(248,406)**
- Stock option fees			0
- Fixed fees	225,586	473,992	(248,406)
- Number of Shares			0
Management Control Committee	49,500	13,273	36,227
Auditing	61,820	69,015	(7,196)
Total	**336,905**	**556,280**	**(219,375)**

The Company, as provided for in Legislative Decree no. 14/2019 (Business Crisis and Insolvency Code), adopts an organisational, administrative and accounting structure appropriate to the nature of its business, also for the timely detection of any business crisis and the taking of appropriate initiatives.

37. Share-based payments

On 29 June 2020, as amended on 29 April 2022, the Shareholders' Meeting had approved the "Stock Grant Plan 2020-2023" and the "Stock Option Plan 2020-2023". The "2020-2023 Stock Grant Plan, and the related bonus capital increase, was intended for the employees of Expert.ai S.p.A. and its subsidiaries, which envisaged the assignment of a maximum of 3,200,000 rights to receive, at a 1:1 ratio, the same amount of ordinary shares of the Issuer, subject to the achievement of certain performance and/or personal targets in each of the four periods ending on 31 December 2020, 2021, 2022 and 2023, respectively, and solely for 2021, to remaining an employee of the company.

The "2020-2023 Stock Option Plan" and the related capital increase against payment was intended for members of the Board of Directors, associates and consultants and employees of Expert.ai S.p.A. and its subsidiaries, the purpose of which was the assignment of 1,800,000 option rights conditional on the subscription, at a previously established price, of Expert.ai ordinary shares (at a 1:1 ratio). The vesting of such rights was subject to the achievement of certain performance and/or personal targets established from time to time for each beneficiary.

The last tranche of the plans was finalised after the approval of the financial statements as at 31 December 2023, and they were not renewed during 2024.

38. Events after the reporting period and business outlook

No significant events occurred after the reporting period that might have a material impact on the financial, capital and economic performance of the company and of the expert.ai Group.

FINANCIAL EVENTS

On **12 March 2025** expert.ai announced

- the launch of **EidenAI Suite** which consolidates expert.ai's role as a reference partner for enterprise AI; it is a suite of complete, ready-to-use solutions tailored for vertical markets that integrates the most advanced technologies: from neurosymbolic artificial intelligence to Large Language Models, Generative AI to Agentic AI.
- the introduction of a new organisational set-up with a strengthened Sales area to support growth targets.

On **2 April 2025** expert.ai announced the appointment of the new Senior VP Sales for Southern Europe, thus completing the organisational structure, presented on a parallel with the new EidenAI Suite sales proposition, to accelerate on business growth and expansion targets.

On **7 April 2025** expert.ai announced, jointly with Tiscali, that it had reached a non-binding agreement regarding an investment transaction by expert.ai in a newco established by Tiscali, in the

context of the so-called "Villanova Project", selected within the framework of the IPCEI-CIS (I*mportant Project of Common European Interest*) for the development of Multimodal Generative AI services.

PARTNERSHIPS AND AKNOWLEDGMENTS

On **18 March 2025** expert.ai announced that it has been confirmed by KMWorld magazine in the top 100 most innovative companies in knowledge management (KMWorld 100 Companies That Matter in Knowledge Management).

On **19 March 2025** expert.ai announced the enhancement of solutions for the insurance industry at Europe's largest Insurtech event (Insurtech Insights Conference, London, 19-20 March 2025).

On **27 March 2025** expert.ai announced its participation with Deloitte in the “AI & Insurtech” event organised by the Italian Insurtech Association to discuss challenges, opportunities and usage cases of AI in a changing insurance industry.

On **3 April 2025** expert.ai unveiled “Clinical Trials Innovation”, an innovative solution available via EidenAI Suite that leverages cutting-edge AI technologies to simplify trials, improve patient recruitment and ensure maximum alignment between clinical trials and real-world data.

