

where ideas become technology



Osai
automation systems

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Osai

automation systems



Chapter 1.

Corporate Bodies of the Parent Company

Board of Directors

Chairperson	Mirella Ferrero
Chief Executive Officer	Fabio Benetti (I)
Director	Marco Guolo (I)
Director	Carlo Giuseppe Frigato (I)
Independent Director	Paola Marini (II)(III)
Independent Director	Sergio Duca (II)(III)
Independent Director	Donatella Busso (II)(III)

- (I) Member of the Strategic Planning Committee. The term of office of the intra-committee is the same as that of the Board of Directors.
- (II) Member of the Remuneration Committee. The term of office of the intra-committee is the same as that of the Board of Directors.
- (III) Member of the Audit and Risk Committee. The intra-committee has the same term as the Board of Directors

The Board of Directors was appointed by the Shareholders' Meeting on 27 April 2023 until the approval of the financial statements for the financial year 2025.

Board of Statutory Auditors

Chairperson	Ignazio Pellecchia
Statutory Auditor	Gianna Luzzati
Statutory Auditor	Alberto Pession
Alternate Auditor	Gian Paolo Covati
Alternate Auditor	Francesco Maria Spano

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 27 April 2023 until the approval of the financial statements for the financial year 2025.

Independent Auditors

BDO Italia S.p.A.

The Independent Auditors were appointed by the Shareholders' Meeting of 29 April 2021 until the approval of the financial statements for the financial year 2023.

Chapter 2.

OSAI

Group profile

Presentation of the Group

OSAI Group is a leading international player in the design and manufacture of machines and systems for the automation of industrial processes, in particular in the assembly and testing of high-tech components for the semiconductor, *automotive* and electronic manufacturing industries.

The OSAI Group aims to further consolidate its leading position in the global market for industrial process automation solutions, exploiting its technology and experience portfolio enriched in over 30 years of activity concentrating its *value proposition* in offering standard or customised systems for the assembly and testing of high-tech components with applications in different segments and markets characterised by growth and innovation.

Each system is specialised or *tailor-made* to the customer's requirements and is equipped with the latest technology, such as state-of-the-art laser technology and artificial intelligence systems.

The reference markets in which the Group operates are crossed by favourable long-term *mega trends*, linked to digitization, technological innovation and the *Green* and *Circular Economy*.

The Group believes in a business model that can combine both tradition and modernity, that makes the most of centuries-old Italian ingenuity and tackles the economic challenges of the present and the future in an innovative and creative manner, a Group that places at the centre of its action the valorisation of the Person and a sustainable and balanced growth among the various subjects that participate in its realisation.

With this philosophy, the OSAI Group does not see itself merely as a company that, responding to the laws of the market, maximises profits and private gain, but as a subject of civil society that occupies an important role in the community of reference and assumes economic, social and cultural responsibilities towards it.

According to this philosophy, OSAI Automation System S.p.A. has acquired, by resolution of the Shareholders' Meeting of 27 April 2023, the status of Benefit Corporation, including in its corporate purpose the common benefit purposes, which it has always pursued, in order to create a positive impact on the Company and the Territory, to look at and think of the future in a sustainable way and to guarantee a development and growth in which profit and the common good go hand in hand, aiming at the valorisation of people and society, the protection of the planet and the biosphere and a progressive reduction of the impact on the environment, in terms of reduction of waste and CO₂ emissions.

The OSAI Group believes that the promotion of sustainable development and socially-conscious business thinking ensures greater competitiveness globally and long-term continuity and resilience for its business.

This Half-yearly Financial Report was approved by the Board of Directors on 22/03/2024.

The business model

OSAI Group can boast a portfolio of technologies, technical skills and experience enabling it to establish itself as a unique *player* in the domain of strategic technologies, able to solve complex production problems, focused in particular on assembly and testing processes with advanced measurement and control technologies.

The OSAI Group is organized in Divisions. Their objective is to follow particular market areas or sectors of interest through specific solutions based on shared and transversal technologies.

AUTOMATION DIVISION

The focus of the division, which has been the *core business* of the OSAI Group since its inception, is on *customised* automation systems for the assembly and testing of small and medium-sized components and systems in which the OSAI Group has achieved a high level of specialisation. The 'type machines' produced by this division are manifold and include manual and automatic workbenches and units, rotary tables for multi-operations, semi-automatic complete lines and flexible modules.

Initially created to supply customised assembly and *testing* lines to the *automotive* industry, today the solutions designed are used to meet a wide range of customer needs, in various fields with particular applications in the *advanced* mobility and *e-mobility* sectors.

The division also acts as an ideal partner to support customers in the development of components for passenger cars and electric vehicles with solutions for e.g. assembly, laser welding and testing of battery packs for the *automotive* market.

The Division also has solutions, experience and expertise to serve the world's leading medical device manufacturers through the use of specific technologies such as advanced optical controls that exploit artificial intelligence algorithms through machine vision.

ELECTRONICS AND APPLIED LASER DIVISION

The division provides solutions for the use of advanced, low-power laser technology for micromechanical machining in industry and processes aimed at the electronics and medical industries.

The systems produced, based on standard or custom platforms, are used in cutting, welding, drilling and marking processes of small metal or plastic components requiring high machining accuracies for the medical, watchmaking and aerospace industries.

The 'Neo' standard platform, designed specifically for the electronics industry, provides a wide range of systems to improve the efficiency of electronic board production processes, particularly for marking, assembly of components on boards and laser and mechanical separation of PCBs (*Printed Circuit Boards*), including flexible ones.

In addition, thanks to its experience in *custom* automation, the Division is able to provide integrated automation solutions capable of creating hybrid lines between standard and custom proprietary products and/or also integrate third-party solutions as a *system integrator* to meet any process requirement, thus offering a turnkey solution to the market.

SEMICONDUCTOR DIVISION

The division established in 2011 thanks to the Group's successful skills and experience in the automation and electronics industry is now the Group's largest business area. The Division's solutions are aimed at leading global semiconductor manufacturers. They are solutions intended for handling and testing MEMS (*Micro Electro-Mechanical Systems*) sensors through one or more stimuli (acoustic, motion, electrical contact, pressure, etc.) defined according to the specific target application (*consumer, automotive, etc.*).

For several years now, the division has also been developing complex *customised* lines for testing *power modules*, as well as automation systems for burn-in-testing with loading, unloading, pre-testing and visual inspection functions; up to the realisation of entire systems for the assembly and automatic testing of *power modules*, including laser marking and the development of compact laboratory conditioning chambers.

From 2020, the Division will also act as a qualified partner for manufacturers of *wafers* in *Silicon Carbide*, a material that represents the new frontier in energy management necessary for all applications related to sustainable mobility, providing specific solutions developed for the automation of the various SiC production processes and aimed at increasing the production capacity intended for the management and production of *wafers* from 200 mm in diameter compared to traditional technology, currently 150 mm.

CIRCULAR ECONOMY DIVISION

The OSAI Group has continued to invest in structuring the new activity related to the automation sector for *recycling* and waste recovery, with the creation of a business area dedicated to the Circular Economy and the establishment in 2022 of the subsidiary "Osai Green Tech Società Benefit S.r.l.", which is positioned as a technological partner of competence to develop automated systems to automate the process of extraction, separation and selection of valuable components from electronic waste, allowing through specific processes to obtain secondary raw material to be reintroduced into production processes.

SERVICE DIVISION

The division's primary objective is to provide all-round customer support throughout the life cycle of the purchased product.

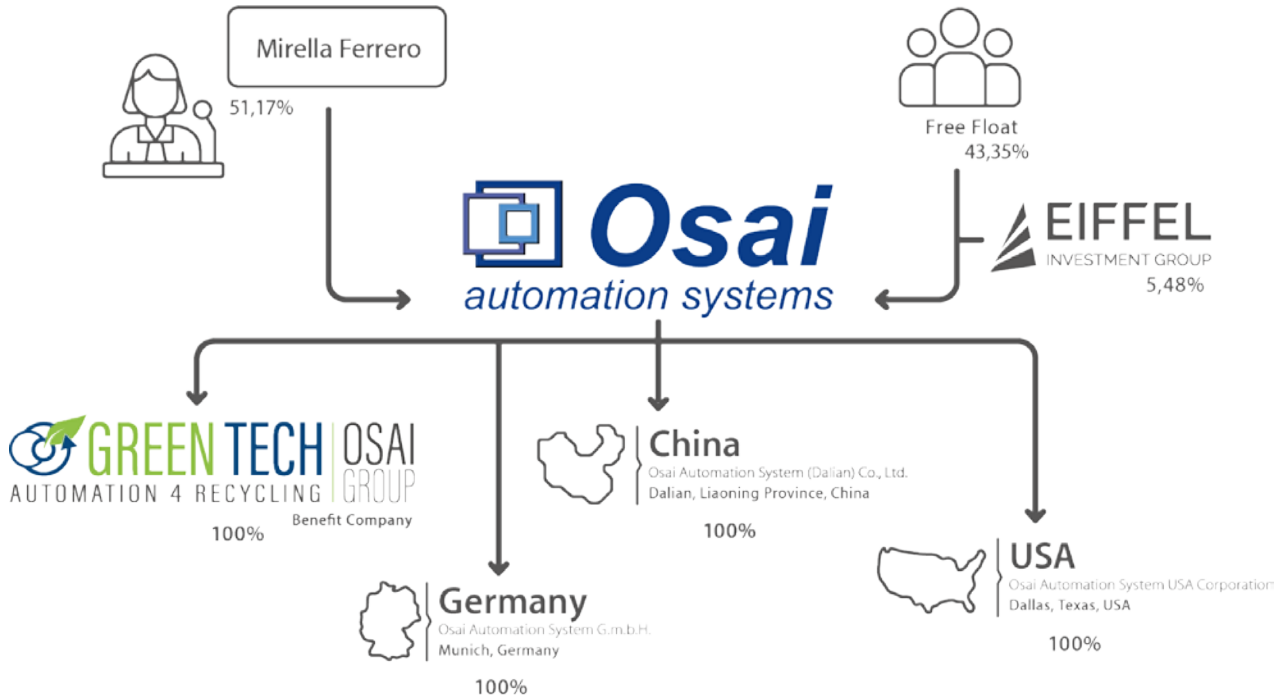
The services offered range from technical assistance and maintenance on products sold by the Group *worldwide*, to the sale of spare parts, training services and specific training for customers' technical personnel, through to *revamping* or *refurbishment* operations to extend product life up to end-of-life management.

Thanks to an advanced *ticketing* system and an extensive network of service *providers* around the world, as well as the use of the best information technologies such as augmented reality, field personnel have the possibility to intervene promptly by activating an audio/video streaming session and share their views with the remote operator, increasing the real or remote presence of the Group's personnel anywhere in the world ensuring speed and efficiency.

Group structure

As at 31.12.2023, the OSAI Group was organised into a structure headed by OSAI Automation System S.p.A. Benefit Corporation, which holds 100% of 1 Italian company and 3 foreign companies, which represent the perimeter of the corporate group.

The list of subsidiaries is summarised in the diagram below:





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Chapter 3.

Introduction

Dear Shareholders,

the year ended 31 December 2023 shows a negative Group result of EUR 6,157,000.

The Notes to the Financial Statements provide information on the consolidated financial statements as at 31/12/2023. In this document, in accordance with the provisions of Art. 2428 of the Italian Civil Code, we provide you with news relating to the consolidated situation of the OSAI Group and information on management trends. This report, prepared with values expressed in thousands of euros, is presented in support of the financial statements for the purpose of providing income, assets, financial and management information of the OSAI Group accompanied, where possible, by historical elements and forward-looking assessments.

With regard to the Consolidated Financial Statements, which are based on uniform valuation criteria and the line-by-line consolidation method, the scope of consolidation is specified in the following table:

Name	Registered office	Share capital in currency	Share held by the Group
OSAI AUTOMATION SYSTEM S.p.A. SB	Via Sondrio, 13 – 10144 Turin, Italy	€ 1,613,030.70	Parent Company
OSAI GREEN TECH SB S.r.l.	Via Sondrio, 13 – 10144 Turin, Italy	€ 100,000.00	100%
OSAI AUTOMATION SYSTEMS GmbH	Elsenheimerstr, 59 Munich, Germany	€ 27,500.00	100%
OSAI AUTOMATION SYSTEM USA Corporation	10000 N. Central Expy, suite 710 Dallas TX, USA	USD 260,000.00	100%
OSAI AUTOMATION SYSTEMS (Dalian) Co., Ltd.	No. 119B Liaohe West Road, Dalian, Liaoning Province, People's Republic of China	¥ 1,553,072.50	100%

All of the shares described in the table above were consolidated on a line-by-line basis.

Osai Green Tech SB S.r.l., established in October 2022, wholly owned by OSAI Automation System S.p.A. SB, has as its strategic mission to transparently and responsibly pursue profit and common-benefit purposes from the development and commercialisation of the Re4M project and to promote further innovative applications of sustainable technologies in a circular economy perspective.

The year 2023 is the first financial year in which it is consolidated on a line-by-line basis.

Investments in other companies are valued at cost:

- the 5.00% shareholding in the share capital of the company ICO NUOVO AMPLIAMENTO S.r.l., acquired during the 2018 financial year: the cost equal to the book value is EUR 100,000;
- the shareholding in the Consorzio Interaziendale Canavesano per la Formazione Professionale (C.I.A.C. s.c.r.l.), equal to 25 shares purchased on 09/12/2022: the cost equal to the balance sheet value is €25,000;

This Annual Financial Report as of 31/12/2023 of the OSAI Group has been prepared in compliance with the Issuers' Regulations of *EURONEXT Growth Milan* and in accordance with the IFRS international accounting standards issued by the *International Accounting Standards Board* and approved by the European Union, as well as with the laws and regulations in force in Italy.

This annual financial report has been audited.

Chapter 4.

OSAI Group Management Report

Market trends and demand development

The OSAI Group, through its Divisions, aims to offer solutions in different markets. This peculiar characteristic of the Group has always represented an opportunity for diversification capable of preserving business continuity even in the face of possible fluctuations in target markets.

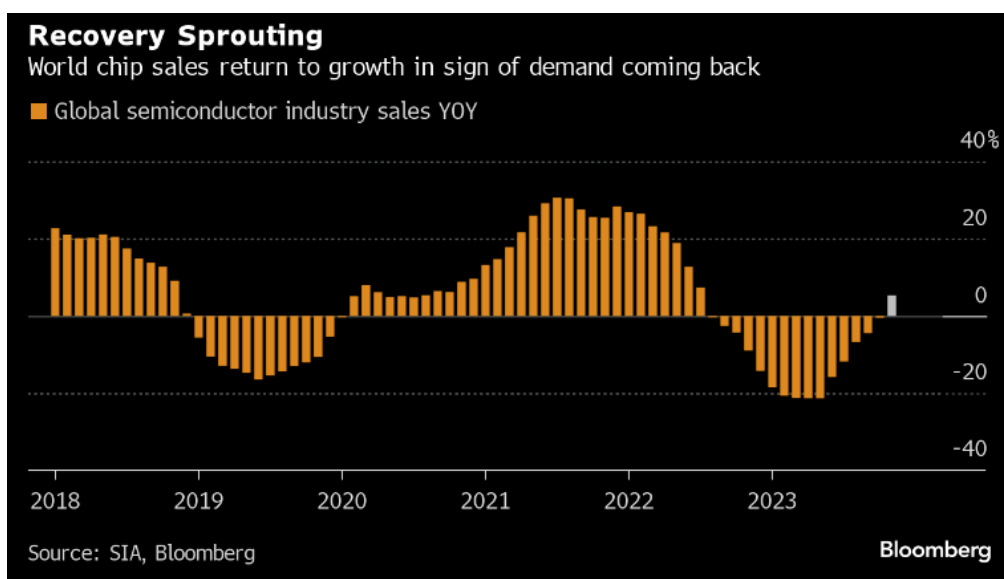
The markets that most influenced the course of 2023 were Semiconductors and Electric Mobility.

SEMICONDUCTOR MARKET

The market for semiconductors for *consumer* applications went through a major crisis during the year, marked by a slump in demand for consumer electronics that had not occurred since 2019 and was the worst in 10 years. The *World Semiconductor Trade Statistics*¹ showed a 10.3 per cent decrease in sales for 2023.

Demand for products such as *smartphones, personal computers, laptops, consoles* and other technological devices has fallen dramatically over the past six months, reducing the investments that large semiconductor companies devote to the production of memory chips (NAND and DRAM) and processors, with estimated declines of 44% and 14% respectively².

This negative trend was mainly influenced by the slowdown in the Chinese economy, the most important market for *personal computers* and from which a strong recovery was expected in 2023, which was accompanied by a physiological reduction in global demand for consumer electronics following the record sales in 2020-2021 and 2022.



The contraction recorded in the *consumer* semiconductor market during the period was physiologically reflected on the semiconductor capital goods sector, in which the Group operates, for which SEMI, one of the most important global associations representing the sector, in its *Mid-Year Total Semiconductor Equipment Forecast* report, forecast a global contraction on the year of 18.6% compared to the boom

¹ Source WSTS - https://www.elettronicaemercati.it/anche-il-world-semiconductor-trade-statistics-wsts-prevede-un-forte-rimbalzo-della-produzione-di-semiconduttori-nel-2024/?utm_source=pocket_saves

² Source - <https://asia.nikkei.com/Business/Tech/Semiconductors/Global-semiconductor-investment-dips-for-first-time-in-4-years>

of 2022, with a recovery in 2024 driven by both *front-end* and *back-end* segments. On the other hand, the *Semiconductor Industry Association* (SIA) estimated that global semiconductor industry sales in 2023 were down 8.2% compared to 2022.

Despite this negative dynamic, industry players estimate that the global semiconductor market will grow in the medium to long term. McKinsey & Co. predicts that the global market will reach USD 1 trillion by 2030, up by around 70 per cent from around USD 600 billion in 2021, driven by demand for microchips used in electric vehicles, which are crucial for autonomous driving and all the advanced services enabled by the use of on-board artificial intelligence.

According to Omdia, automotive applications today account for only 10 per cent of global semiconductor demand, but the use of chips controlling advanced vehicle functions will increase dramatically and the semiconductor market for *automotive* applications is expected to reach \$83 billion in 2025, up 50 per cent from 2022.

GREEN MOBILITY MARKET

The *RystadEnergy* report states that the share of electric vehicles in the total number of cars sold worldwide is expected to rise from 19.2 per cent in 2023 to 21.8 per cent in 2024. China leads this market, with an estimated 11.5 million new registrations of electric vehicles by 2024, at 44% of total new car sales.

In this market context, the OSAI Group, with its Semiconductor and Electronics Divisions, serves leading global semiconductor and electronics manufacturers by providing complete systems for the assembly and testing of *power modules*, *burn-in-testing* of *automotive* chips and handling and testing of *MEMS* sensors for *consumer* and *automotive* applications.

The Automation, Electronics and Applied Laser Divisions offer the market, thanks to a 30-year technology portfolio, functional solutions in the realisation of complete automated systems for the assembly and *testing* of battery packs and components for e-mobility.