On **29 April 2025** expert.ai announced that it has been included in the FinCrimeTech50, the prestigious international ranking that rewards the most innovative technology solutions in the fight against fraud, money laundering and financial crime.

APPENDIX A - derivative instruments

The parent company Expert.ai S.p.A . has entered into the following derivative contracts with:

a) UNICREDIT

- 'IRS Payer' OTC derivative contract no. MMX24806135 signed on 02/08/2019 and expiring on 02/08/2026;
- Purpose: hedging;
- Operation with no capital exchange;
- Reference notional amount: Euro 5,000,000;
- Hedged liability: non-convertible debenture loan of original Euro 5,000,000 fully subscribed by UNICREDIT S.p.A. as per contract signed on 02/08/2019 and expiring on 02/08/2026;
- Notional amount at the reference date (31/12/2024): Euro 1,750,000;
- amount of liability hedged at the reference date (31/12/2024): Euro 3,000,000;
- Underlying financial risk: interest rate risk;
- Fair value of the derivative contract: mark-to-model fair value positive by Euro 43,279.10;
- Fair value when the hedge was created: zero.

b) INTESA SANPAOLO

- Type of derivative contract: Unlisted I.R.S. no. 36814343 signed on 25/09/2020 and expiring on 30/06/2026;
- Purpose: hedging;
- Operation with no capital exchange;
- Contractual notional amount: Euro 2,500,000;
- Hedged liability: loan of original Euro 2,500,000 signed on 25/09/2020 and expiring on 30/06/2026;
- Notional amount at the reference date (31/12/2024): Euro 1,250,000;
- amount of liability hedged at the reference date (31/12/2024): Euro 1,406,250.
- Underlying financial risk: interest rate risk;
- Fair value of the derivative contract: mark-to-model fair value positive by Euro 19,316;
- fair value when the hedge was created: zero.

c) INTESA SANPAOLO

- Type of derivative contract: Unlisted I.R.S. no. 36814226 signed on 25/09/2020 and expiring on 25/09/2026;
- Purpose: hedging;
- Operation with no capital exchange;
- Contractual notional amount: Euro 500,000;
- Hedged liability: loan of original Euro 500,000 signed on 25/09/2020 and expiring on 25/09/2026;
- Notional amount at the reference date (31/12/2024): Euro 281,250;
- amount of liability hedged at the reference date (31/12/2024): Euro 312,500.
- Underlying financial risk: interest rate risk;
- Fair value of the derivative contract: mark-to-model fair value positive by Euro 5,027;
- fair value when the hedge was created: zero.

d) UNICREDIT

- 'IRS Protected Pay' OTC derivative contract no. MMX27739972 signed on 18/02/2021 and expiring on 31/07/2026;
- Purpose: hedging;
- Operation with no capital exchange;
- Notional amount at the reference date (31/12/2024): Euro 663,002.51;
- amount of liability hedged at the reference date (31/12/2024): Euro 1,088,270.64;
- Underlying financial risk: interest rate risk;
- Fair value of the derivative contract: mark-to-model fair value positive by Euro 16,679.01.

Modena, 28 March 2025 For the Board of Directors

The Chairman
Dario Pardi



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AUDIT FIRM'S REPORT AS AT 31/12/2024

EXPERT.AI S.p.A.

Independent auditor's report pursuant to article 14 of Legislative Decree no. 39 of 27 January 2010

Consolidated financial statements as at December 31st, 2024

This independent auditor's report has been translated into English solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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Independent auditor's Report
pursuant to article 14 of Legislative Decree no. 39 of 27 January 2010

To the Shareholders of
EXPERT.AI S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of EXPERT.AI S.p.A. Group (the "*Group*"), which comprise the statement of financial position as at December 31st, 2024, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flow for the year then ended, and notes to the financial statements, including material information on the accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of EXPERT.AI S.p.A. Group as at December 31st,2024 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of EXPERT.AI S.p.A. (the "*Parent*") in accordance with the ethical and independence requirements applicable in Italy to the audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the directors and board of management control committee for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Parent EXPERT.AI S.p.A. or ceasing operations exist, or have no realistic alternative but to do so.