The ecological transition of mobility is of extreme interest to the OSAI Group as it allows it to make the most of its technological portfolio and apply it to the various production processes essential in the manufacturing of components used in the transition from endothermic to electric traction.

In the latest annual *Global Electric Vehicle Outlook* report, the International Energy Agency (IEA) shows that the sales trend is growing globally. By the end of 2023, there will be 14 million electric cars (+35% compared to 2022 with more than 10 million vehicles sold).

According to *Bloomberg* data, global sales of battery electric vehicles and *plug-in* hybrids will increase by 21 per cent in 2024 to 16.7 million, 70 per cent of which will be fully electric.

China leads this market, with an estimated 11.5 million new registrations of electric vehicles by 2024, at 44% of total new car sales.

Growth in the European market in 2023, according to *Jato Dynamics*, was led by electric models with a 15.7 per cent share of registrations. This result puts Europe in second place in the world market for electric vehicles, behind China with just under 5 million units.

This growth macro-trend is also significantly reflected in the global demand for batteries and other components essential for the electric drive of cars (inverters, electric motors, etc.).

In particular, demand for automotive batteries with lithium-ion technology globally increased by about 65 per cent in 2022 and is set to triple between now and 2030. According to Goldman Sachs Asset Management, demand for lithium-ion batteries is expected to reach 4.7 terawatt-hours (or 300 gigafactories) worldwide by 2030, to support the growth of renewables and electric vehicles.

In this fast-growing sector, the OSAI Group can boast its presence with several successful applications for the major players in this sector, including: assembly and testing of *power modules* (Semiconductor Division), assembly and testing of electronic safety control units for batteries (Automation Division), assembly and testing of battery packs for electric traction (Automation and Applied Laser Division).

Of particular interest to the OSAI Group is the application, through its systems, of automation in the assembly and laser welding processes of battery packs for electric traction, which sees the company currently engaged in applications aimed at the *motor sport* sector and large-scale production with its customer *Podium Advanced Technologies*, providing value in the development phases of electric car components, for an epoch-making transition towards sustainable mobility.

ELECTRONICS MARKET

Process automation in the field of printed circuit board or *PCB* manufacturing is one of the historical sectors in which the company's Electronics Division has been operating for several years. Printed circuit boards are used in various end-use sectors such as industrial and consumer electronics, medical, aerospace and defence, *automotive*, *IoT*, telecommunications, *home appliances* and more.

Despite the downturn related to the consumer electronics crisis in 2023, the global PCB industry's output will rise to \$78.2 billion in 2024, up 6.3% from 2023's output of \$73.9 billion, down 15.6% from 2022, according to analysts at the *Science and Technology International Strategy Center* (ITSI) of the *Industrial Technology Research Institute* (ITRI).

Asia Pacific is the world's largest region in the PCB market, while in the Eurozone, Germany is expected to grow by 7.5 per cent and the market in the rest of Europe will reach USD 6 billion by 2025 (source: *Research and Markets*).

Significant stimuli for the growth of the industry will come as an inevitable consequence of the huge investments that semiconductor manufacturers will make in flexible *PCB* manufacturing technology increasingly adopted in aerospace, military, *automotive* and *IoT* electronics applications.

The market for flexible printed circuit boards is substantial and growing rapidly. It is expected to grow at a CAGR of 10.32% over the next five years, far outpacing the overall market by almost 5%³.

In this context of market recovery and expansion, the OSAI Group has been able to offer for over 15 years, many solutions both standard and customized for the assembly, cutting and marking of printed circuit boards, with particular focus in precision cutting and without carbonization of flexible circuits through the use of cutting-edge laser sources.

³ Data source: [Globalist.it](https://www.globalist.it)

In addition, thanks to its experience in custom industrial automation, the Division is able to provide integrated automation solutions capable of creating hybrid lines between standard and custom proprietary products and/or also integrate third-party solutions as a system integrator to meet any process requirement, thus offering a turnkey solution to the market.

MEDICAL AND PHARMACEUTICAL MARKET

The systems for the medical market represent for the OSAI Group the maximum expression of the use of its technological portfolio and of its experience, acquired over its thirty-year history. There are several divisions involved in this sector, such as the Applied Laser and Automation divisions, as there are also several end-applications made for the production of coronary and vascular *stents*, welding processes of titanium shells for *pacemakers*, assembly and testing of infusion systems and other medical devices for drug delivery, laser applications on biological tissues for the production of heart valves, and more.

The global medical device market is expected to grow to \$718.92 billion by 2029 with a CAGR of 5.5% over the forecast period, 2023-2029⁴.

Many factors are positively influencing the growth of this sector including: the increased incidence of chronic diseases that are fuelling the preference for diagnostic and other clinical tests and consequently the growth rate of the medical device market; the advent of innovative medical devices for home monitoring, which led to an increase in the launch of multiple medical devices on the market and contributed to further drive the growth of the sector.

Last but not least, the growing elderly population in several countries indirectly increases the use of medical devices for various vital functions. For example, in India, the geriatric population is projected to be 193.8 million in 2031, including 92.9 million elderly males and 100.9 million elderly females. Such high statistics indicate a high use of medical devices in countries with high populations, such as India, and China.

In this favourable context, the OSAI Group offers the main medical sector operators a wide and consolidated technology portfolio that can automate and optimize the essential processes in the production of medical devices such as: precision micromechanics (laser assembly and micromachining), laser welding and cutting (of plastic, biological and metallic materials), and optical and functional tests to ensure high quality standards (precision optical inspections using artificial intelligence).

Over the course of 2023, the OSAI Group introduced to the market a fully automated system for the assembly and testing of infusion systems for application in the *pharma* world. The application, developed for a well-known Italian customer, is of particular interest as it exploits the advanced optical inspection technology developed by the Group (*Osai Inspection System*). The vision system adopted can recognize and identify a multitude of possible defects on the components loaded on the machine, in compliance with the tolerances set in the drawings, thus ensuring very high quality standards.

CIRCULAR ECONOMY

The application of industrial automation to the world of *recycling* and the circular economy represents a further business opportunity for the OSAI Group.

In fact, the Group believes that the spread of automation, the result of the experience, expertise and technology portfolio acquired in over thirty years of activity, represents an important ally for the recycling industry by making available to this fast-growing market technologies at the forefront of

⁴ Data source: fortunebusinessinsights.com

Industry 4.0, allowing through innovative systems and processes to recover resources from discarded products in an efficient, fast and sustainable way.

Several areas of interest are currently being explored by the Group to develop and implement systems capable of recovering valuable and/or strategic materials from electronic waste (electronic boards, hard disks), photovoltaic panels and disused batteries.

Estimates published by *SkyQuest*⁵ show global *e-waste* generation reaching 54.7 million tonnes in 2023 with prospects of reaching 74 million tonnes by the end of the decade. This growth will bring the global market for e-waste management technologies and services to close to USD 9 billion by 2028, with an average annual growth rate of more than 8%.

The treatment of disused rare-earth-rich electronic devices, such as *hard disks*, is an urgent issue in terms of data security, environmental protection and sustainable development. In this regard, consider that, despite the strategic importance of these materials, the EU extracts less than 10 per cent of them, with heavy dependence on Asian countries. In less than five years, global industry's demand for rare earths will exceed supply. If the manufacturing sector continues to exploit these resources at the current rate, there will be a shortage of rare earths, which are crucial for the economy of the present and the future. Consider that 2 to 5 kg of permanent magnets are used for each electric vehicle, and the general trend in the automotive market shows that demand will grow more than tenfold by 2030. For this reason, it will be indispensable in the coming years to recover indispensable materials such as rare earths through efficient and sustainable *recycling* processes from disused devices.

We are witnessing the *E-mobility* explosion, with exponential growth of electric vehicles strongly linked to the production capacity of the battery industry. Demand in 2030 is estimated to be 3,500 Gwh. By 2050, with the almost complete conversion of vehicles to electric, some 17 million batteries⁶ will reach the end of their life each year, which equates to 3.4 million tonnes of material to be collected, processed and put back on the market. Currently, the recycling capacity does not exceed 80,000 tonnes per year, creating a huge market opportunity for those involved in *recycling* and *second-life* considering that the resale of the metals used in the cathode (lithium, nickel, cobalt) could be worth at least 6 billion euro in Europe and no less than 400-600 million in Italy.

In this highly evolving and globally interesting context, the Group, through its subsidiary OSAI Green Tech Società Benefit S.r.l., is positioned as a competent technological partner to develop automated systems to automate the process of extraction, separation and selection of valuable components, allowing through specific processes to obtain secondary raw material to be reintroduced into production processes destined for high-end applications such as the production of components for electric vehicles and medical devices.

During 2023, the OSAI Group signed with TB S.p.A. (IREN Group) the agreement for the supply of the first RE4M plant, intended for the extraction, selection and recovery of the precious metals present inside WEEE electronic boards, which will be installed in 2024 inside the pole dedicated to the circular economy that IREN is developing in Tuscany, in the municipality of Terranuova Bracciolini (AR), following the obtainment, also in 2023, of the relevant environmental authorisations.

⁵ Data source: [key4biz.co.uk](https://www.key4biz.co.uk)

⁶ Data source: [Motus-E, Strategy& and Politecnico di Milano - "Electric vehicle battery recycling @2050: evolutionary scenarios and enabling technologies"](#).

Also during 2023, OSAI A.S. S.p.A. SB continued its participation in the NEW-RE project, financed by the European Institute of Innovation and Technology for EUR 3.6 million, with the aim of building a demonstrator plant within 26 months, which will be installed in Ceccano (FR), Italy, capable of treating 20 tonnes per year of permanent magnets from end-of-life *hard disks* and electric motors and recirculating around 99% of secondary rare earths from the treated waste, thus increasing the recycling rate, which is currently only 1% at European level.

The NEW-RE project will involve the OSAI Group as a technological partner that will design and build an industrial prototype through the application of a solution designed and developed ad hoc for the semi-automated disassembly of permanent magnets from hard disks that will allow significant savings compared to the manual process normally used, evaluating the applicability to electric motors as well.

Summary of OSAI Group results

SUMMARY OF GROUP RESULTS	31/12/2023	31/12/2022	Change	Var. %.
REVENUE (Euro/000)	37,724	31,646	6,078	19%
PRODUCTION VALUE (Euro/000)	43,566	42,509	1,057	2%
GROSS MARGIN (Euro/000)	23,001	24,452	(1,451)	-6%
GROSS MARGIN %	52.80%	57.52%		
EBITDA (Eur/000)	(1,671)	3,921	(5,592)	-143%
EBITDA %	-3.84%	9.22%		
EBIT (Euro/000)	(4,881)	1,818	(6,699)	-368%
EBIT %	-11.20%	4.28%		
NET PROFIT (Euro/000)	(6,157)	952	(7,109)	-747%
NET PROFIT %	-14.13%	2.24%		
ORDERS (Eur/000)	37,301	44,809	(7,508)	-17%
ORDER PORTFOLIO (Euro/000)*	31,581	36,940	(5,359)	-15%
NET FINANCIAL DEBT (Euro/000)	37,458	20,403	17,055	84%
PERSONNEL (average number)	232	211	20	9%

The %'s are always considered as a ratio of the value of production.

**This is the total of invoices to be issued on orders acquired*

Management performance

For the OSAI Group, the year 2023 was one of the most negative years since its foundation, which was impacted by a concurrence of critical factors that jeopardised its economic and financial results.

The *order intake* for the full year showed a strong decrease compared to 2022 (-17%), with a total order intake of EUR 37.301 million, in line with 2021 levels. The sharp downturn, mainly due to the slowdown in the global market for semiconductors for the consumer market (i.e. *computers, smartphones, consumer electronics, etc.*), resulted in lower-than-expected performance in the Semiconductors division: -25% (order intake of EUR 16.452 million) and Electronics & Lasers, -57% (order intake of EUR 4.259 million), caused by lower investment volumes in equipment for the assembly and testing of semiconductors, such as MEMS (*Micro Electro-Mechanical Systems*), used for testing microphones, on which the Group had good sales forecasts in the first half of the year. During 2023, moreover, a progressive uncertainty was observed in the markets, including those not related to the semiconductor sector, which saw a gradual postponement of many investments and opportunities, even significant ones, to 2024, with a particular impact during the last quarter.

The reasons for this further slowdown are to be found in several factors, such as the complex evolution of the e-mobility market, which requires large investments but at the same time is experiencing great uncertainty over production volumes, linked to the fluctuating sales of electric vehicles, recorded during 2023, as well as the continuing difficult macroeconomic situation, with interest rates falling but with the uncertainty of the consequences of the conflicts in the Middle East and between Russia and Ukraine with the persistent concern of new escalations at global level.

The drop in orders recorded during the year, which particularly affected the Semiconductors and Electronics divisions, strongly influenced the production mix within the Value of Production in 2023, which was already affected by the presence of new and innovative products coming onto the market, with a low level of maturity, which was negatively reflected in the gross margin, -6% compared to 2022 (equal to 23 million Euro). This reduction was not offset, as expected, by the sale of high-margin products such as MEMS test products for consumer applications.

In addition to the above, the effects, albeit mitigated during the first half of the year, of the negative impact caused by material costs and inefficiencies related to delays in material deliveries and the consequent organisational difficulties, which further negatively impacted the operating margin, should be noted.

These effects were also reflected in the costs of external personnel and external processing, which increased considerably compared to the 2022 figure, intended to compensate for production peaks concentrated in specific periods of the year, which were also used to make up for unplanned production slippages due to delays in the delivery of critical materials.

All of the above aspects had a heavy impact on the expected margins for the period, which recorded an EBITDA value of Euro -1.671 million, a sharp decrease compared to the 2022 figure of Euro 3.921 million.

A high *back-log* at the end of 2022, amounting to EUR 36.940 million, ensured, in spite of the sharp drop in orders during the year, an albeit moderate (+2%) growth in the value of production compared to 2022, amounting to EUR 43.566 million. The consolidated order backlog (not including *After-Sale & Service*) as at 31/12/2023 amounted to Euro 31.581 million, a decrease of -15%, compared to the same figure in 2022.

Revenues improved (+19%) compared to 2022, amounting to EUR 37.724 million, also due to the higher number of installations in 2023 compared to the previous year.

As a consequence of the above, the financial year 2023 closed with a negative net result of Euro 6.157 million, a sharp decrease compared to the result as at 31 December 2022, which was positive for Euro 0.952 million. The result was also significantly affected by the dynamics of financial expenses and non-recurring expenses, to which reference should be made for more details in the notes to the financial statements.

Lastly, it is worth mentioning the significant investments made during the year, which mainly concerned real estate operations already planned for 2020 and which saw the construction of new production spaces suitable to support growth (in particular, the construction of the new production facility in the municipality of Samone Canavese, near the Parella (TO) headquarters, a structure of over 4,000 square metres, mainly intended for the production of complex systems for the Automation Division).

As a result of the investments made and the performance of operations in 2023, the Group's debt increased significantly during the year, to a value of EUR 37.458 million compared to the 31 December 2022 figure of EUR 20.403 million.

During 2023, the Group therefore continued to act with great determination to tackle the difficulties that have emerged and mitigate their negative impacts in order to maintain competitiveness in its markets of interest, while looking to the future, also thanks to investments in Innovation & Development that are indispensable to guarantee its presence in its markets of reference in the coming years.

It is also believed that, despite the difficulties that have emerged, the Group has demonstrated how the presence of innovative products in its portfolio, developed for distribution in various markets, with

long-term trends and strong growth, are strategic and able to provide the resilience required to overcome global crises and ensure long-term continuity. This enabled the Group to confirm deliveries of new systems that expand its portfolio of products for *Silicon Carbide*, *e-mobility* and *Circular Economy* applications, the latter through its subsidiary Osai Green Tech Società Benefit S.r.l.

New products, in 2023, include the NeoBLU system, the Semiconductor Division's solution for automating the *burn-in* test process⁷ of *chips* for *automotive* applications, which is growing due to the strong rise of the electric mobility and autonomous driving markets. Lastly, also of particular importance is the delivery of new systems dedicated to the various automated production processes of *Silicon Carbide*, on which the Group has been investing since the pre-pandemic period and in which it is currently engaged in *co-development* with one of the leading international players in the sector.

Lastly, we cannot but emphasise the commitment that the Group pursues with actions aimed at pursuing its goals of common benefit in favour of the various stakeholders, which the status of Benefit Company acquired in 2023 by the Parent Company, requires to be reported through an appropriate Impact Report, attached to this Report, the purpose of which is to set out the contribution in terms of added value generated during 2023 and define the commitments we intend to pursue for 2024, convinced that the objective of Sustainability, understood as corporate social responsibility, is the path to pursue to guarantee a future for our business through strategies aimed at employing skills, technologies and experience for sustainable development in an innovative manner.

With regard to the subsidiaries, the activities carried out in support of the parent company are, net of Osai Green Tech, of a purely commercial nature. In the case of the American and Chinese subsidiaries, activities are essentially attributable only to after-sales services.

In particular:

- **Osai Automation Systems GmbH:** the German subsidiary continued its business activities in 2023 with a significant reduction in the value of production, recording a slight loss for the year of EUR 18,000.
- **Osai Automation Systems (Dalian) Co., Ltd.:** the Chinese subsidiary continued its operations with both machine and system installation and *after-sales* service activities in the *Far East*. In the year under review, a profit of EUR 25,000 was recorded in view of the recharging - by the branch - of operating costs to the parent company.
- **Osai Automation System USA Corporation:** the US subsidiary recorded substantially unchanged production value due to the focus of the subsidiary's activities on after-sales services only. The result for the year was essentially break-even.
- **Osai Green Tech SB S.r.l.:** the year 2023 represents the first year of operations for the new subsidiary, during which the construction of the *recycling* plant commissioned by the Iren Group began. The job order was not completed at the end of the year, so the income statement shows no revenue. The loss for the year due to the incurring of operating costs amounted to EUR 27,000.

⁷ **Burn-in test:** The burn-in test involves verifying the functioning of a chip through climatic stresses. The temperature in which the test is carried out must be carefully controlled, so as not to be too high and burn out the chips, but high enough to simulate special conditions of use aimed mainly at the automotive sector.

Commercial performance

During the financial year 2023, the OSAI Group's order intake (including *after-sale service*) from customers outside the Group alone amounted to EUR 37.301 million, a decrease of 17% compared to EUR 44.809 million as at 31/12/2023.

The order intake of the Automation Division was up, amounting to Euro 11.534 million, with a 17% increase compared to 2022, amounting to Euro 9.867 million Euro with a consolidated growth over the last 2 years.

The order intake of the Semiconductor Division was also down, amounting to EUR 16.452 million, a decrease of 25 % compared to 2023, when it amounted to EUR 22.016 million. Decline mainly influenced by the drop in demand for consumer electronics devices, to which some significant orders for the *power modules* market were postponed to 2024.

The order intake of the Electronics and Applied Laser Division also fell sharply, amounting to EUR 4.353 million, down 56% compared to 2023, when it amounted to EUR 9.894 million, returning to levels slightly below 2021. This decline was mainly affected, as in the case of the Semiconductor Division, by the drop in demand that hit the consumer electronics sector during the period.

In 2023, we highlight the acquisition of the first orders of the Group's subsidiary 'Osai Green Tech SB S.r.l.', engaged in the marketing of automation solutions for the *recycling* and Circular Economy sector, which recorded orders in the half-year amounting to EUR 1.2 million.

Finally, the Service division recorded an order intake in 2023 of EUR 3.662 million, an increase of 21% compared to the financial year 2022.

The consolidated order portfolio (not including *after-sale service*) as at 31/12/2023 amounted to Euro 31.581 million, down 15% from Euro 36.940 million as at 31/12/2022.

Operating Performance

A summary of the main items in the consolidated income statement of the OSAI Group is provided below:

MAIN ECONOMIC DATA (Euro/000)	31/12/2023	31/12/2022	Change	Var. %.
Sales revenue	37,724	31,646	6,078	19%
Variation of operating inventory	2,055	7,793	(5,738)	-74%
Other income	3,787	3,070	717	23%
Value of production	43,566	42,509	1,057	2%
Material purchases and external processing	(20,565)	(18,057)	(2,508)	14%
Gross Margin	23,001	24,452	(1,451)	-6%
Personnel costs	(16,892)	(14,482)	(2,410)	17%
Other operating costs	(7,780)	(6,049)	(1,731)	29%
Gross operating margin (EBITDA)	(1,671)	3,921	(5,592)	-143%
Amortization, depreciation & write-downs	(2,765)	(2,103)	(662)	31%
Non-recurring income and charges	(445)	-	(445)	ND
Operating profit (EBIT)	(4,881)	1,818	(6,699)	-368%
Financial Management	(1,471)	(769)	(702)	91%
Pre-tax profit (loss)	(6,352)	1,049	(7,401)	-706%
Income taxes	195	(97)	292	301%
Net profit (loss) of the Group	(6,157)	952	(7,109)	-747%

Sales Revenues as of 31 December 2023, which represent the value realised as a result of the installations carried out during the financial year and therefore only partially express the Group's

economic trend, amounted to Euro 37,724 thousand and increased by Euro 6,078 thousand compared to 2022.

Value of Production as at 31 December 2023 was Euro 43,566 thousand, an increase of Euro 1,057 thousand compared to the previous year.

The **Gross Margin** at 31/12/2023 was Euro 23,001 thousand, down Euro 1,451 thousand from Euro 24,452 thousand at 31/12/2022. The reasons for this reduction can be attributed to the combined effect of a change in the mix of job orders processed during the year (with a significant increase in *custom* orders and prototype projects), the acquisition of job orders that resulted in total costs exceeding the related revenues, and finally, on the cost side, an increase in the use of external processing and an increase in the related purchase prices.

EBITDA at 31/12/2023 was negative in the amount of EUR 1,671,000, a decrease of EUR 5,592,000, compared to the positive value of EUR 3,921,000 at 31/12/2022.

In addition to the reduction in the aforementioned gross margin, the result is affected by the increase in personnel costs, travel expenses preparatory to the management of foreign operations, and also by operating cost elements specific to the year such as the write-down of obsolete inventory assets and the assessment of potential losses on certain orders in progress at year-end.

EBIT at 31/12/2023 was negative at EUR 4,881,000, a decrease of EUR 6,699,000, compared to the positive result of EUR 1,818,000 at 31/12/2022.

Having an impact on the above are:

- amortisation of intangible assets of €967,000 (related to development costs of €836,000);
- depreciation of tangible fixed assets in the amount of EUR 1,798,000.
- non-recurring costs of €445,000 related to the reorganisation of the Parent Company's organisation chart.

The **Net Result** as of 31/12/2023 was negative for EUR 6,157,000 (positive for EUR 952,000 as of 31/12/2022) and was heavily penalised, in addition to what has been described above, by the increase in financial expenses.

With reference to the application of the IFRS 8 accounting principles (*segment report*) and on the basis of the organisational structure of the OSAI Group, the Group's economic indicators referring to the various divisions (operating segments) compared with the corresponding period of the previous year are shown below.

GROUP ECONOMIC INDICATORS AS AT 31/12/2023	TOTAL SALES (Euro/000)	VALUE OF PRODUCTION OPERATIONS (Euro/000)	MOL Level 3 (Euro/000)	MOL 3 Margin %
Automation	8,373	10,891	1,258	12%
Electronics and Laser	7,931	6,865	1,340	20%
Semiconductors	17,604	16,745	4,526	27%
Circular Economy	60	1,134	162	14%
Service	3,756	3,756	494	13%
Unallocated Services	-	4,175	(9,451)	ND
GROUP	37,724	43,566	(1,671)	-4%

GROUP ECONOMIC INDICATORS AS AT 31/12/2022	TOTAL SALES (Euro/000)	VALUE OF PRODUCTION OPERATIONS (Euro/000)	MOL Level 3 (Euro/000)	MOL 3 Margin %
Automation	4,119	6,234	1,871	30%
Electronics and Laser	4,405	7,124	2,480	35%
Semiconductors	19,949	20,072	7,109	35%
Circular Economy	-	-	-	0%
Service	3,173	3,173	725	23%
Unallocated Services	-	5,906	(8,264)	
GROUP	31,646	42,509	3,921	9%

<i>CHANGES 2023/2022 (Euro/000)</i>	<i>TOTAL SALES</i>	<i>VALUE OF OPERATING PRODUCTION ⁽¹⁾</i>	<i>MOL Level 3 ⁽²⁾</i>	<i>GROSS OPERATING MARGIN LEVEL 3 - %</i>
Automation	4,254	4,657	(613)	-18%
Electronics and Laser	3,526	(259)	(1,140)	-15%
Semiconductors	(2,345)	(3,327)	(2,583)	-8%
Circular economy	60	1,134	162	14%
Service	583	583	(231)	-10%
Unallocated Services	-	(1,731)	(1,187)	ND
GROUP	6,078	1,057	(5,592)	-13%

(1) Value of production including capitalizations

(2) Margin generated by the individual division including only the operating margin equal to the EBITDA with exclusion of capitalizations

Below is a brief analysis of said data by division:

AUTOMATION Division

The division deals with the design, manufacturing and marketing of *custom* automatic lines and systems for assembly processes, testing and inspection of components in various markets such as: *automotive, e-mobility, medical and home appliance*.

Sales increased by €4,254,000, compared to the previous year, mainly due to the completion during the year of job orders that had been received in the previous period.

In 2023, there was an increase in the division's production value of EUR 4,657,000 as a result of the increased orders in process at year-end.

As for the third-tier marginality, it amounted to €1,258,000, a decrease of €613,000 compared to the year 2022.

The trend in the Level 3 EBITDAs is affected by the combined effect of orders whose margins are lower than the sector average and others whose total costs are higher than total revenues, and also by the increase in the costs of components used.

The division's operating margin was 12% of the value of production.

ELECTRONICS AND APPLIED LASER Division

The division deals with the design, manufacturing and marketing of standard or customized LASER systems for printed circuit board manufacturers or for micromechanical applications, such as those used in the production of medical devices.

Sales increased by EUR 3,526,000 compared to the previous year, but also for this division, the relative trend was mainly influenced by the completion, in the current year, of orders received in the previous period.

The division's production value, however, decreased slightly by Euro 259 thousand with a decrease in the third level margin of Euro 1,140 thousand.

The trend in margins was affected by the combined effect of both orders whose margins were lower than the industry average and the increased costs of components used.

The division's operating margin was 20 per cent of the value of production.

SEMICONDUCTOR Division

This division deals with the design, manufacturing and marketing of standard or custom automated systems for the *handling* and *testing* of power and signal semiconductors for global semiconductor manufacturers.

The sector, mainly due to the contraction of orders in the reference market, showed a decrease in both sales (-€2,345 thousand) and production value (-€3,327 thousand) and a decrease in operating margin (-€2,583 thousand). These decreases resulted from the increased costs of the components used and

the Group's strategic decision to acquire orders for new-generation products with lower margins at an early stage.

The division's operating margin was 27% of the value of production.

CIRCULAR ECONOMY Division

The division deals with the application of industrial automation to the world of *recycling* and the circular economy.

The values within the *cluster* refer exclusively to what has been produced for the supply of the first RE4M plant, destined for the extraction, selection and recovery of the precious metals present inside WEEE electronic boards, which will be installed in 2024 inside the pole dedicated to the circular economy that IREN is developing in Tuscany, in the municipality of Terranuova Bracciolini, following the obtainment of the relative environmental authorisations in 2023.

The operating margin was 14% of the value of production.

SERVICE Division

This division provides after-sales services to Group customers worldwide, through the provision of *on-site* or remote technical assistance and spare parts.

The service business confirmed a good growth in volumes during the year, while the third-level EBITDAs decreased by EUR 231 thousand, due to higher costs on after-market services provided free of charge to support new products.

To complete the analysis, note the dynamics concerning the item of unallocated services, which represent production costs that cannot be attributed to a specific division. This item mainly includes costs for semi-finished goods that can be used by the various operating divisions when they are allocated and accounted for a specific order.

For further details and comments on the above tables, please refer to the more detailed sector information included in the Explanatory Notes.

The consolidated revenues, broken down by geographic area, as at 31/12/2023 are also shown below, compared with the figures for the previous period:

CONSOLIDATED REVENUES BY GEOGRAPHICAL AREA	31/12/2023		31/12/2022	
	<i>(Euro/000)</i>	%	<i>(Euro/000)</i>	%
ITALY	6,702	18%	6,026	19%
REST OF EUROPE	16,025	42%	11,208	35%
AMERICA	762	2%	3,308	11%
ASIA AND AFRICA	14,235	38%	11,104	35%
TOTAL	37,724	100%	31,646	100%

The table above shows the turnover of the OSAI Group as at 31/12/2023, compared with the corresponding period of the previous year. The figure represents the value of installations in the various geographical areas during the periods analysed.

Statement of financial position

In order to provide a clearer picture of the Group's performance and results of operations, the tables below show reclassifications of assets and liabilities and financial data, as well as other summary data deemed significant in relation to the activities carried out by the OSAI Group.

A reclassified balance sheet is presented below:

	<i>STATEMENT OF FINANCIAL POSITION (Euro/000)</i>	31/12/2023	31/12/2022	Change
A	Tangible and intangible fixed assets	27,609	19,715	7,894
B	Investments and other non-current assets	657	905	(248)
C	Deferred tax assets	776	571	205
D	NON-CURRENT ASSETS (A+B+C)	29,042	21,191	7,851
E	Inventories	33,613	31,172	2,441
F	Trade receivables	14,943	9,402	5,541
G	Trade payables	(8,602)	(8,697)	95
H	Advances from customers	(16,038)	(10,601)	(5,437)
I	Advances to suppliers	1,933	677	1,256
J	OPERATING WORKING CAPITAL (E+F+G+H+I)	25,849	21,953	3,896
K	Other current assets and liabilities	(2,109)	(2,230)	121
L	Deferred current tax assets and liabilities	633	925	(292)
M	Provisions for risks and employee benefits	(4,413)	(3,684)	(729)
N	Deferred tax liabilities	(9)	(2)	(7)
O	Other non-financial assets and liabilities	(193)	(222)	29
P	NET INVESTED CAPITAL (D+J+K+L+M+N+O)	48,800	37,931	10,869
Q	NET DEBT	37,458	20,403	17,055
R	SHAREHOLDERS' EQUITY	11,342	17,528	(6,186)
	<i>Total Shareholders' Equity of parent company shareholders</i>	<i>11,342</i>	<i>17,528</i>	<i>(6,186)</i>
	<i>Shareholders' Equity of non-controlling interests</i>	<i>-</i>	<i>-</i>	<i>-</i>
	FINANCING SOURCES	48,800	37,931	10,869

Non-Current Assets recorded a significant increase compared to the previous year for a total of €7,851 thousand, mainly due to real estate investments made for the construction of the new production site in Samone, the signing of the preliminary purchase agreement for the Parella paper mill complex - the Parent Company's historical operating headquarters, some neighbouring land, and the usual investments in development expenses.

Operating Working Capital increased by a total of EUR 3,896,000 compared to the previous year. The dynamics of the individual items were as follows:

- overall increase in inventory values (+€2,441,000) and, in particular, to the value of work in progress at year-end;
- increase in trade receivables of €5,541,000, due to the lengthening of average collection times and related to normal turnover trends;
- increase in advances to suppliers (+€1,256,000) mainly attributable to external supply contracts related to a specific industrial automation job order in the automotive sector;
- The increase in advances from customers (+Euro 5,437 thousand) is due to the different mix of types of job orders compared to the previous year.

Details of the Group's net debt are shown below:

NET DEBT (Euro/000)	31/12/2023	31/12/2022	Change
Cash	85	52	33
Bank deposits	1,501	9,813	(8,312)
Other cash and cash equivalents	-	-	-
Liquidity (A+B+C)	1,586	9,865	(8,279)
Other current financial receivables	298	130	168
Other financial assets available	86	1,510	(1,424)
Current bank payables	14,375	3,814	10,561
Current account of non-current borrowings	4,085	4,341	(256)
Current account of Bonds issued	979	(24)	1,003
Other current financial payables	-	-	-
Current financial liabilities deriving from application of IFRS16	837	754	83
Current financial borrowings (G+H+I+J+K)	20,276	8,885	11,391
Current net financial position (credit)/debit (L-D-E-F)	18,306	(2,620)	20,926
Other non-current financial receivables	(989)	(569)	(420)
Non-current bank payables	14,526	15,015	(489)
Non-current account of Bonds issued	3,955	4,932	(977)
Other non-current financial payables	-	-	-
Non-current financial liabilities deriving from application of IFRS16	1,660	3,645	(1,985)
Non-current financial debt (N+O+P+Q+R)	19,152	23,023	(3,871)
Net debt (credit)/debit (M+S)	37,458	20,403	17,055
<i>of which for payables from the application of IFRS16</i>	<i>2,497</i>	<i>4,399</i>	<i>(1,902)</i>
<i>of which debt at net of the application of IFRS16</i>	<i>34,961</i>	<i>16,004</i>	<i>18,957</i>

The Group's Condensed Cash Flow Statement is presented below:

SUMMARY OF CASH FLOWS (Euro/000)	31/12/2023	31/12/2022	Change
Cash flow from operations	(6,465)	(2,628)	(3,837)
Cash flow from investment management	(11,891)	(5,244)	(6,647)
Flow from banking and financing activities	10,101	8,290	1,811
Flow on Capital	(24)	268	(292)
Total cash flow	(8,279)	686	(8,965)

As of 31/12/2023, the **Net Financial Indebtedness of the OSAI Group** was Euro 37,458 thousand, an increase of Euro 17,055 thousand compared to Euro 20,403 thousand as of 31/12/2022. Net of the effect of IFRS 16, the change was Euro 18,957,000.

The increase in financial exposure is mainly related to:

- the need for financial resources related to investment properties already mentioned in the comments to the reclassified balance sheet;
- the need for funding for research and development projects;
- the dynamics of working capital;
- the dynamics of financial expenses;
- the payment of increased costs for raw materials, personnel and services.

Economic and financial performance of the Parent Company

For the sake of completeness, the income statement, balance sheet and financial position of the Parent Company are shown below:

MAIN ECONOMIC DATA (Euro/000)	31/12/2023	31/12/2022	Change	Var. %.
Sales revenue	37,689	31,468	6,221	20%
Variation of operating inventory	2,055	7,793	(5,738)	-74%
Other income	3,783	3,067	716	23%
Value of production	43,527	42,328	1,199	3%
Material purchases and external processing	(20,551)	(18,055)	(2,496)	14%
Gross Margin	22,976	24,273	(1,297)	-5%
Personnel costs	(16,619)	(14,219)	(2,400)	17%
Other operating costs	(7,996)	(6,248)	(1,748)	28%
Gross operating margin (EBITDA)	(1,639)	3,806	(5,445)	-143%
Amortization, depreciation & write-downs	(2,759)	(2,096)	(663)	32%
Non-recurring income and charges	(445)	-	(445)	ND
Operating profit (EBIT)	(4,843)	1,710	(6,553)	-383%
Financial Management	(1,481)	(775)	(706)	91%
Pre-tax profit (loss)	(6,324)	935	(7,259)	-776%
Income taxes	187	(97)	284	-293%
Net profit/(loss)	(6,137)	838	(6,975)	-832%

	STATEMENT OF FINANCIAL POSITION (Euro/000)	31/12/2023	31/12/2022	Change
A	Tangible and intangible fixed assets	27,589	19,691	7,898
B	Investments and other non-current assets	1,564	1,712	(148)
C	Deferred tax assets	768	564	204
D	NON-CURRENT ASSETS (A+B+C)	29,921	21,967	7,954
E	Inventories	33,659	31,217	2,442
F	Trade receivables	14,901	9,586	5,315
G	Trade payables	(8,918)	(8,999)	81
H	Advances from customers	(16,001)	(10,592)	(5,409)
I	Advances to suppliers	1,930	676	1,254
J	OPERATING WORKING CAPITAL (E+F+G+H+I)	25,571	21,888	3,683
K	Other current assets and liabilities	(2,057)	(2,188)	131
L	Deferred current tax assets and liabilities	581	920	(339)
M	Provisions for risks and employee benefits	(4,412)	(3,684)	(728)
N	Deferred tax liabilities	(9)	(2)	(7)
O	Other non-financial assets and liabilities	(202)	(222)	20
P	NET INVESTED CAPITAL (D+J+K+L+M+N+O)	49,393	38,679	10,714
Q	NET DEBT	37,683	20,830	16,853
R	SHAREHOLDERS' EQUITY	11,710	17,849	(6,139)
	FINANCING SOURCES	49,393	38,679	10,714

	<i>NET DEBT (Euro/000)</i>	31/12/2023	31/12/2022	Change
A	Cash	85	52	33
B	Bank deposits	1,276	9,386	(8,110)
C	Other cash and cash equivalents	-	-	-
D	<i>Liquidity (A+B+C)</i>	1,361	9,438	(8,077)
E	<i>Other current financial receivables</i>	298	130	168
F	<i>Other financial assets available</i>	86	1,510	(1,424)
G	Current bank payables	14,375	3,814	10,561
H	Current account of non-current borrowings	4,085	4,341	(256)
I	Current account of Bonds issued	979	(24)	1,003
J	Other current financial payables	-	-	-
K	Current financial liabilities deriving from application of IFRS16	837	754	83
L	<i>Current financial borrowings (G+H+I+J+K)</i>	20,276	8,885	11,391
M	<i>Current net financial position (credit)/debit (L-D-E-F)</i>	18,531	(2,193)	20,724
N	Other non-current financial receivables	(989)	(569)	(420)
O	Non-current bank payables	14,526	15,015	(489)
P	Non-current account of Bonds issued	3,955	4,932	(977)
Q	Other non-current financial payables	-	-	-
R	Non-current financial liabilities deriving from application of IFRS16	1,660	3,645	(1,985)
S	<i>Non-current financial debt (N+O+P+Q+R)</i>	19,152	23,023	(3,871)
T	<i>Net debt (credit)/debit (M+S)</i>	37,683	20,830	16,853
	<i>of which for payables from the application of IFRS16</i>	2,497	4,399	(1,902)
	<i>of which debt at net of the application of IFRS16</i>	35,186	16,431	18,755

<i>SUMMARY OF CASH FLOWS (Euro/000)</i>	31/12/2023	31/12/2022	Change
Cash flow from operations	(6,293)	(2,911)	(3,382)
Cash flow from investment management	(11,888)	(5,244)	(6,644)
Flow from banking and financing activities	10,101	8,290	1,811
Flow on Capital	3	263	(260)
Total cash flow	(8,077)	398	(8,475)

INVESTMENTS

The major investment items for FY 2023 are shown below.