The board of management control committee is responsible for overseeing, within the terms established by Italian law, the Group's financial reporting process.

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Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

We have communicated with those charged with governance, as properly identified in accordance with ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control we identified during our audit.

Report on other legal and regulatory requirements

Opinion and statement pursuant to Article 14, paragraph 2, letters e), e-bis) and e-ter), of Legislative Decree no. 39/10

The directors of EXPERT.AI S.p.A. are responsible for the preparation of the report on operations of EXPERT.AI S.p.A. Group at December 31st, 2024, including its consistency with the consolidated financial statements and its compliance with the applicable law.

We have performed the procedures required under Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations with the consolidated financial statements;

- express an opinion on the compliance of the report on operations with the applicable law;
- issue a statement of any material misstatements in the report on operations.

In our opinion, the report on operations is consistent with the consolidated financial statements of EXPERT.AI S.p.A. Group at December 31st, 2024.

Moreover, in our opinion, the report on operations has been prepared in compliance with the applicable law.

With reference to the statement pursuant to Article 14, paragraph 2, letter e-ter), of Legislative Decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Bologna, May 12th, 2025

BDO Italia S.p.A.
Signed by
Gianmarco Collico
Partner

EXPERT.AI S.p.A.

Report of the Management Control Committee to the Shareholders' Meeting on the supervisory activities carried out during the year ended 31 December 2024

Dear Shareholders,

This Report is prepared by the Management Control Committee (hereinafter also the "Committee") of Expert.Ai S.p.A., **pursuant to Article 153 of Italian Legislative Decree No. 58 of 1998 (the "TUF")**, which is required to report to the Shareholders' Meeting, called to approve the Financial Statements, on the supervisory activities carried out during the year in the fulfilment of its duties, on any omissions and censurable facts detected and on the results of the company's financial year, as well as to formulate proposals regarding the Financial Statements, their approval and matters falling within its remit.

The Management Control Committee in office as of the date of this Report was appointed by the Shareholders' Meeting on 20 June 2024 as follows: Andrea Gabola (Chairman), Marco Di Teodoro (Standing Member) and Stefano Pedrini (Standing Member); the latter, following his resignation on 13 November 2024, was replaced by Ambrosella Landonio.
At the time of its appointment, the Management Control Committee verified that each of its members met the requirements of good standing, professionalism in accordance with the law and the Articles of Association, and independence in accordance with the principles and criteria set forth in the Consolidated Law on Finance (TUF).
The Committee fulfilled the functions assigned to it, as control body, by the Articles of Association and Article 2409 octiesdecies, paragraph 5 of the Italian Civil Code.
In this context, it is worth mentioning that the Committee is responsible for monitoring compliance with the provisions of the law, regulations and articles of association, as well as compliance with the principles of correct administration. Particular attention is paid to checking the adequacy, efficiency and functioning of the Company's organisational structure, internal control system, and administrative-accounting system, assessing their ability to provide a true and fair view of operations. The Management Control Committee, within the scope of its functions and in order to ensure its effective execution, attends all Board and Committee meetings, maintains constant dialogue with Company Management, with the contact person of the administration, finance and control unit and with the company entrusted with the official audit of the accounts. In addition, it maintains a continuous exchange of information and operational coordination with the Supervisory Body established pursuant to Italian Legislative Decree No. 231/2001, with which it liaises to share the results of their respective activities and to update each other.

During the year ended 31 December 2024 and up to today's date, the Management Control Committee carried out its supervisory activities in accordance with the provisions of the Law and, where applicable, the Rules of Conduct for the Board of Statutory Auditors of Listed Companies issued by the National Council of Certified Public Accountants and Accounting Experts, CONSOB provisions on corporate controls, as well as the provisions contained in Article 19 of Italian Legislative Decree No. 39/2010.