New production sites

In order to meet the need for new production space suitable for accompanying the expected growth, during 2023, the Parent Company continued construction of the new production site in the municipality of Samone Canavese, close to the Parella (TO) headquarters.

In the reporting period, SAL of EUR 5.5 million was paid.

The new production plant will start up in March 2024 with new areas of 4,000 square metres available for production.

In addition, during the year, following the signing of the preliminary purchase agreement for the complex located in Parella (TO), on 28/04/2023, EUR 2 million was paid as a down payment. Following the renegotiation of the terms of the transaction, it is envisaged that the purchase will be completed with a payment of Euro 3,000,000.00 and the assumption of a pre-existing loan up to a maximum of Euro 440,000.00 by January 2026.

Finally, in anticipation of future expansion, the Parent Company secured the availability of land adjoining the Parella headquarters during the year, incurring an investment of about EUR 0.5 million.

Research and development activities

Continuous R&D activity is a characteristic of the OSAI Group and is focused on the sale of high-tech automation machinery.

As in previous years, significant investments were made in 2023 in projects focused on designing new and innovative machinery and equipment as well as in developing new industrial processes for technological innovation.

A total of €2,734,000 was spent on innovation and research activities, fully capitalised by the Parent Company, an increase of €414,000 compared to €2,320,000 in 2022.

Seven project clusters were identified, each identifying a certain type of activity, market of interest or end application. Each cluster encompasses one or more projects related to the general topic of the cluster.

Acronym	Title	Description
P0021-STH	<i>Semiconductor Testing Handling</i>	Activities related to the semiconductor industry, particularly to conditioning and testing technologies for MEMS sensors or power modules. Conception and design of machine-integrating or prototype solutions for pre-series production.
P0023-SCA	<i>Silicon Carbide Addition</i>	Activities related to the conception, design and implementation of a system for silicon <i>carbide addition</i> processes for applications related to power electronics and automotive.
P0025-EMF	<i>e-Mobility Factory</i>	Activities related to the field of electric mobility, particularly with reference to implementation of systems for the production, testing, inspection, and validation of electric handling components or systems.

P0026-MED	<i>Biomedical Automation</i>	Activities related to innovative applications or integrating advanced technologies, such as state-of-the-art laser systems, to medical products or systems.
P0027-CEA	<i>Circular Economy Automation</i>	Activities related to the <i>circular economy</i> sector, particularly the recovery of precious metals from WEEE waste. Design and implementation of systems equipped with advanced vision stations, analysis and control techniques with artificial intelligence, and expert vision systems for selective recognition and segregation.
P0028-HTA	<i>High Tech Automation</i>	Activities related to the field of automation applied to high-tech technologies or sectors, or integrating high-tech solutions, for example based on artificial intelligence systems and human-robot collaboration. Design, validation and implementation of solutions that can be integrated into automation systems, or scalable solutions for pre-series production.
P0029-CRA	<i>Cross Activities</i>	Cross-cutting activities with spillovers, developments or potential for integration across two or more project clusters. Feasibility studies, conceptualization of innovative solutions and validation of systems to be integrated on advanced automation systems potentially applicable to different industries.

Environment

The OSAI Group does not operate in a sector at risk in terms of environmental issues and no environmental issues were detected in 2023.

Although it does not operate in a high-risk sector, the OSAI Group constantly invests in improving its environmental performance in order to make its business more sustainable and reduce its impact on the environment.

The Group considers sustainability a relevant factor in its development strategies, which is why the third Sustainability Report was published in May 2023, subjected to *limited assurance* by the auditing firm BDO Italia S.p.A., which reports on the results achieved and the commitment undertaken to increase its performance.

During the 1st half of the year, Osai A.S. S.p.A. SB obtained, for the second year in a row, the ESG Rating from the independent company ECOVADIS, one of the most important international social and environmental sustainability assessment agencies, which awarded it the 'silver medal', placing OSAI within the 74th percentile, with higher scores in the areas of Environment and Labour - Human Rights.

In relation to the awareness of the increasingly tangible effects of climate change and the important role that companies can play in climate mitigation, the Group has decided, in line with the aim of common benefit pursued as a Benefit Corporation, to set itself a target of reducing CO₂ emissions to 2030 as part of the *Science Based Target Initiative* (SBTi) and in line with the European directives to 2050. The intention is to reduce Scope 1 and Scope 2 CO₂ emissions with a short-term target of 42% from 2022 by 2030 to reach the ultimate goal of *carbon neutrality* by 2050 through the adoption of a strategic decarbonisation plan adopted by the Group.

For more information, please refer to the Impact Report, which is annexed to this Report, or to the information that will be made available in the OSAI Group's Sustainability Report 2023, which will be published in the course of 2024.

Personnel

As far as personnel management is concerned, the Group has always paid great attention to safety in the workplace, not only in terms of the safety legislation, but with initiatives aimed at enhancing the value of individuals and the environment where they work, an aspect that the Group deems to be a fundamental condition for its employees to be able to express themselves at their best and create "Value".

In addition, as a Benefit Company, one of the Group's common-benefit purposes, reported in the Impact Report, annexed to this Annual Report, is to maximise the work-life balance of personnel through benefits that favour the work-life balance that constitutes a fundamental step for the Company in caring for its people and ensuring the attraction and acquisition of new talent in the company.

During 2023, the Company carried out a reorganisation of its organisational structure, with redefinition of frontline roles, delegations and responsibilities. In this regard, it is worth mentioning the renewal of the corporate bodies, the assignment of the responsibility for Business Development as an executive delegation, to the director Marco Guolo, and the entry into the OSAI Group, in May 2023, of the new Finance Director, Marco Gadaleta, and in August 2023, of the new Commercial Director, Marco Carniato, following the exit of Mr. Graziano Settime.

The financial year that has just ended saw significant investments aimed at the entry of new resources into the workforce, also with a view to the gradual replacement of important figures nearing retirement over the next two years. Additions that had a significant impact on personnel costs, to which reference should be made for details in the notes to the accounts.

Specifically with regard to human resources, in 2023, the Group further expanded its structure, increasing its workforce by 34 new employees, more than 70% of whom were employed in production-related activities.

The composition of the Group's workforce is duly illustrated in the following table:

<i>Category</i>	Company employees at 31/12/2022	Hires	Dismissals	Level changes	Company employees at 31/12/2023	Number of employees AVERAGE
Executives	6	2	(1)	-	7	7
Middle Managers	12		-		12	12
Office workers	169	37	(12)	1	195	181
Blue collar workers	29	8		(1)	36	32
Total no. of employees	216	47	(13)	-	250	232

Safety in the workplace

Total safety in the workplaces expenses incurred by the OSAI Group in 2023 amount to approximately Euro 73,000. Expenditure items mainly concern consultancy and safety training.

Please note that since 2022, the Company has been in possession of UNI ISO 45001 certification, which certifies, through third-party audits, the correct adoption and application of the Occupational Health and Safety Management System in the company, and that during 2023, the annual surveillance visit by

the certification body RINA, did not raise any non-conformities or negative findings concerning its adoption.

On the topic of health and safety in the workplace, further details can be found in the Sustainability Report to be published in 2024.

RELATED-PARTY TRANSACTIONS

Generally speaking, it can be said that the transactions carried out with related parties, in particular intra-group transactions, cannot be qualified either as atypical or as unusual, since they are part of the Group's ordinary business.

These transactions, when not taking place under standard terms and conditions or dictated by specific regulatory conditions, were in any case settled under market conditions

RISK MANAGEMENT OF THE OSAI GROUP

The main risks to which the OSAI Group is exposed are listed below:

Credit risk

The risk associated with customers' ability to honour credit is always present in today's difficult economic environment. The OSAI Group seeks to minimize this risk through policies that select the creditworthiness of its customers and through the systematic and professional management of debt collection by dedicated teams. With regard to trade receivables, the Group constantly monitors and writes down positions for which total or partial inability to collect the receivables has been identified.

Actions taken to manage credit risk towards customers continued during the year and proved effective: no credit losses were recorded in 2023.

Liquidity risk

Liquidity risk is the risk that sees the company unable to honour its payment commitments due to the difficulty of raising funds, with a negative impact on the economic performance if the company is forced to incur additional costs or, as an extreme consequence, in a situation of insolvency that would jeopardize the company's ability to continue as a going concern.

In this area, Osai A.S. S.p.A. SB has joined the supply chain development programme with Intesa Sanpaolo since 2017, initiating a collaboration with its suppliers aimed at optimising the management of working capital within the production chain, guaranteeing on the one hand the regularity of payments to strategic suppliers and on the other a more dynamic management of company liquidity.

Nonetheless, the increase in financial exposure, also in light of the significant investments made during the year, represents an increase in the risk factor that will be constantly monitored, including through the establishment of new internal financial governance controls. Therefore, the liquidity risk for the OSAI Group is medium.

Market risk

The following is a sensitivity analysis as of the reporting date, in relation to market risk variables, for each of the following components:

Rate risk:

The OSAI Group's exposure to interest rate risk derives mainly from the volatility of financial expenses related to debt expressed at variable rates and the level of financial exposure.

The interest rate risk management policy aims to limit this volatility by identifying a balanced mix of loans.

This volatility is also mitigated by the current financial environment which, after a significant rise in interest rates, stabilised during the year.

Exchange rate risk (or currency risk):

This risk is to be considered limited as purchase and sale transactions are mostly managed in euros.

Price risk:

With reference to the characteristics of the sector in which the OSAI Group operates, the *commodities* price risk, i.e. the market risk linked to changes in the prices of raw materials, remained significant in the last financial year.

The Group has pursued the strategy of revising sales prices to mitigate the impact of increases, taking into account that there can be time lags between raw material price increases and sales price adjustments, resulting in lower operating margins.

Procurement Risk:

In a still critical international environment, with difficulties in the logistics sector, at the balance sheet date the OSAI Group is experiencing critical impacts on the procurement timing of certain materials required for the production of its products.

The OSAI Group continues to invest in expanding its supplier base by anticipating procurement wherever possible.

In addition, actions are defined in the contractual phase with customers to contain delivery times by appropriately managing product configurations in order to reduce the risk of future interruptions.

Risk of *covenant*:

In the year 2022, the Parent Company subscribed to a non-convertible bond loan (so-called *basket bond*) that includes covenants linked to the ratios of Net Financial Position, EBITDA and Net Equity.

On 29/12/2023, the Parent Company received a letter of consent from the sole bondholder -Mortirolo BB S.P.V. S.r.l. - concerning the waiver of the application of remedies for non-compliance with the financial parameters as at 31/12/2023, in light of the results for the year. In addition, the Parent Company will begin negotiations to renegotiate the financial parameters envisaged for future years, in light of the strategic plan approved by the Board of Directors.

SHARE PERFORMANCE

During the financial year 2023, the share value of the parent company OSAI Automation System S.p.A. SB went from a unit value of EUR 3.435 on 02/01/2023 to a value of EUR 1.58 per share on 29/12/2023.

On 23/10/2023, the share reached its lowest value for the period, equal to Euro 1.13 per share, compared to a maximum value of Euro 3.55 reached on 10/01/2023.

SHAREHOLDER STRUCTURE

As at 31/12/2023, the share capital of OSAI A.S. S.p.A. SB amounted to EUR 1,613,030.70, divided into 16,130,307 ordinary shares without nominal value. No classes of shares other than common shares have been issued.

The following table shows the related breakdown of the shareholding structure:

Shareholder	Number of shares	% share capital	% voting rights
Mirella Ferrero	8,254,000	51.17%	51.17%
Eiffel Investment Group	883,400	5.48%	5.48%
Market ¹	6,992,907	43.35%	43.35%

(1) This includes both investors who fall under the definition of "free float" pursuant to the Euronext Growth Milan Issuers' Regulations and those who do not

Basic earnings per share

The calculation of the basic earnings per share as at 31/12/2023, negative 0.38, is the result attributable to the shareholders of the parent company, divided by the weighted average number of outstanding ordinary shares.

BASIC EARNINGS PER SHARE	31/12/2023	31/12/2022
Net profit/loss of Parent Company shareholders (<i>Euro/000</i>)	(6,157)	952
Weighted average of common shares	16,128,770	16,009,962
Basic earnings per share (<i>Euro</i>)	(0.38)	0.06

Atypical and unusual transactions

During the period under review, the Group did not carry out any atypical and/or unusual operations.

Management and coordination activities

The Parent Company is not subject to management and coordination activities by companies or entities and defines its general strategic and operational guidelines independently.

APPLICATION OF LEGISLATIVE DECREE 231/2001

It is recalled that since 2021 OSAI A.S. S.p.A. SB has adopted the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001.

The Organisation, Management and Control Model:

- describes the content and purpose of Legislative Decree No. 231/2001;
- lists and describes in detail the types of so-called "underlying" offences detailed in Legislative Decree No. 231/2001, identifying the areas of the company where offences may be committed and the code of conduct and monitoring protocols in place to prevent the risks of such offences;
- defines the criteria for the appointment, duties and responsibilities of the Supervisory Body and the methods for reporting alleged breaches of the Organization, Management and Control Model;
- emphasizes the need for training and communication to ensure that all recipients are aware of the Model and its related documents;
- includes a system of penalties for behaviour that does not comply with the Model.

The task of supervising the adequacy, correct implementation and adherence to the Organization, Management and Control Model is entrusted to the Supervisory Board, which reports directly to the Board of Directors.

On 05/05/2023, the Parent Company's Board of Directors appointed the Supervisory Board, which consists of three members from outside the Group. The Supervisory Board will remain in office until the approval of the Annual Report 2025.

In order to take into account changes in the regulatory context, intervening changes in the organisational structure or what emerged during the audits on its application, the Model was subject to an initial update approved by the Board of Directors on 18 December 2023.

On 22/02/2024, the Supervisory Board submitted its 2023 Annual Report to the Board of Directors, which did not reveal any significant violations or critical issues, positively assessing the adequacy of the Model implemented by the Parent Company.

BUSINESS OUTLOOK

During 2023, the OSAI Group encountered a series of events of endogenous and exogenous origin that tested the company's strategies in a highly turbulent market environment.

In particular, the controls put in place during the year revealed execution problems in the contract realisation phases, also dictated by an unbalanced production mix in its technical, economic and financial components, which required significant additional efforts in terms of internal and external personnel and purchase of materials and related services to fulfil contractual obligations.

These critical issues, once analysed and addressed, suggested the need to reorganise the organisational structure and certain decision-making processes, with a view to increasing the company's speed and responsiveness.

Therefore, 2023 is to be considered as a year of organisational repositioning where the Group has welcomed new managerial figures and approved new operational and control systems, while at the same time carrying forward a significant amount of orders already impacted by past critical issues (*supply chain* crisis, increased material costs, etc.).

The changes made to the structure and organisation have begun to manifest their potential benefits, with a gradual resolution and/or mitigation of the critical issues outlined above.

The year 2024 opens with an evolution of business processes.

Specifically, the Parent Company approved a five-year strategic plan to provide itself with a long-term perspective and clear, measurable objectives in terms of balancing the production mix, improving profitability and reducing costs, which will be subject to periodic monitoring. In particular, the parent company believes it can aim for a return of EBITDA in line with the average profitability of the sector, a substantial invariance of net financial debt.

As of today, the Parent Company has already launched a number of incisive and immediate initiatives, such as, for example:

- a reinforcement of the *Proposa*/function in charge of the advance planning/pre-estimation of costs useful for the drafting of the offer in order to preliminarily identify the most appropriate technological solution, improve the marginality of the commercial offer and avoid material variations in costs and time during the realisation of the orders;
- a reorganisation of the Operations function to focus on the execution phase of production, improving delivery times and compliance with budgeted costs;
- the implementation of new control systems (in existing or new functions) with the aim of improving the definition of the financial profiles of the orders both in the preventive phase and during the life of the orders and to monitor in a preventive manner any deviations from the predefined KPIs;
- a strengthening of commercial efforts in line with the new corporate strategies, to increase sales by enhancing the value of products already developed in previous years;
- a balanced and sustainable development of new products that allow the Group to maintain its position in its target markets;
- a limitation, consistent with the industrial plan, of new hires, with limited use of external resources where strictly necessary.

At the same time, it should be noted that, in addition to the efforts undertaken to reverse the trend of the 2023 financial year, the parent company is witnessing a 2024 start with all target markets for the Group with a positive long-term average growth rate (CAGR) over the next five years.

In the semiconductor market, analysts agree on a growth rate of between 10 and 20 per cent⁸ compared to 2023, due in part to the recovery of the *consumer* market and the *automotive* market in particular. Instead, this growth will follow an average annual CAGR of 9.17% from 2023 to 2028 (source: precedenceresearch.com)

⁸ Sources: Elettronica&Mercati: "Forecasts for 2024 range from a good 9% by Future Horizons to a strong 20% by IDC. Semiconductor Intelligence indicates double-digit growth." "Gartner predicts global semiconductor revenues to grow by 17% in 2024"

**Figure 1. Semiconductors Revenue Forecast, Worldwide, 2021-2025
(Billions of U.S. Dollars)**



The global market for power modules will reach \$15.5 billion by 2030, with a CAGR of 9.7% from 2024 to 2030 (source ResearchAndMarkets.com).

Analysts also predict that the global *Silicon Carbide* market, which is of great interest to the Group, will grow at an average annual CAGR of 35% from 2023 to 2030 to reach USD 9,686 billion, thanks to the strong growth of electric mobility linked to the environmental transition (source zionmarketresearch.com).

The *recycling* and *circular economy* market, which is overseen by the subsidiary Osai Green Tech SB Srl, also has interesting long-term growth prospects. Analysts predict that the global *electronic waste recycling* market will grow between 2023 and 2032, at an average annual CAGR of 16%, to \$61 billion.

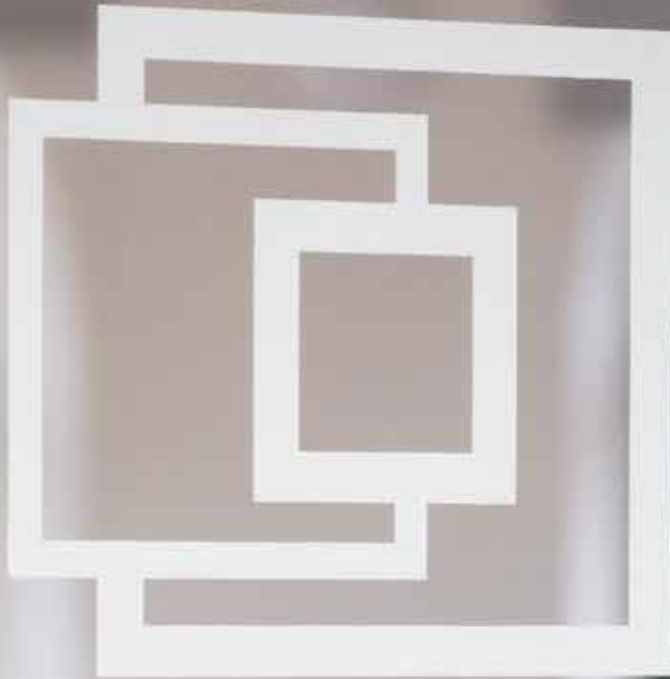
In conclusion, the outlook for 2024 makes it possible to consider a turnaround that would rule out the risk of insufficient margins, financial tensions and therefore business continuity.

PROPOSAL TO COVER THE PARENT COMPANY'S LOSS FOR THE YEAR

We invite you to approve the Parent Company's draft financial statements as of 31 December 2023 by fully deferring the loss for the year of EUR 6,137,308.15.

For the Board of Directors The Chairperson

Mirella Ferrero



Chapter 5.

OSAI Group Consolidated Financial Statements as at 31/12/2023

Consolidated statement of financial position

<i>(Euro/000)</i>	Note	31 December 2023	31 December 2022
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	1	20,344	14,411
- Intangible Assets	2	7,265	5,304
- Shareholdings	3	126	226
- Non-current financial assets	4	1,075	629
- Other non-current receivables	5	531	679
- Deferred tax assets	6	776	571
TOTAL NON-CURRENT ASSETS		30,117	21,820
CURRENT ASSETS			
- Inventories	7	33,613	31,172
- Trade receivables	8	14,943	9,402
- Current taxes receivable	9	1,095	1,312
- Other current receivables	5	2,824	1,382
- Current financial assets	4	298	1,579
- Cash and cash equivalents	10	1,586	9,865
TOTAL CURRENT ASSETS		54,359	54,712
TOTAL ASSETS		84,476	76,532
LIABILITIES			
SHAREHOLDERS' EQUITY			
- Share capital	11	1,613	1,613
- Share premium reserve	11	8,681	8,677
- Legal Reserve	11	299	257
- FTA Reserve	11	(1,683)	(1,683)
- Other Components of Shareholders' Equity	11	218	223
- Translation reserve	11	(30)	1
- Profit/(loss) carried forward	11	8,401	7,488
- Profit/(loss) for the period	11	(6,157)	952
TOTAL SHAREHOLDERS' EQUITY		11,342	17,528
<i>Shareholders' Equity of parent company shareholders</i>		<i>11,342</i>	<i>17,528</i>
<i>Shareholders' Equity of non-controlling interests</i>		<i>-</i>	<i>-</i>
NON-CURRENT LIABILITIES			
- Long-term borrowings	12	14,526	15,015
- Employee benefits	13	3,468	3,212
- Other non-current payables	14	193	221
- Deferred tax liabilities	15	9	2
- Other non-current financial liabilities	16	3,955	4,932
- Non-current IFRS16 payables	17	1,660	3,645
TOTAL NON-CURRENT LIABILITIES		23,811	27,027
CURRENT LIABILITIES			
- Short-term borrowings	12	18,460	8,155
- Other current financial liabilities	16	979	(24)
- Trade payables	14	8,602	8,697
- Current taxes payable	18	462	387
- Other current payables	14	19,038	13,536
- Provisions for risks and charges	19	945	472
- Current IFRS16 payables	17	837	754
TOTAL CURRENT LIABILITIES		49,323	31,977
TOTAL LIABILITIES		84,476	76,532

Consolidated income statement

<i>(Euro/000)</i>	Note	31 December 2023	31 December 2022
- Total sales	20	37,724	31,646
- Change in finished goods and W.I.P. stock	20	2,055	7,793
- Other operating revenues	21	3,787	3,070
VALUE OF PRODUCTION		43,566	42,509
- Product cost (raw materials and external processing)	22	(20,565)	(18,057)
Gross Margin		23,001	24,452
- Personnel costs	23	(16,892)	(14,482)
- Other operating costs	24	(7,780)	(6,049)
Gross operating margin (EBITDA)		(1,671)	3,921
- Write-downs, depreciation and amortization	25	(2,765)	(2,103)
Operating income of ordinary operations		(4,436)	1,818
- Non-recurring income/(charges)	26	(445)	-
Operating profit (EBIT)		(4,881)	1,818
- Financial Income/(Expenses)	27	(1,471)	(769)
Earnings before taxes (EBT)		(6,352)	1,049
- Income taxes	28	195	(97)
Net profit/(loss) for the period		(6,157)	952
<i>of which attributable to Parent company shareholders</i>		<i>(6,157)</i>	<i>952</i>
<i>of which attributable to non-controlling interests</i>		-	-

Consolidated statement of comprehensive income

<i>(Euro/000)</i>	31 December 2023	31 December 2022
Net profit/(loss) for the period	(6,157)	952
Actuarial gains (losses) on defined benefit plans	(104)	601
Tax effect	29	(145)
Total other comprehensive income/(loss) not subsequently reclassified in the income statement, at net of the tax effect	(75)	456
Financial instruments measured at <i>fair value</i> FVOCI	91	(96)
Tax effect	(22)	23
Gains/(losses) on conversion of financial statements of foreign companies	(31)	5
Total other comprehensive income/(loss) subsequently reclassified in the income statement, at net of the tax effect	38	(68)
NET COMPREHENSIVE INCOME FOR THE PERIOD	(6,194)	1,340
<i>of which attributable to Parent company shareholders</i>	<i>(6,194)</i>	<i>1,340</i>
<i>of which attributable to non-controlling interests</i>	-	-

Statement of changes in consolidated equity

STATEMENT OF CHANGES IN EQUITY (Euro/000)	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	FTA RESERVE	OTHER RESERVE	TRANSLATION RESERVE	PROFIT/(LOSS) CARRIED FORWARD	RESULT FOR THE PERIOD	SHAREHOLDERS' EQUITY	of which: parent company shareholders' equity	of which: minority shareholders' equity
Balance as at 01/01/2022	1,599	8,428	213	(1,683)	(159)	(4)	6,626	906	15,926	15,926	-
Dividends paid out	-	-	-	-	-	-	-	-	-	-	-
Allocation of profit/(loss) for the previous period	-	-	44	-	-	-	862	(906)	-	-	-
Increase in share capital	14	267	-	-	-	-	-	-	281	281	-
Other transactions	-	(18)	-	-	(1)	-	-	-	(19)	(19)	-
Overall result for the period	-	-	-	-	383	5	-	952	1,340	1,340	-
Balance as at 31/12/2022	1,613	8,677	257	(1,683)	223	1	7,488	952	17,528	17,528	-
Dividends paid out	-	-	-	-	-	-	-	-	-	-	-
Allocation of profit/(loss) for the previous period	-	-	42	-	-	-	910	(952)	-	-	-
Increase in share capital	-	6	-	-	-	-	-	-	6	6	-
Other transactions	-	(2)	-	-	1	-	3	-	2	2	-
Overall result for the period	-	-	-	-	(6)	(31)	-	(6,157)	(6,194)	(6,194)	-
Balance as at 31/12/2023	1,613	8,681	299	(1,683)	218	(30)	8,401	(6,157)	11,342	11,342	-

Consolidated statement of cash flows

<i>(Euro/000)</i>	31 December 2023	31 December 2022
Net profit/(loss)	(6,157)	952
Adjustments (sub-total)	(308)	(3,580)
Amortization, depreciation and write-downs of fixed assets	2,765	2,103
(gains) losses on disposal of fixed assets	(24)	(1)
Value adjustments to equity investments	-	-
Other adjustments for non-monetary items	100	(3)
Change in tax assets/liabilities for prepaid/deferred taxes	(198)	243
Changes in personnel-related provisions	181	189
Change in other provisions for risks and write-downs	525	(13)
Changes in inventories	(2,493)	(8,650)
Change in trade receivables	(5,541)	2,164
Changes in trade payables and advances	5,342	1,023
Net change in other non-financial assets/liabilities	(965)	(635)
Cash flow from operations (A)	(6,465)	(2,628)
Cash Flow from investment activities		
- Investments in:		
Tangible fixed assets - purchases	(8,987)	(2,684)
Intangible fixed assets	(2,928)	(2,467)
Investments	-	(100)
- Realization from the sale of:		
Tangible assets	24	7
Intangible fixed assets	-	-
Investments	-	-
Cash flow from investment management (B)	(11,891)	(5,244)
Cash Flow from financing activities		
Changes in receivables and other financial assets	905	(810)
Changes in payables and other financial liabilities	(620)	3,741
Changes in short-term payables to banks	10,502	(401)
Loan repayments	(4,250)	(2,481)
Financing	3,564	8,241
Flow from banking and financing activities	10,101	8,290
Capital increase and share premium	4	263
Dividends paid	-	-
Change in reserves and other shareholders' equity components	(28)	5
Flow on Capital	(24)	268
Financial management flow (C)	10,077	8,558
Total cash flow (D=A+B+C)	(8,279)	686
Cash and cash equivalents at beginning of period (E)	9,865	9,179
Cash and cash equivalents at end of period (F=D+E)	1,586	9,865
Additional disclosures for the Statement of Cash Flows		
Values in Euro thousands		
Income taxes paid	46	1
Interest paid	1,148	732



Chapter 6.

Description of accounting principles

The OSAI Group operates in the industrial process automation sector and has as its Parent Company the Italian joint-stock company "OSAI Automation System S.p.A." SB

The Consolidated Financial Statements of the OSAI Group for the year ended 31/12/2023 were approved by the Board of Directors on 22/03/2024, are audited by BDO Italia S.p.A. and will be submitted to the shareholders' meeting.

Principles of Consolidation

Subsidiaries

Subsidiaries are those entities in which the Group has control, meaning where the Group is exposed to variable returns arising from its relationship with the entity, or has rights to such returns, while having the ability to influence them by exercising its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is acquired until such time as control ceases to exist.

Loss of control

In the event of loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other net equity components relating to the subsidiaries. Any gain or loss resulting from the loss of control is recognized in profit/(loss) for the period. Any investment retained in the former subsidiary is measured at *fair value* at the date of loss of control.

Transactions derecognized during consolidation

When preparing the consolidated financial statements, intercompany transaction balances and unrealized intercompany revenues and expenses are derecognized. Losses which are not incurred are derecognized in equal measure with unrealized profits, but only in the absence of indicators which demonstrate an impairment of value.

The companies included in the scope of consolidation are illustrated in Chapter 3 and are all subsidiary undertakings consolidated on a line-by-line basis.

In brief, consolidation with the line-by-line method consists in the acquisition of the assets and liabilities, costs and revenues of the consolidated companies, regardless of the size of the shareholding, and attributing to minority shareholders, under a specific heading of the net equity, their share of the profits and reserves.

The main techniques used in consolidation are outlined below:

- equity investments in companies included in the consolidation and of the corresponding fractions of their net equity are derecognized by attributing to the individual elements of the balance sheet assets and liabilities the current value as of the date of acquisition of control; any residual difference, if positive and if the requirements are met, is posted under "goodwill", while if negative it is entered in the Income Statement;
- receivables and payables between the companies included in the consolidation are derecognized, as well as income and expenses for transactions between those companies;
- furthermore, profits and losses from transactions between these companies and related to values included in the balance sheet and the income statement have been derecognized, if significant; any intragroup losses are not derecognized if they represent an impairment indicator of the underlying asset;

It should be noted that the wholly-owned subsidiary - Osai Green Tech Società Benefit S.r.l. - closed its first financial statements on 31/12/2023. This year is the first year of consolidation using the full consolidation method.

Other companies

Investments where the OSAI Group does not exercise control, or has significant influence or joint control are initially recognized at cost, including transition costs.

Their value is periodically subject to an *impairment* procedure to compare the recoverable value with the related book value annually and whenever there is an indication of impairment.

Accounting principles adopted

Basis for the preparation of the consolidated financial statements

These 2023 consolidated financial statements have been prepared in accordance with ("IFRS") International Accounting Standards issued by the *International Accounting Standards Board* ("IASB") and endorsed by the European Union as well as with the measures implementing Article 9 of Legislative Decree No. 38/2005.

The designation IFRS also includes all valid International Accounting Standards ("IAS"), as well as all interpretations of the *International Financial Reporting Interpretations Committee* ("IFRIC"), formerly the *Standing Interpretations Committee* ("SIC").

The financial statements are prepared on the basis of the historical cost principle, with the exception of financial instruments, which are measured at *fair value*. The Company has applied accounting policies consistent with those of the prior FY.

Business continuity

The annual financial statements have been prepared on a going concern basis, as the Company has assessed that there are no material uncertainties (as defined in IAS 1 §25 and 26) regarding its ability to continue as a going concern supported by the following:

- good prospects for order intake in the financial year following the year to which these financial statements refer, assessed on the basis of the commercial *pipeline*;
- reasonable certainty of meeting the obligations envisaged over the next 12 months, also taking into account the renegotiations carried out with reference to the real estate investments, as well as the ongoing negotiations for the renegotiation of the financial parameters associated with the non-convertible bond (so-called *basket bond*);
- on the basis of the budget and strategic plan approved by the Board of Directors, availability of sufficient cash and credit lines for operational cash requirements.

In particular, the Parent Company approved a five-year strategic plan to provide itself with a long-term perspective and clear and measurable objectives in terms of balancing the production mix, improving profitability and reducing costs, which will be subject to periodic monitoring. In particular, the parent company believes it can aim for a return of EBITDA in line with the average profitability of the sector and a substantial invariance of net financial debt.

As of today, the Parent Company has already launched a number of incisive and immediate initiatives, such as, for example:

- a reinforcement of the *Proposa*/function in charge of the advance planning/cost-forecasting for the drafting of the offer in order to preliminarily identify the most appropriate technological solution, to improve the marginality of the commercial offer and to avoid material variations in costs and time during the realisation of the orders;
- a reorganisation of the *Operations* function to focus on the execution phase of production, improving delivery times and compliance with budgeted costs;
- the implementation of new control systems (in already existing functions, or in new functions) with the aim of improving the definition of the financial profiles of the orders both in the preventive phase and during the life of the orders and to monitor any deviations from the predefined KPIs in a preventive manner;
- a strengthening of commercial efforts in line with the new corporate strategies, in order to increase sales by enhancing the products already developed in previous years;
- a balanced and sustainable development of new products to maintain the position in the relevant markets;
- limitation, in line with the industrial plan, of new hires with limited use of external resources where strictly necessary.

Risks and uncertainties related to the *business* are described in the relevant section of the Management Report.

Financial Statements Formats

In relation to the Consolidated Financial Statements formats, the Group has elected to use the statements described below:

- a) With regard to the Statement of Financial Position, the format that presents assets and liabilities distinguishing between 'current' and 'non-current' has been adopted;
- b) as regards the Income Statement, the format that provides for a breakdown of costs by type was adopted, highlighting the interim results relating to the Gross Margin, Gross Operating Margin (EBITDA), operating income (EBIT) and income before tax (EBT).
- c) The Statement of Comprehensive Income shows the profit or loss plus income and expenses that, by express provision of IFRS, are not recognised in the income statement;
- d) The statement of changes in shareholders' equity presents the comprehensive profit (loss) for the year, transactions with shareholders and other changes in equity. with regard to the Cash Flow Statement, the so-called "indirect" method was applied, in which the net cash flow from operating activities is calculated by adjusting the profit and loss for the effects of:
 - non-monetary items such as amortization and write-downs;
 - changes in inventories, receivables and payables generated by operating activities;
 - other items whose cash flows are generated by investing and financing activities.

The consolidated financial statements have been drawn up in euro, which is the functional and presentation currency. All values are rounded to the nearest thousand.

Conversion of entries in foreign currency

(a) Functional currency and presentation currency

The financial statements of subsidiaries are prepared in their functional currency, which is the currency used in their primary economic environment. The presentation currency adopted by the OSAI Group is the euro.

(b) Assets, liabilities and transactions in currencies other than the euro

Transactions in currency other than the euro are recorded, initially, at the exchange rate in effect on the date of the transaction.

Monetary assets and liabilities in currencies other than the euro are translated into euros using the exchange rate in force on the financial statements closing date. All exchange rate differences have been recorded in the income statement.

(c) Group Companies

On the closing date of the financial statements, monetary assets and liabilities in currencies other than the euro are translated into euros using the exchange rate in force on the financial statements date. Their income statement is converted using the average exchange rate for the period. Exchange differences are recognised directly in equity and are shown separately in the 'translation reserve' until the disposal of the investee company.

Financial statements in currencies other than the euro have been converted, with regard to balance sheet items, at the following exchange rates (year-end exchange rates):

Exchange rates at end of period/Currency	31/12/2023	31/12/2022
USD - US Dollar	1.1050	1.0666
Renminbi - China	7.8509	7.3520

Income statement items have been converted at the following exchange rates (average exchange rates):

Average exchange rates/Currency	31/12/2023	31/12/2022
USD - US Dollar	1.0813	1.0530
Renminbi - China	7.6600	7.0788

Valuation Criteria

Property, plant and equipment

All categories of property, plant and equipment, including investment property, are recorded at historical cost less depreciation and "*impairment*", with the exception of land, which is recorded at historical cost less any *impairment*. Cost includes all expenses directly attributable to the purchase.

Costs incurred after the purchase of the asset are posted as an increase to their historical value or entered separately, only if it is probable that they will generate future economic benefits and their cost can be reliably measured.

Borrowing costs directly attributable to the acquisition, construction or production of property, plant and equipment are capitalised in accordance with the requirements of IAS 23, where such costs would not have been incurred, had the expenditure for that asset not been incurred.

The depreciation of items recognised under this heading is calculated using the straight-line method, so as to distribute the residual book value over the estimated economic-technical life as follows:

- land: not depreciated
- Machinery: 6.5-15 years
- Photovoltaic system: 11-12 years
- Industrial and commercial equipment: 4 years
- Equipment consisting of lightweight constructions 10 years
- Furniture and fittings: 8-9 years
- Electronic office equipment: 5 years
- Vehicles: 4-5 years.

Extraordinary maintenance capitalized as an increase to an existing asset is depreciated over the residual useful life of that asset, or over the period until the next maintenance operation, whichever is shorter.

The residual value and useful life of these items are reviewed, and changed if necessary, at the balance sheet date.

Capital gains and losses on disposals are recognised in the profit and loss account and are determined by comparing their book value with the sales price.

Finance and/or operating leases that grant a right to the exclusive use of an identified or identifiable asset, conferring the substantial right to obtain all economic benefits arising from its use for a specified period of time in exchange for consideration, fall within the scope of IFRS 16.

These contracts are recorded by entering a "right of use" under assets in the statement of financial position and a liability represented by the present value of the payments due for the lease. The "right of use" is amortized on a straight-line basis over the duration of the lease agreement, or the related economic-technical useful life, if shorter.

On the effective date of the lease, defined as the date on which the lessor makes the underlying asset available to the lessee, the carrying value of the "right of use" includes:

- the amount of the initial valuation of the lease liability;
- payments due on the lease made on or before the effective date;
- any initial direct costs;
- any estimated and discounted costs to be incurred at the time of abandonment of the facilities, recorded as an offsetting entry to a specific liability provision in the presence of obligations to dismantle, remove assets and restore sites.