The committee held 9 meetings during the year and up to the date of issue of this report and within the sphere of its functions:

- attended the Shareholders' Meetings, ensuring compliance with the statutory, legislative and regulatory provisions governing the functioning of the Company's bodies;
- it also attended all Board and Committee meetings.

The financial statements of the company have been prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, as well as in accordance with the provisions issued by CONSOB in implementation of Article 9.3 of Italian Legislative

Decree No. 38/2005. The Company's financial statements have been prepared in accordance with the law and are accompanied by the documents laid down by the Italian Civil Code and the Consolidated Law on Finance (TUF). Furthermore, the Company, in accordance with legal requirements, prepared the Expert Group's financial report for the financial year 2024.

1) *Supervision of compliance with the law and the Articles of Association*

In performing its duties, the Management Control Committee carried out the activities laid down by Article 2409 *octiesdecies* paragraph 5 of the Italian Civil Code and by the provisions, where compatible, envisaged for the Board of Statutory Auditors, by Articles 149 and 153 ter of Italian Legislative Decree No. 58 of 1998 and Article 19 of Italian Legislative Decree No. 39/2010, the CONSOB recommendations on corporate controls and the activities of the Board of Statutory Auditors, and by referring, where applicable, to the Rules of Conduct for the Board of Statutory Auditors of listed companies.

The Committee acknowledges that each body or unit of the company has fulfilled the disclosure obligations envisaged by the applicable regulations.
On the basis of the information gathered through its supervisory activities, the Committee did not find any violations of the law or the Articles of Association, nor any operations that were manifestly imprudent or risky, in potential conflict of interest or in contrast with the resolutions adopted by the Shareholders' Meeting, or such as to compromise the integrity of the Company's assets and its ability to continue as a going concern.

During the aforementioned general shareholders', board and committee meetings, the Committee members acquired extensive and detailed information on the Company's performance and its foreseeable evolution, on the activities carried out and on the most significant economic, financial and equity transactions carried out by the Company and/or its subsidiaries; in this regard it has no particular observations to report.

2) *Supervisory activities on the adequacy of the organisational set-up*

On the basis of the information acquired, the Committee reports on the results of its supervisory activity on the adequacy of the organisational set-up, in terms of structure, procedures, competences and responsibilities, the size of the company and the group, and the nature and manner of pursuing the corporate purpose.

Matters reserved for the competence of the board of directors are typically identified in the preparation of the company's strategic and organisational guidelines and the definition of the group's corporate structure. It is noted that the decision-making structure of the company corresponds to the powers of attorney deposited with the companies' register.

The Committee:

- oversaw, to the extent it is responsible, the adequacy of the Company's organisational structure and compliance with the principles of correct administration, through direct observation, the gathering of information from the heads of certain corporate units during the year and meetings with the Independent Auditing Firm in the context of a reciprocal exchange of data and information; in this context, the Committee noted the significant turnover of resources in the administration, finance and control units and the action taken by the appointed bodies in order to ensure adequate operations;
- supervised the adequacy of the reciprocal flow of information between Expert.Ai and its subsidiaries pursuant to Article 114.2 of Italian Legislative Decree No. 58 of 1998, ensured by the instructions issued by Company management to the Group Companies;
- verified, as part of its supervision of the effective implementation of corporate governance rules, the correct application of the criteria and assessment procedures adopted by the Board of Directors, with regard to the positive evaluation of the independence of the Directors.

On conclusion of the issues examined in this section, the Management Control Committee confirms that the supervisory activities carried out did not reveal any critical profiles with reference to compliance with the principles relating to the adequacy of the Company's organisational set-up and structure.

3) ***Supervision of the observance of the principles of correct management, the adequacy of the administrative and accounting system and the official accounts audit activities***

On the basis of the information acquired, it is acknowledged that management decisions are inspired by the principle of correct information and reasonableness and that the directors are aware of the riskiness and effects of the operations carried out. There is a long-term plan, with an updated annual budget, to support these management choices.