The amount of the initial measurement of the lease liability includes the following components:

- fixed fees;
- variable payments that depend on an index or rate;
- the exercise price of the call option if there is a reasonable certainty of exercising it;
- any lease termination penalty payments, if the lease term takes into account the exercise of the lease termination option.

This accounting method includes the following categories of assets subject to lease agreements:

- real estate
- vehicles
- office equipment.

The Group avails itself of the option granted by IFRS 16 - Leasing to recognize as an accrual-based cost, the instalments related to leasing contracts i) of short duration (i.e. less than 12 months), ii) concerning assets of low value (i.e. less than EUR 5,000, when new).

The lease liability is recognized on the effective date of the contract and is equal to the present value of the lease payments.

The present value of the lease payments is computed using either the lease's implicit interest rate or the lessee's marginal financing rate if the former is not readily available. The marginal borrowing rate is equivalent to the interest rate the lessee would have to pay for a loan with similar term and collateral needed to obtain an asset of similar value to the "right-of-use" asset in a similar economic environment.

After the start date, the lease liability is measured by applying the amortized cost criterion. Subsequently, it can be restated (i.e. the cash flows of the lease change as a result of the original contractual terms) or modified (i.e. changes in the subject or in the consideration not provided for in the original contractual terms) with adjustments to the "right of use".

Intangible fixed assets

With a defined useful life

Patents

Industrial patents and intellectual property rights are amortized on the basis of their presumed period of use, which may not in any case exceed the period fixed by the license agreements.

Software

Software licenses are capitalized at the cost incurred to obtain them and put them to use, and amortized over their estimated useful lives.

Costs associated with the development and maintenance of software programs are considered costs for the period and therefore charged to the income statement on an accrual basis.

Research and development costs

Research costs are recognized in the income statement when incurred.

Development costs incurred in connection with a particular project are capitalized if the following conditions are met:

- costs can be reliably determined;
- the technical feasibility of the projects, the expected volumes and prices indicate that the costs incurred in the development phase will generate future economic benefits;
- the Group intends and has sufficient resources to complete and use or sell the business.

Development costs charged to the income statement account during previous FYs are not capitalized retrospectively, if the requirements are met at a later date.

Development costs with a defined useful life are amortized from the date the product is placed on the market, based on the period over which it is expected to produce economic benefits. Development

costs that do not have these characteristics are charged to the income statement for the period in which they are incurred.

Other intangible assets

Other separately acquired intangible assets are capitalized at cost.

After initial recognition, intangible assets with a finite useful life are recorded at cost, reduced for amortisation and '*impairment*'; intangible assets with an indefinite useful life, at cost reduced for '*impairment*' only.

The estimated useful lives for the current and comparative years are as follows:

- Development costs: 5-10 years;
- Software: 3 years;
- Patents: 5 years.

Intangible assets are tested for '*impairment*' whenever there are reasons to do so; this analysis may be conducted at the level of individual intangible assets or cash-generating units.

Investments in other companies

Investments in other companies in which the Company does not exercise control, significant influence or joint control are initially recorded at their purchase cost including transition costs. Their value is periodically subject to an '*impairment*' procedure to compare the recoverable value with the related book value annually and whenever there is an indication of impairment.

Impairment of Assets

The Management periodically revises the accounting value of non-current assets held and used and of assets that are to be sold, when facts and circumstances require this revision. The analysis of the recoverability of the book value of non-current assets is generally carried out using estimates of the expected cash flows from the use or sale of the asset and appropriate discount rates to calculate the present value. When the carrying amount of a non-current asset is impaired, the Company recognizes an impairment charge equal to the excess between the carrying amount of the asset and its recoverable amount through use or sale, determined by reference to the cash flows inherent in the most recent corporate business plans.

The estimates and assumptions used in this analysis reflect the state of the Group's management's knowledge of business developments and take into account forecasts believed to be reasonable about future market and industry developments. It cannot be ruled out that different developments in the markets and sectors in which the Company operates could lead to values that differ from the original estimates and, where necessary, to adjustments in the book value of certain non-current assets.

Financial instruments

Introduction

Financial instruments held by the Group are included in the financial statements entries as follows:

The item Investments includes investments in subsidiaries and other companies.

Other non-current receivables include medium/long-term receivables and security deposits.

Other non-current financial assets include securities and assets held by the Group other than investments.

Current financial assets include trade receivables, other receivables and other current financial assets, as well as cash and cash equivalents.

In particular, the item cash and cash equivalents includes cash, immediately available bank deposits and other liquid investments due within three months.

Financial liabilities refer to financial payables, including payables for advances on orders, assignment of receivables, and other financial liabilities to trade and other payables.

IFRS 9 identifies the following categories of financial assets, whose classification is the result of an assessment that depends on both the following aspects: a) the *business model* adopted in the management of financial assets, and b) the characteristics of the contractual cash flows generated by them:

- Financial assets valued at amortized cost (AC): these assets fall under a *business model* of the type *hold to collect* and generate contractual cash flows that are in the nature of capital and interest.
- Financial assets measured at *fair value* with changes in *fair value* recognised in the statement of comprehensive income (FVOCI): these assets are part of a *hold-to-collect* and sell *business model* and generate contractual cash flows that are principal and interest.
- Financial assets measured at fair value with changes in *fair value* posted to the income statement (FVPL): this category is residual and includes all financial assets other than those measured at amortized cost and at *fair value* with changes in *fair value* posted to the comprehensive income statement, including minority interests, as well as financial assets that do not pass the SPPI test, including non-hedging derivatives and equity investments other than those measured using the equity method.
- Any non-controlling interests irrevocably elected upon initial recognition as FVOCI-type financial instruments without "*recycling*". In the context of this option: 1) gains and losses recognized in OCI are not subsequently transferred to the income statement, although the cumulative gain or loss may be transferred within equity; 2) equity instruments categorized at FVOCI under this option are not subject to impairment accounting; 3) dividends are still recognized in the income statement unless they clearly represent a recovery of part of the cost of the investment.

Derivative financial instruments, including hedge accounting

As at 31 December 2023, the Group had no derivative financial instruments outstanding.

Financial liabilities

Financial liabilities include financial payables, as well as other financial liabilities, including derivative financial instruments and liabilities for assets recorded as part of finance leases.

Financial liabilities are classified into the following two categories in accordance with IFRS 9:

- a) financial liabilities valued at amortized cost using the effective interest rate (AC) method;
- b) financial liabilities measured at *fair value* with changes in *fair value* recognised in the income statement (FVPL), which in turn are classified into the two sub-categories *Held for Trading* and *FVPL at inception*.

Currently, all of the Group's financial liabilities fall into the first category.

Loans

Loans are initially recorded in the financial statements at *fair value*, net of any ancillary charges. After initial recognition they are accounted for on the basis of the amortized cost criterion. Any difference between the amount collected, at net of any ancillary charges, and the redemption value is posted to the income statement on an accruals basis in accordance with the effective interest rate method. Loans are recorded under current or non-current liabilities depending on the maturity of the related cash flows.

Inventories

Inventories are recorded at the lower of purchase cost, including all directly attributable ancillary costs and charges and indirect costs of internal production, and estimated realizable value based on market trends.

In particular:

- Inventory represented by raw materials is measured using the weighted average cost method.
- Inventory of semi-finished goods and work in progress, consisting primarily of machinery and equipment under construction and awaiting order at the reporting date, is measured at actual cost at the reporting date.
- Finished goods and merchandise (machinery and equipment finished in inventory at the close of the fiscal year) are valued at cost of production.

These cost configurations do not include finance charges.

Contract work in progress (for which there is an order in progress at the close of the financial year), relating to machinery for sale, under construction at the close of the financial year, has been quantified by adopting the percentage of completion criterion. The valuation of these items is therefore carried out to the extent of the revenue accrued at the end of each financial year, determined by reference to the stage of progress of the work, determined using the incurred cost method.

In the event that there is a probability that the costs of a construction contract exceed the revenues, the expected loss is immediately recognised as an expense.

Any advances from customers are recorded under other current payables until the related revenue is recognized.

Provisions are calculated for materials, finished products, spare parts and other supplies considered obsolete or slow-moving, taking into account their expected future use and realizable value.

Trade receivables and other receivables

Trade receivables are initially recorded at *fair value* corresponding to the nominal value and subsequently reduced for any impairment losses.

The impairment of receivables is based on the expected loss model provided for by IFRS 9. In particular, the impairment of trade receivables is carried out by adopting a simplified approach, which involves estimating the expected loss throughout the life of the receivable.

The estimate is made by means of a precise assessment of collectability on the individual receivable.

Trade receivables whose due date falls outside normal commercial terms and which do not bear interest are discounted.

Receivables sold in factoring transactions are derecognized, if and only if, the risks and rewards relating to ownership have been substantially transferred to the buyer. Receivables sold with recourse and without recourse that do not satisfy this condition remain in the Group's financial statements, even if they have been legally sold; in such cases, a financial liability for the same amount is recognized for advances received.

Cash and cash equivalents

Include cash, deposits with banks or other lending institutions available for current transactions, post office accounts, and other cash equivalents. Cash and cash equivalents are entered at *fair value*, which normally coincides with the nominal value.

Share Capital and Reserves

Common shares are classified in equity.

Incidental charges directly related to equity issues or options are recognized in assets as a deduction from amounts received.

Employee benefits

Post-employment benefits may be offered to employees through defined contribution and/or defined benefit plans. Those benefits are generally based on individual compensation and years of service.

Defined contribution plans are post-employment benefit plans under which the Group and sometimes its employees make predetermined contributions to a separate entity (a fund) and the Group does not and will not have a legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to meet its obligations to employees.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined benefit plans may be unfunded or fully or partially funded by contributions made by the enterprise, and sometimes its employees, to a company or fund, legally separate from the enterprise that provides them to employees.

The accrued amount is projected into the future to estimate the amount to be paid upon termination of employment and subsequently discounted to take into account the time elapsed before actual payment.

Adjustments to liabilities relating to employee benefits are determined on the basis of actuarial assumptions, based on demographic and financial assumptions, and are recorded on an accruals basis in line with the work needed to obtain the benefit. The amount of the rights accrued during the year by

employees and the portion of interest on the amounts set aside at the beginning of the period and on the corresponding transactions during the same period are recorded in the income statement under "Personnel costs", whilst the financial expense deriving from actuarial calculations is recorded in the comprehensive income statement under "Profit/(Loss) from revaluation of defined benefit plans", the interest component is recorded in the income statement under "Financial income/(expense)".

The actuarial valuation is performed by an actuary external to the Group.

Following the changes made to the rules for the Severance Indemnity Fund ("T.F.R.") by Law no. 296 of 27 December 2006, and subsequent Decrees and Regulations ("Pension Reform") issued in early 2007:

- the Severance Indemnity accrued at 31 December 2006 is considered a defined benefit plan under IAS 19. Guaranteed employee benefits, in the form of severance pay, paid out on termination of employment, are recognized during the period in which entitlement accrues;
- the Employee Severance Indemnity accrued after 1 January 2007 is considered a defined contribution plan. Consequently, the contributions accrued during the period have been entirely recorded as a cost and, for the portion not yet paid to the funds, reported as a liability in the item "Other current liabilities".

Provisions for risks and charges

Allocations to provisions for risks and charges are made when:

- a legal or constructive obligation arises for the Group as a result of past events; an outlay of resources to satisfy the obligation is probable;
- the amount of the obligation can be reliably estimated.

Provisions are recorded by discounting to best estimates made by the directors to identify the amount of costs the Group must incur, as of the closing date of the financial statements, to settle the obligation.

Revenue recognition

Revenues are shown net of VAT, returns and discounts. Revenues are recognized according to the following rules.

The OSAI Group recognizes revenue in accordance with IFRS 15 - Revenue from Contracts with Customers, which introduced a comprehensive framework for revenue recognition and measurement aimed at faithfully representing the process of transferring goods and services to customers at an amount that reflects the consideration expected to be received in exchange for the goods and services provided.

This principle is applied using a model consisting of the following five basic steps:

1. Identification of the contract with the customer: this occurs when the parties approve the contract, which has commercial substance, and identify their respective rights and obligations. The contract must be legally binding, identify the right to receive goods and/or services, the consideration, and the payment terms;
2. Identification of the contractual obligations (*performance obligations*) contained therein, i.e. promises to transfer distinct goods and services.
3. Determination of the transaction price: this is the total amount contracted with the counterparty over the duration of the contract.
4. Price allocation to the different contractual obligations in proportion to their respective stand-alone *selling* prices determined on the basis of list prices.
5. Revenue recognition upon fulfilment of contractual obligations.

Revenues relating to the sales of goods are recognized when control of the same is transferred to the customer, i.e. when the significant risks and rewards of ownership are transferred.

When the revenue relates to contracts with customers that provide for the installation of the asset sold and the warranty on it for a certain period of time, the revenue is recorded at the time of installation since the latter is strongly linked to the asset and, consequently, falls under the same *service obligation*.

The Group identifies the extension of warranty over normal market conditions as a *performance obligation* to be accounted for separately.

Revenues for services are accounted for on the basis of the stage of completion in the year in which they are rendered.

Public contributions

Public grants are recorded in the financial statements at their *fair value*, only if there is reasonable certainty that they will be granted and the Company has met all the requirements to obtain them. Revenues from public grants are recognized in the income statement based on the costs for which they were granted.

Financial income and expenses

Interest income and expense are recognized in net income/(loss) for the year on an accrual basis using the effective interest method.

The "effective interest rate" corresponds to the rate that exactly discounts estimated future payments or receipts over the expected life of the financial asset: - to the gross book value of the financial asset; or - to the amortized cost of the financial liability. When calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not impaired) or the amortized cost of the liability. However, in the case of financial assets that have deteriorated after initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset ceases to be impaired, interest income reverts to a gross basis.

Current and deferred taxes

Income tax expense for the year is determined on the basis of current legislation and the rates applicable at the financial statements date. Income taxes are recognized in the income statement.

Deferred tax liabilities are calculated on all temporary differences between the fiscal value and the book value of assets and liabilities in the financial statements for the period.

Deferred tax liabilities and assets are computed using tax rates and laws that have been enacted as of the closing date of the financial statements, or substantially enacted, and that are expected to apply upon the reversal of the temporary differences giving rise to the recognition of deferred taxes.

Deferred tax assets on tax losses, as well as on temporary differences, are recorded in the financial statements only if it is probable that, at the time of the reversal of the temporary differences, there will be sufficient taxable income to offset them. Deferred tax assets are reviewed at the end of each financial year and, if necessary, reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to allow all or part of this credit to be utilized.

The estimate of *fair value*

The *fair value* of financial instruments listed on an active market is determined on the basis of market prices at the reporting date. The reference market price for financial assets held by the Group is the current sale price (purchase price for financial liabilities).

The *fair value* of financial instruments that are not traded on an active market is determined using various valuation techniques and assumptions based on market conditions at the reporting date. For medium- and long-term liabilities, prices of similar listed financial instruments are compared; for other categories of financial instruments, cash flows are discounted.

Discretionary valuations and significant accounting estimates

The preparation of financial statements requires management to make a number of subjective assumptions and estimates based on past experience.

The application of these estimates and assumptions influences the amount of assets and liabilities recorded in the balance sheet, as well as the costs and income recorded in the income statement. Actual results may differ even significantly from the estimates made, given the natural uncertainty surrounding the assumptions and conditions on which the estimates are based.

In particular, taking into account the uncertainty that remains in some markets and in the economic and financial context in which the Group operates, it cannot exclude the possibility that, in the next financial year, results may differ from estimates and that, therefore, adjustments, even significant, may be required to the book value of the relevant items. The financial statement items primarily affected by these uncertainties are:

Development costs that meet the requirements for their capitalization are recorded under Intangible Assets. The average life of research and development projects is estimated to be 5 to 10 years, which represents the average period over which the products are estimated to generate cash flows for the Group.

Provisions for bad debts: provisions for bad debts are determined on the basis of an analysis of individual credit positions and in the light of past experience in terms of debt collection and relations with individual customers. In the event of a sudden deterioration of the economic-financial conditions

of an important customer, this could result in the need to adjust the provision for bad debts, with the consequent negative impact on the economic result.

In order to determine inventory write-downs, the Company makes a series of estimates regarding the future requirements of the various types of products and materials held in inventory, based on its production plans and past experience of customer demand. If these estimates do not prove to be appropriate, this will result in an adjustment to the obsolescence reserves, with the associated impact on the income statement.

Changes in accounting principles

The same accounting principles and policies have been applied in the preparation of these annual financial statements as were adapted in the preparation of the last annual financial statements, to which reference is made for a detailed explanation, with the exception of the following with regard to amendments and interpretations to the accounting principles applicable with effect from 1 January 2023, which, however, did not have a significant impact on the annual financial statements.

Accounting standards, amendments and interpretations applied as of 1 January 2023:

	Effective date
Amendments to IAS 1 "Disclosure of Accounting Policies".	January 1, 2023
Amendments to IAS1 "Presentation of Financial Statements and IFRS Practice Statement 2"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities arising from Single Transaction".	January 1, 2023
IRFS 17 'Insurance Contracts' and Amendements to IRFS 17 'Insurance contracts Application of IFRS 17 and IFRS 9 - Comparative Information'.	January 1, 2023

Accounting standards amendments to IFRS and IFRIC interpretations that have been published but not yet adopted in advance, for which the assessment of any fact is in progress:

Reference Accounting Standard	Effective date
Amendments to IFRS 16 "Leases: Lease Liability and leaseback"	1 January 2024
Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and 'Amendments to IAS 1 Presentation of Financial Statements Non-Current Liabilities with Covenants'.	1 January 2024

Chapter 7.

Notes to the Consolidated Financial Statements as at 31/12/2023

31/12/2023

Segment reporting

In application of IFRS 8, the Group's *management*, consistent with the organizational structure of the OSAI Group, has identified its Automation, Electronics and Applied Laser, Semiconductor, and Service Divisions as the product operating segments subject to reporting.

AUTOMATION Division

The Division deals with the design, manufacturing and marketing of custom automatic lines and systems for assembly processes, testing and inspection of components in various markets such as: automotive, *e-mobility*, medical and home appliance.

ELECTRONICS AND APPLIED LASER Division

The division deals with the design, manufacturing and marketing of standard or customized LASER systems for printed circuit board manufacturers or for micromechanical applications, such as those used in the production of medical devices.

SEMICONDUCTOR Division

This division deals with the design, manufacturing and marketing of standard or custom automated systems for the *handling* and testing of power and signal semiconductors for global semiconductor manufacturers.

SERVICE/AFTER SALES Division

This division provides after-sales services to the Group's customers worldwide, through the provision of on-site or remote technical assistance and spare parts.

The following tables show the financial information directly associated to the Divisions, as described above.

Note that the EBITDA for each Division and shown in the table takes into account the direct operating costs (allocated by Division) and indirect operating costs (not allocated by Division). The Group Margin takes into account not only the operating costs (direct and indirect) but also central costs.

In addition, for the purpose of calculating the margins of the individual Divisions, the value of operating production is taken into account, which does not include capitalisation. The EBITDA value is also shown to reconcile it with the figures in the Financial Statements.

At the internal control level, balance sheet items are not associated to divisions as they are managed centrally.

For further details on the performance of the individual divisions, reference should be made to the more detailed information contained in the Management Report.

ECONOMIC PERFORMANCE OF THE DIVISIONS <i>(Euro/000)</i>	Automati on	Electronic s and Laser	Semicon ductors	Circular Economy	Service	OPERATIO NAL TOTAL	Operating costs to be allocated pro-rata	Unallocat ed Central Services	GENERAL TOTAL
	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023
TOTAL SALES	8,373	7,931	17,604	60	3,756	37,724	-	-	37,724
- Change in inventories of finished goods and work in progress	2,518	(1,066)	(859)	1,074	-	1,667	388	-	2,055
- Other operating revenues	-	-	-	-	-	-	3,787	-	3,787
VALUE OF OPERATING PRODUCTION ⁽¹⁾	10,891	6,865	16,745	1,134	3,756	39,391	4,175	-	43,566
- Product cost (raw materials and external processing)	(6,617)	(3,162)	(7,254)	(849)	(1,062)	(18,944)	(1,621)	-	(20,565)
- Sales commissions	(45)	(541)	(349)	-	(16)	(951)	-	-	(951)
MOL Level 1	4,229	3,162	9,142	285	2,678	19,496	2,554	-	22,050
MOL 1 Margin % ⁽³⁾	39%	46%	55%	25%	71%	49%	ND	ND	51%
- Personnel costs	(1,190)	(610)	(1,255)	(21)	(1,236)	(4,312)	(7,834)	(4,746)	(16,892)
- Other operating costs	(574)	(309)	(749)	(21)	(184)	(1,837)	(287)	(4,705)	(6,829)
TOTAL FIXED COSTS ⁽²⁾	(1,764)	(919)	(2,004)	(42)	(1,420)	(6,149)	(8,121)	(9,451)	(23,721)
MOL Level 2	2,465	2,243	7,138	243	1,258	13,347	(5,567)	(9,451)	(1,671)
MOL 2 Margin % ⁽³⁾	23%	33%	43%	21%	34%	34%	ND	ND	-4%
- Operating costs to be allocated pro-rata	(1,207)	(903)	(2,612)	(81)	(764)	(5,567)	5,567	-	-
MOL Level 3 ⁽⁴⁾	1,258	1,340	4,526	162	494	7,780	0	(9,451)	(1,671)
GOP 3 Margin % / GROSS OPERATING MARGIN (EBITDA) ⁽⁴⁾	12%	20%	27%	14%	13%	20%	0%	ND	-3.84%

(1) Other revenues include capitalisations

(2) Total fixed costs not including sales commissions

(3) Margin generated by the single division including only the operating margin equal to the EBITDA with exclusion of capitalizations

(4) Calculated on the value of production, including capitalized costs

ECONOMIC PERFORMANCE OF THE DIVISIONS <i>(Euro/000)</i>	Automati on	Electronic s and Laser	Semicond uctors	Circular Economy	Service	OPERATIO NAL TOTAL	Operating costs to be allocated pro-rata	Unallocat ed Central Services	GENERAL TOTAL
	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022
TOTAL SALES	4,119	4,405	19,949	-	3,173	31,646	-	-	31,646
- Change in inventories of finished goods and work in progress	2,115	2,719	123	-	-	4,957	2,836	-	7,793
- Other operating revenues	-	-	-	-	-	-	3,070	-	3,070
VALUE OF OPERATING PRODUCTION ⁽¹⁾	6,234	7,124	20,072	-	3,173	36,603	5,906	-	42,509
- Product cost (raw materials and external processing)	(3,384)	(3,243)	(10,009)	-	(1,064)	(17,700)	(357)	-	(18,057)
- Sales commissions	(31)	(546)	(505)	-	-	(1,082)	-	-	(1,082)
MOL Level 1	2,819	3,335	9,558	-	2,109	17,821	5,549	-	23,370
MOL 1 Margin % ⁽³⁾	45%	47%	48%	0%	66%	49%	ND	ND	55%
- Personnel costs	(619)	(363)	(1,221)	-	(1,008)	(3,211)	(6,897)	(4,374)	(14,482)
- Other operating costs	(80)	(201)	(387)	-	(193)	(861)	(216)	(3,890)	(4,967)
TOTAL FIXED COSTS ⁽²⁾	(699)	(564)	(1,608)	-	(1,201)	(4,072)	(7,113)	(8,264)	(19,449)
MOL Level 2	2,120	2,771	7,950	-	908	13,749	(1,564)	(8,264)	3,921
MOL 2 Margin % ⁽³⁾	34%	39%	40%	0%	29%	38%	ND	ND	9%
- Operating costs to be allocated pro-rata	(249)	(291)	(841)	-	(183)	(1,564)	1,563	-	-
MOL Level 3 ⁽⁴⁾	1,871	2,480	7,109	-	725	12,185	(0)	(8,264)	3,921
GOP 3 Margin % / GROSS OPERATING MARGIN (EBITDA) ⁽⁴⁾	30%	35%	35%	-	23%	33%	0%	ND	9.22%

(1) Other revenues include capitalisations

(2) Total fixed costs not including sales commissions

(3) Margin generated by the single division including only the operating margin equal to the EBITDA with exclusion of capitalizations

(4) Calculated on the value of production, including capitalized costs

Balance sheet - financial situation

1. Property, plant and equipment

Property, plant and equipment as at 31/12/2023 totalled 20,344,000 euros, up 5,933 euros from 31/12/2022.

See the table below for more detail.

<i>PROPERTY PLANT AND EQUIPEMENT (Euro/000)</i>	LAND AND BUILDINGS	PLANTS AND EQUIPMENT	IND. AND COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL
Net value as of 31/12/2021	3,518	5,254	224	1,156	1,470	11,622
<i>Of which rights of use IFRS16</i>	<i>3,230</i>	-	-	<i>940</i>	-	<i>4,170</i>
2022 Financial Year:						
Increases	3,270	11	92	679	2,269	6,321
Decreases/Disposals	(1,903)	-	-	(72)	-	(1,975)
Reclassifications	-	1,470	(3)	3	(1,470)	-
Amortization, depreciation & write-downs	(398)	(484)	(84)	(591)	-	(1,557)
Currency differences	-	(2)	1	1	-	-
Net value as at 31/12/2022	4,487	6,249	230	1,176	2,269	14,411
2023 Financial Year:						
Increases	1,605	8	190	901	8,080	10,784
Decreases/Disposals	(2,947)	-	-	(106)	-	(3,053)
Reclassifications	56	-	-	-	(56)	-
Amortization, depreciation & write-downs	(443)	(584)	(111)	(660)	-	(1,798)
Currency differences	-	2	-	(2)	-	-
Net value as of 31/12/2023	2,758	5,675	309	1,309	10,293	20,344
Of which rights of use IFRS16:						
<i>Net value as at 31/12/2022</i>	<i>4,148</i>	-	-	<i>881</i>	-	<i>5,029</i>
<i>Increases</i>	<i>1,127</i>	-	-	<i>675</i>	-	<i>1,802</i>
<i>Decreases/Disposals</i>	<i>(2,947)</i>	-	-	<i>(106)</i>	-	<i>(3,053)</i>
<i>Reclassifications</i>	<i>56</i>	-	-	-	-	<i>56</i>
<i>Amortization, depreciation & write-downs</i>	<i>(443)</i>	-	-	<i>(563)</i>	-	<i>(1,006)</i>
<i>Currency differences</i>	-	-	-	-	-	-
Total rights of use as at 31/12/2023	1,941	-	-	887	-	2,828

The item Land and Buildings, which amounted to €2,758,000, decreased by €1,729,000 and included:

- Land purchased by the Parent Company in recent years for a total value of EUR 817,000. This item increased in 2023 due to a new purchase worth EUR 478,000;
- Rights of use on leased instrumental buildings, deriving from the application of IFRS16 for Euro 1,941,000. This item decreased by €2,207,000 in absolute terms during the year, mainly due to the effect of the change in the right of use on the Parella (TO) production site, following the signing of the preliminary purchase agreement for the same, which took place on 28/04/2023 and which envisages the finalisation of the transaction, with the payment of €3,000,000.00 and the assumption of a pre-existing loan up to a maximum of €440,000.00 by January 2026. This change significantly reduced the duration of the right of use.

The item Plant and Machinery of €5,675,000 decreased by a total of €574,000, mainly due to depreciation for the year.

The item Industrial and Commercial Equipment of Euro 309 thousand increased by a total of Euro 79 thousand.

The item Other Assets, amounting to EUR 1,309,000, increased by a total of EUR 133,000 due to purchases and depreciation for the year. It should be noted that this item includes rights of use for electronic office equipment and vehicles on hire for EUR 887,000.

Assets under construction of Euro 10,293 thousand increased by Euro 8,024 thousand as a result of expenses incurred for the construction of the new Samone warehouse in the amount of Euro 5,569 thousand (of which capitalised financial expenses of Euro 539 thousand). In addition, a preliminary purchase agreement was signed in 2023 for the purchase of the Parella headquarters, against which €2,506,000 was recognised in the item. Renovation costs of EUR 56,000 for the premises in Colletterto Giacosa were reclassified under 'buildings'.

It should be noted that this item refers only to the Parent Company and that the realisation of the assets under this item was not yet completed as at 31 December 2023.

2. Intangible fixed assets

Intangible fixed assets as at 31/12/2023 were Euro 7,265 thousand, an increase of Euro 1,961 thousand compared to 31/12/2022.

See the table below for more detail.

<i>INTANGIBLE FIXED ASSETS (Euro/000)</i>	SOFTWARE	DEVELOPMENT COSTS	PATENTS	ASSETS UNDER CONSTRUCTION	TOTAL
Net value as of 31/12/2021	146	1,302	11	1,925	3,384
2022 Financial Year:					
Increases	147	-	-	2,320	2,467
Amortisation	(88)	(455)	(3)	-	(546)
Impairment and write-downs	-	-	-	-	-
Reclassifications	-	2,084	-	(2,084)	-
Rounding	-	-	-	(1)	(1)
Net value as at 31/12/2022	205	2,931	8	2,160	5,304
2023 Financial Year:					
Increases	194	-	-	2,734	2,928
Amortisation	(127)	(836)	(4)	-	(967)
Impairment and write-downs	-	-	-	-	-
Reclassifications	-	1,752	-	(1,752)	-
Rounding	-	-	-	-	-
Net value as of 31/12/2023	272	3,847	4	3,142	7,265

As reflected in the changes during the period, most of the increases in 2023, relate to assets under construction and development costs.

Capitalised development costs amounted to €3,847,000 at year-end, increased by a total of €916,000 and were entirely related to expenses incurred for the development of application technologies completed related to machinery. Technological development should be considered essential and inherent to Group activities. During 2023, projects that had previously been recorded as assets under construction were completed in the amount of EUR 1,752,000.

Intangible fixed assets in progress refer entirely to capitalized development costs for projects still in progress at the end of the period.

Development costs have been capitalized if the conditions provided for in IAS 38 are met. The technical feasibility and generation of probable future economic benefits have been verified for all capitalized new project development activities. Costs capitalized on development projects are monitored individually and are measured by the economic benefits expected to be derived from their operation. Costs capitalized on projects for which the technical feasibility is uncertain or no longer strategic are charged to the income statement. The rate used in the valuation of in-house development hours reflects the industrial hourly cost of dedicated staff.

Costs capitalised and recorded under the item 'development costs' are related to specific well-defined, identifiable and measurable products, processes and/or projects, the recoverability of which is in all cases guaranteed by adequate revenue prospects, analysed in detail.

Software, which amounted to EUR 272,000, increased by EUR 67,000 during the year.

Patent rights include costs for the registration of patents and, at the end of the year, amounted to EUR 4,000.

3. Investments

Equity investments as at 31/12/2023 amounted to EUR 126,000.

<i>INVESTMENTS (Euro/000)</i>	Value at start of year	Increases	Decreases	Write-downs	Net value as of 31/12/2023
OSAI Green Tech SB S.r.l.	100	-	100	-	-
ICONA S.r.l. - Italia	100	-	-	-	100
CIAC S.c.r.l. - Italia	25	-	-	-	25
Unionfidi	1	-	-	-	1
TOTAL	226	-	100	-	126

The reduction of €100,000 is entirely due to the elimination of shareholders' equity as a result of the consolidation on a line-by-line basis of the investment in OSAI Green Tech SB S.r.l., which at the end of the previous year - not having yet closed its first financial statements - had been consolidated with the cost method.

The equity investment in ICONA S.r.l. (ICO NUOVO AMPLIAMENTO S.r.l.) refers to a 5% share of the company. The book value of EUR 100,000 is equal to the cost incurred when the units were subscribed. The activity of the investee company is aimed at achieving the social purpose of redevelopment of the Canavese industrial area.

The latest available balance sheet is the one closed as of 31/12/2022, which shows a net equity of EUR 1,733,000.

The portion of shareholders' equity of the subsidiary company pertaining to Osai A.S. S.p.A. SB does not show any substantial differences with respect to the book value. Therefore, its *fair value* is deemed to be substantially equal to cost.

4. Current and non-current financial assets

Non-current and current financial assets as at 31/12/2023 amount to EUR 1,373,000, down EUR 835,000 on 31/12/2022.

The following table shows changes in non-current and current financial assets:

NON-CURRENT AND CURRENT FINANCIAL ASSETS (Euro/000)	31/12/2023	31/12/2022	Change	Var. %.
Shares in listed companies	86	60	26	43%
Credits from the purchase of building bonuses over 12 months	989	569	420	74%
Total non-current	1,075	629	446	71%
Equity and bond investment funds	-	1,449	(1,449)	-100%
Credits from the purchase of building bonuses within 12 months	298	130	168	129%
Total Current	298	1,579	(1,281)	-81%
GENERAL TOTAL	1,373	2,208	(835)	-38%

Non-current financial assets related to the ownership of shares in listed companies, recorded at *fair value*, refer to 18,000 shares of Banco BPM whose *fair value* as of 31/12/2023 was EUR 86,000, an increase in market value over the previous year of EUR 26,000;

The difference between the *fair value* at the end of the half-year and the cost incurred for the acquisition of financial assets is posted to a specific shareholders' equity reserve called the FVOCI (*Fair Value to OCI*) reserve, net of the related tax effect, and the related gains/losses are reported in the Comprehensive Income Statement.

During the financial year, the equity and bond investment funds previously recorded under current financial assets were entirely sold.

This item also includes the value of receivables relating to so-called 'building bonuses', purchased by the Parent company, based on the 'incentive regulations' pursuant to Art. 121 OF LAW DECREEE 34/2020

The amortised cost method was used to recognise these receivables in the financial statements and their value as at 31 December 2023 totalled EUR 1,287 thousands (of which EUR 298,000 was due by the end of the year).

These credits may be used to offset tax and social security debts of the Company on the due dates provided for by law.

5. Other non-current and current receivables

Other non-current and current receivables as of 31/12/2023 totalled EUR 3,355,000, up EUR 1,294 compared to 31/12/2022.

The following table shows the changes in Other non-current and current receivables:

<i>OTHER NON-CURRENT AND CURRENT RECEIVABLES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Security Deposits	130	166	(36)	-22%
Tax credits over 12 months	393	513	(120)	-23%
Other receivables	8	-	8	ND
Total non-current	531	679	(148)	-22%
Advances to suppliers	1,933	677	1,256	186%
Loans to employees	307	276	31	11%
Accrued income and prepaid expenses	392	412	(20)	-5%
Receivables for EU contributions	189	-	189	ND
Miscellaneous	3	17	(14)	-82%
Total Current	2,824	1,382	1,442	104%
GENERAL TOTAL	3,355	2,061	1,294	63%

The increase in advances to suppliers (+€1,256,000) is mainly attributable to external supply contracts related to a specific industrial automation job order in the automotive sector.

6. Deferred tax assets

Deferred tax assets as of 31/12/2023 amounted to EUR 776,000 with an increase of EUR 205,000 compared to 31/12/2022.

The following table shows the changes in Deferred Tax Assets during fiscal year 2023.

<i>DEFERRED TAX ASSETS (Euro/000)</i>	
Opening balance	571
Increases	346
Decreases	(141)
Closing balance	776

The composition of deferred tax assets is shown below:

<i>DEFERRED TAX ASSETS (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Provisions to reserves not deducted	277	135	142	105%
FTA-IFRS item conversion	91	161	(70)	-43%
Employee benefits (IAS 19)	101	37	64	173%
Unused tax losses	132	140	(8)	-6%
Other unused tax benefits	68	75	(7)	-9%
Non-deductible interest expenses	99	0	99	ND
Fair value differences on securities	0	16	(16)	-100%
Other temporary differences	8	7	1	14%
Total	776	571	205	36%

Deferred tax assets have been recorded in the financial statements only when the conditions for their recovery exist. The assessment of the recoverability of deferred tax assets takes into account the positive taxable income expected in future years. Deferred tax assets on tax loss carryforwards have been recognized to the extent that it is probable that future taxable income will be available against which they can be recovered. In the light of the above, no elements have arisen that would alter the previous assessments regarding the recoverability of deferred tax assets.

Although the Parent Company has prospects of recovering the tax loss for this year (amounting to about EUR 5.6 million) based on the budget and long-term corporate strategies, it should be noted that no deferred tax assets have been recognised on this item.

7. Inventories

Inventories as at 31/12/2023 total EUR 33,613,000, net of provision for doubtful accounts, up by EUR 2,441,000 compared to 31/12/2022.

The following table shows the breakdown of inventories as at 31/12/2023 and 31/12/2022.

<i>INVENTORIES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Raw materials inventories	3,955	3,517	438	12%
Work in progress and semi-finished products	7,720	7,332	388	5%
Works in progress under contract	11,659	15,886	(4,227)	-27%
Finished products and goods inventories	4	5	(1)	-20%
WIP pending installation	10,327	4,432	5,895	133%
Inventory write-down provision	(52)	-	(52)	0%
TOTAL	33,613	31,172	2,441	8%

The valuation allowance during 2023 changed as follows:

<i>INVENTORY WRITE-DOWN (Euro/000)</i>	
<i>Opening balance</i>	-
Provisions for the year	52
Uses during the period	-
Exchange rate effect	-
Closing balance	52

8. Trade receivables

Trade receivables as at 31/12/2023 were EUR 14,943,000, an increase of EUR 5,541,000 compared to 31/12/2022.

<i>TRADE RECEIVABLES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Accounts receivable from customers	15,028	9,487	5,541	58%
Gross trade receivables	15,028	9,487	5,541	58%
Doubtful debt provision	(85)	(85)	-	0%
TOTAL	14,943	9,402	5,541	59%

The increase in trade receivables is attributable to the increase in turnover and the lengthening of collection times.

There were no changes in the depreciation reserve during 2023, as can be seen in the table below:

<i>DOUBTFUL DEBT PROVISION (Euro/000)</i>	
<i>Opening balance</i>	85
Utilizations	-
Provisions	-
Exchange rate effect	-
Closing balance	85

Applying the IFRS 9 principle, the Group evaluates trade receivables on the basis of the individual credit position.