The Committee observed the presence of a constant and structured flow of information between the various corporate bodies, the Chairman and Chief Executive Officer. This exchange of information is based on a periodic reporting system analysing management performance from both an economic and financial perspective and aimed at the timely adoption of the necessary corrective action.

The Committee assessed and oversaw the adequacy of the administrative and accounting system as well as the reliability of the latter to correctly represent management events, by means of information from the heads of the respective units and the examination of company documents.

The Committee, therefore, expresses a favourable opinion on the adequacy of the administrative-accounting system, also by virtue of the enhancement of the resources employed in the specific unit as suggested by the undersigned Body on certain occasions, considering it suitable to truthfully and correctly represent the operating events.

The Committee held meetings with representatives of the Independent Auditing Firm on 2 May, 31 May, 21 October and 31 January and 9 May 2025 pursuant to Article 150.3 of the Consolidated Law on Finance (TUF) and no significant data and/or information emerged that requires highlighting in this Report.

4) ***Proposals concerning the annual and consolidated financial statements, their approval and matters within the Committee's remit***

The Committee analysed the draft Financial Statements for the year ended 31 December 2024 made available by the deadlines set forth in Article 2429 of the Italian Civil Code, in relation to which the following is disclosed.
Since it does not perform the function of the official audit of the financial statements, the Committee carried out supervisory activities on the general layout given to the financial statements, their general compliance with the law with regard to their preparation and publication and, in this regard, there are no particular observations to make.

As of today's date, the Independent Auditing Firm issued the reports required by Article 14 of Italian Legislative Decree No. 39/2010, expressing a *positive* opinion on both the Company's annual and consolidated financial statements for the year ended 31 December 2024.

Observance of the provisions of the law pertaining to the preparation of the management report has been verified and in this regard there are no particular observations to make; reference is made to the report of the independent auditing firm on the procedures indicated in the auditing standard (ISA Italia) No. 720B containing the opinion on the consistency of the management report with the financial statements of EXPERT.AI S.p.A. as at 31 December 2024 and on the compliance of the same with the law.

The consolidated financial statements for the year ended 31 December 2024 were also examined and made available to us by the deadlines as per Article 2429 of the Italian Civil Code.
The consolidated financial statements have been prepared in accordance with the law.
The explanatory notes to the financial statements analytically indicate the standards and scopes of consolidation, and there are no deviations from the previous year with regard to the criteria used to prepare the consolidated financial statements.
With regard to the management report, we note the completeness of the information and the congruence of the data with that resulting from the consolidated financial statements; also with regard to the consolidated financial statements, reference is made to the report of the independent auditing firm on the procedures indicated in the auditing standard (ISA Italia) No. 720B containing the opinion on the consistency of the management report with the consolidated financial statements of the EXPERT.AI S.p.A. Group as at 31 December 2024 and on the compliance of the same with the law.

As a result of the supervisory and control activities carried out during the year, the Committee can certify that:

- during the activities carried out, no omissions, irregularities or censurable or in any event significant facts emerged, which would require reporting to the audit bodies or mentioning in this Report;
- the Committee did not receive any complaints pursuant to Article 2408 of the Italian Civil Code or petitions from third parties;
- no reports have been made pursuant to and for the purposes of Article 25 octies of Italian Legislative Decree No. 14/2019 and no reports have been received from qualified public creditors, pursuant to Article 25 novies of Italian Legislative Decree No. 14/2019;
- no transactions were identified either with third parties, or intercompany and/or with related parties such as to highlight atypical and/or unusual profiles, in terms of content, nature, size and timing; these transactions were examined by the pertinent committee;
- the series of transactions and management choices adopted are inspired by the principle of correct management and reasonableness and are in accordance with the Business Plan approved by the Board of Directors.

Modena, Italy, 12 May 2025

The Management Control Committee

Andrea Gabola - Chairman

Ambrosella Landonio

Marco Di Teodoro