The high average *credit standing* of customers, the absence of a significant concentration of credit, reduce credit risk and make the allowance for doubtful accounts adequate.

The breakdown of trade receivables by maturity is shown below:

<i>RECEIVABLES DUE AS OF 31/12/2023 (Euro/000)</i>	
To expire	8,249
Expired 0-180 days	5,925
Expired 180-365 days	584
Expired after one year	270
Total	15,028

It should be noted that in the first months of 2024, EUR 505,000 was collected in respect of receivables past due more than 180 days.

With regard to receivables due within 180 days in the first months of 2024, collections of approximately EUR 2,457,000 were received.

9. Current tax receivables

Current tax receivables as at 31/12/2023 amount to EUR 1,095,000, a decrease of EUR 217,000 compared to 31/12/2022. Details are provided in the table below:

<i>CURRENT TAX RECEIVABLES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
VAT Receivables	598	84	(243)	-29%
Receivables and advances relating to direct taxes	55	7	48	686%
Tax credits usable within 12 months	411	464	(53)	-11%
Sundry tax credits	31	-	31	ND
TOTAL	1,095	1,312	(217)	-17%

10. Cash and cash equivalents

Cash and cash equivalents as at 31/12/2023 amount to EUR 1,586,000, down EUR 8,279,000 compared to 31/12/2022. Details are provided in the table below:

<i>CASH AND CASH EQUIVALENTS (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Bank accounts	1,501	9,813	(8,312)	-85%
Cash and cash equivalents	85	52	33	63%
TOTAL	1,586	9,865	(8,279)	-84%

NET EQUITY AND LIABILITIES

11. Net Equity

For changes in Shareholders' Equity, reference should be made to the "Statement of Changes in Shareholders' Equity".

Share Capital

The share capital as at 31 December 2023 amounted to Euro 1,613,030.70, divided into 16,130,307 ordinary shares without nominal value.

During the year, the share capital of the Parent Company increased by a total of EUR 310.00 in correspondence with the exercise windows for warrants issued at the time of listing on 31/10/2020:

- Warrant OSAI A.S. S.p.A. SB 2023-2025 / June 2023: Euro 310.00.
- Warrant OSAI A.S. S.p.A. SB 2023-2025 / October 2023: Euro 0.00.

Following is a reconciliation between the number of shares outstanding at December 31, 2022 and at December 31, 2023:

	As at 31/12/2022	Warrant exercise shares	(Purchases)/Sales of treasury shares	As at 31/12/2023
Ordinary shares issued	16,127,207	3,100	0	16,130,307
Minus: Treasury shares	0	0	0	-
Outstanding ordinary shares	16,127,207	3,100	0	16,130,307

Share premium reserve

The share premium reserve, amounting to EUR 8,681,000, rose by EUR 4,000 compared to the previous financial year following the capital increases described in the previous section.

The values of the share premium are posted net of listing and capital increase costs as provided for by IAS 32 (paragraphs 35-35A and 37).

Legal Reserve

This item amounted to €299,000 and increased by €42,000 due to the allocation of the previous year's result.

Other Equity Items

Other shareholders' equity items are summarized as follows:

- FTA reserve: this item as of 31/12/2023 was negative in the amount of €1,683,000 and did not change from 31/12/2022. This item was posted on the first-time adoption of international accounting standards as of 01/01/2020;
- Reserve for actuarial gains and losses on staff severance indemnities: the item as of 31/12/2023 was positive in the amount of €192,000 and related to the effect of actuarial gains/losses on staff severance indemnities net of the tax effect, in accordance with IAS 19 *Revised*;
- FVOCI reserve: this item as of 31/12/2023 was positive for EUR 26,000 and was set aside against the recognition of valuation differences of securities at *Fair Value*.

- Translation reserve: the item as at 31.12.2023 amounted to EUR 30 thousand and decreased in absolute value by EUR 31 thousand.

Profit(loss) carried forward

The item as of 31/12/2023 is equal to EUR 8,401,000 and includes the results of previous financial years not distributed and not allocated to reserves of a different nature.

Dividends

The Company did not pay any dividends during 2023.

Result for the period

This item was negative and amounted to EUR 6,157,000.

Overall result for the period

The result for the statement of comprehensive income, which was also negative and amounted to €6,194 thousand, consisted of the following items in addition to the result for the period:

- Actuarial losses on employee benefits net of the related negative tax effect of €75,000;
- *Fair value* differences on financial assets net of the related tax effect of €69,000.
- From the conversion differences of the financial statements of the consolidated companies expressed in foreign currencies in the amount of EUR -31,000.

Reconciliation between net equity and profit of the Parent Company and the consolidated financial statements

The table below shows the reconciliation of the FY 2023 and the net equity of the Group as of 31/12/2023 with the corresponding figures for the Parent Company OSAI Automation System S.p.A. SB

<i>RECONCILIATION BETWEEN NET EQUITY AND PROFIT OF THE PARENT COMPANY OF THE GROUP AND THE CONSOLIDATED FINANCIAL STATEMENTS (Euro/000)</i>	NE at 31/12/22	Changes 2023	Result 2023	NE at 31/12/23
Separate Financial Statements of OSAI Automation System S.p.A. SB	17,849	(2)	(6,137)	11,710
Consolidated FTA reserve	(116)	-	-	(116)
Elimination of equity investments	(180)	(30)	(17)	(227)
Intra-group asset disposals	(22)	-	(3)	(25)
Exchange rate differences on inter-group eliminations	(3)	2	-	(1)
Other minor entries and rounding	-	1	-	1
Consolidated Financial Statements of the OSAI Group	17,528	(29)	(6,157)	11,342

Finally, total shareholders' equity of Euro 11,342,000 is entirely attributable to the Parent Company's shareholders.

12. Current and non-current financing

These items only include amounts due to banks for the granting of short-term lines of credit and for loans.

Non-Current Loans total Euro 14,526,000, a decrease of Euro 489,776,000 from 31/12/2022.

Current loans total Euro 18,460,000, up Euro 10,305,000 compared to 31/12/2022.

The following is a breakdown of the Group's bank exposure outstanding as at 31/12/2023:

<i>CURRENT AND NON-CURRENT FINANCING</i> (Euro/000)	31/12/2023	31/12/2022	Change	Var. %.
Loans and other financing - non-current portion	14,526	15,015	(489)	-3%
Total non-current financing	14,526	15,015	(489)	-3%
Short-term payables to credit institutions	14,375	3,814	10,561	277%
Loans and other financing - current portion	4,085	4,341	(256)	-6%
Total current financing	18,460	8,155	10,305	126%
TOTAL	32,986	23,170	9,816	42%

Compared to the financial statements as at 31/12/2022, the Group's financial debt increased by a total of Euro 9,816,000.

During 2023, the Group took out three new loans for a total amount of EUR 3,564,000.

The Group's bank debt and other borrowings are shown below:

<i>BORROWINGS FROM BANKS AND OTHER FINANCING - CHANGE</i> (Euro/000)	
Payables to banks and other current loans as at 31/12/2022	8,155
Payables to banks and other non-current loans as at 31/12/2022	15,015
Payables to banks and other loans at 31/12/2022	23,170
Stipulation of new financing	3,564
Loan repayments	(4,250)
Change in credit line payables	10,502
Payables to banks and other loans at 31/12/2023	32,986
of which:	
Payables to banks and other current loans as at 31/12/2023	18,460
Payables to banks and other non-current loans as of 31/12/2023	14,526
Payables to banks and other loans at 31/12/2023	32,986

The maturity date and the current and non-current portions of each loan, valued at amortized cost, are shown below.

<i>Financing details</i>	<i>Deadline</i>	<i>Current share</i>	<i>Non-current share</i>	<i>Total</i>
INTESA SAN PAOLO	24/05/2024	106	-	106
BANCO BPM	31/01/2025	553	48	601
INTESA SAN PAOLO - MCC Guarantee	30/09/2025	248	191	439
BANCA D'ALBA - SACE Guarantee	30/09/2026	199	349	548
BANCO BPM - MCC Guarantee	10/06/2024	174	-	174
BANCA D'ALBA - MCC Guarantee	23/07/2025	113	67	180
INTESA SAN PAOLO - MCC Guarantee	31/08/2026	249	424	673
BPER - MCC Guarantee	07/10/2026	300	612	912
ASCOMFIDI - MCC Guarantee	05/04/2025	32	11	43
INTESA SAN PAOLO- SACE Guarantee	31/12/2027	88	267	355
BANCO BPM- SACE Guarantee	31/03/2027	885	2,010	2,895
INTESA SAN PAOLO - MCC Guarantee	30/08/2028	114	444	558
BANCO BPM	29/02/2024	86	-	86
INTESA SAN PAOLO- SACE Guarantee	31/03/2029	236	4,628	4,864
UNICREDIT- SACE Guarantee	30/09/2030	418	2,195	2,613
SIMEST - digital transition	29/03/2029	194	-	194
INTESA SAN PAOLO	17/11/2028	94	896	990
INTESA SAN PAOLO- mortgage loan	30/11/2035	(4)	2,384	2,380
Total Funding		4,085	14,526	18,611

The following table shows the distribution of bank loan payments over time.

<i>CURRENT AND NON-CURRENT FINANCING - DISTRIBUTION OVER TIME (Euro/000)</i>	2024	2025	2026	2027 and beyond	TOTAL
Current bank payables	14,375	-	-	-	14,375
Current account of non-current borrowings	4,085				4,085
Non-current bank debt	-	4,008	3,586	6,932	14,526
TOTAL	18,460	4,008	3,586	6,932	32,986

13. Employee benefits

The item "Employee benefits" refers exclusively to the Employee Severance Indemnity (TFR) paid by the Italian companies to their employees.

The balance of the item as of 31/12/2023 was Euro 3,468 thousand, an increase of Euro 256 thousand compared to 31/12/2022.

The TFR represents the indemnity provided for by Italian law that is accrued by employees during their working life and liquidated when the employee leaves. This allowance is considered a defined benefit fund, subject to actuarial valuation for the portion related to anticipated future benefits and related to benefits already paid.

The breakdown of employee benefit liabilities at 31/12/2023 is shown below.

<i>EMPLOYEE BENEFITS (Euro/000)</i>	
Opening balance	3,212
Employee severance indemnity paid during the period	(430)
<i>Service Cost</i>	609
<i>Interest Cost</i>	120
Actuarial gains/(losses)	104
Units transferred to pension funds	(137)
Substitute tax	(10)
Closing balance	3,468

The Service Cost represents the annual cost, net of the financial component, and as of 31/12/2023 amounts to Euro 595,000.

The principal actuarial assumptions used to estimate the final employee benefit liability are as follows:

ACTUARIAL ASSUMPTIONS	31/12/2023	31/12/2022
Annual technical discount rate	3.17%	3.77%
Annual inflation rate	2.00%	2.30%
Annual rate of increase in severance pay	3.00%	3.23%
Annual rate of salary increase	0.50%	0.50%

The demographic technical bases used are shown below:

- Probability of death: reference to RG48 mortality tables published by the State General Accounting Office;
- Probability of incapacity: reference to INPS tables broken down by age and sex;
- Retirement Age: 100% upon reaching the AGO requirements adjusted to Decree-Law No. 4/2019;
- The annual anticipation and turnover frequencies were derived from the Group's historical experience and are both 4%.

As required by IAS19, the following tables provide a sensitivity analysis for each relevant actuarial assumption at the end of the financial year, showing the effects that would have occurred as a result of changes in the actuarial assumptions that were reasonably possible at that date, in absolute terms, an indication of the contributions for the following financial year, the average financial duration of the obligation and the payments envisaged by the plan.

The following are the outcomes of that analysis:

Sensitivity analysis of the main valuation parameters (Euro/000)	
Turnover rate +1.00%	3,472
Turnover rate -1.00%	3,462
Inflation rate +0.25%	3,524
Inflation rate -0.25%	3,412
Discount rate +0.25%	3,397
Discount rate -0.25%	3,540

Service Cost and Duration	
Service Cost future annual (Euro/000)	507
Plan Duration (years)	12.9

Estimated future disbursements (Euro/000)	
Year 2024	373
Year 2025	392
Year 2026	362
Year 2027	361
Year 2028	381

14. Trade payables and other non-current and current payables

The Company had Trade Payables as at 31/12/2023 of €8,602 thousand, a decrease of €95 thousand compared to 31/12/2022. Details are shown in the table below:

TRADE PAYABLES (Euro/000)	31/12/2023	31/12/2022	Change	Var. %.
Trade payables to suppliers	6,918	6,816	102	1%
Other Trade payables	1,684	1,881	(197)	-10%
Total trade payables	8,602	8,697	(95)	-1%

Other trade payables refer entirely to advances on payments to suppliers made via the so-called "confirming" platform to optimize cash flow.

Other non-current payables as of 31 December 2023 amounted to EUR 193,000, a decrease of EUR 28,000 compared to the previous year.

Other current payables showed a balance of €19,038 thousand at 31 December 2023, an increase of €5,502 thousand compared to 31 December 2022.

OTHER NON-CURRENT AND CURRENT PAYABLES (Euro/000)	31/12/2023	31/12/2022	Change	Var. %.
Other non-current payables:				
Multi-year deferred income	193	221	(28)	-13%
Total non-current payables	193	221	(28)	-13%
Other current payables:				
Advances from customers on supplies in progress	7,685	7,126	559	8%
Advances from customers on supplies awaiting installation	8,353	3,474	4,879	140%
Due to social security institutes	630	527	103	20%
Due to employees	2,093	1,756	337	19%
Accrued expenses and deferred income	114	134	(20)	-15%
Contributions on account	108	343	(235)	-69%
Other payables	55	176	(121)	-69%
Total other current payables	19,038	13,536	5,502	41%
GENERAL TOTAL	19,231	13,757	5,474	40%

Other current payables only include deferred income over several years on grants for plant.

Total advance payments from customers as at 31 December 2023 amounted to EUR 16,038,000 an increase compared to the previous year by EUR 5,438,000. Advance payments from customers represent the largest share of other payables and are broken down between supplies for which, respectively, no sale or installation has been completed at the end of the financial year (ex IFRS 15).

Social security and welfare payables refer to amounts due to social security and welfare institutions (specifically INPS and other forms of assistance).

Amounts due to staff refer to sums accrued but not yet paid in relation to unused vacation entitlements and residual paid leave, production bonuses, incentives accrued for executive and sales staff and advances on travel expenses incurred on behalf of the Company by employees on secondment.

15. Deferred tax liabilities

Deferred tax liabilities as of 31/12/2023 amounted to €9,000, an increase of €7,000 compared to 31/12/2022.

The following table shows the changes in deferred tax liabilities during fiscal 2023.

<i>TAX LIABILITIES FOR DEFERRED TAXES (Euro/000)</i>	
Opening balance	2
Increases	7
Decreases	-
Closing balance	9

A breakdown of deferred tax liabilities is provided below.

<i>DEFERRED TAX LIABILITIES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Net foreign exchange valuation gains	1	-	1	ND
<i>Fair value</i> differences on securities	8	2	6	300%
TOTAL	9	2	7	350%

16. Other current and non-current financial liabilities

Other non-current and current financial assets as at 31/12/2023 amount to EUR 4,934,000, up EUR 26,000 on 31/12/2022.

<i>OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Bonds issued - portion due after 12 months	3,955	4,932	(977)	100%
Total non-current	3,955	4,932	(977)	100%
Bonds issued - portion within 12 months	979	(24)	1,003	-4179%
Total Current	979	(24)	1,003	-4179%
GENERAL TOTAL	4,934	4,908	26	1%

This item includes the only bond loan issued by the Parent Company during the previous year, the so-called "Basket Bond" with a nominal value of EUR 5 million, which will be redeemed from the financial year 2024.

As a result of recording the debt at amortised cost, the debt at the end of the year amounted to €4,934,000, of which €979,000 is to be repaid in the following year.

Financial indicators - covenants:

There are *covenants* on the Basket Bonds that require compliance with a series of economic and financial parameters throughout the term of the bonds, which vary over the various measurement periods.

For the financial statements as at 31/12/2023, the parameters are:

- NFP/EBITDA ratio ≤ 4.75 ;
- NFP/equity ratio ≤ 1.5 .

which, in the light of the results for the year, do not appear to have been met.

On 29/12/2023, the Parent Company received a letter of consent from the sole bondholder -Mortirolo BB S.P.V. S.r.l. - concerning the waiver of the application of financial parameters as at 31/12/2023.

17. Current and non-current payables for IFRS 16

Current and non-current IFRS 16 payables as at 31/12/2023 amount to Euro 2,497,000, down Euro 1,902 compared to 31/12/2022.

A breakdown of debt by type of contract is provided below.

<i>CURRENT AND NON-CURRENT PAYABLES FOR IFRS 16 (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Payables for building leases	1,239	3,205	(1,966)	-61%
Payables for car rental and leasing contracts	336	347	(11)	-3%
Payables for machinery and equipment hire contracts	85	93	(8)	-9%
Total non-current	1,660	3,645	(1,985)	-54%
Payables for building leases	366	295	71	24%
Payables for car rental and leasing contracts	373	345	28	8%
Payables for machinery and equipment hire contracts	98	114	(16)	-14%
Total Current	837	754	83	11%
GENERAL TOTAL	2,497	4,399	(1,902)	-43%

Changes in payables per IFRS 16 are shown below:

<i>IFRS 16 PAYABLES - CHANGES (Euro/000)</i>	
Payables at the beginning of the financial year:	
Rental buildings	3,500
Rental and fin. leasing cars	692
Machinery and equipment rental	207
Total as at 31/12/2022	4,399
New Contracts:	
Rental buildings	996
Rental and fin. leasing cars	550
Machinery and equipment rental	126
Total New Contracts	1,672
Reimbursements:	
Rental buildings	2,891
Rental and fin. leasing cars	533
Machinery and equipment rental	150
Total reimbursements	3,574
Rental buildings	1,605
Rental and fin. leasing cars	709
Machinery and equipment rental	183
Total as at 31/12/2023	2,497
of which:	
Payables for current IFRS 16 as at 31/12/2023	837
Payables for non-current IFRS 16 as at 31/12/2023	1,660
Payables for IFRS 16	2,497

The following table shows the time distribution of payables per IFRS 16.

<i>CURRENT AND NON-CURRENT PAYABLES FOR IFRS 16 - DISTRIBUTION OVER TIME (Euro/000)</i>	2024	2025	2026	2027 and beyond	TOTAL
Lease agreements	366	384	174	681	1,605
Car rental and leasing	372	189	116	32	709
Machinery and equipment rental	99	47	31	6	183
TOTAL	837	620	321	719	2,497

It should be noted that all the amounts posted under this entry refer to items pertaining only to the Parent Company.

18. Current taxes payable

Current tax payables as of 31/12/2023 were Euro 462,000, an increase of Euro 75,000 compared to 31/12/2022.

<i>CURRENT TAX PAYABLES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Foreign VAT payables	56	-	56	ND
Payables for IFRS 16	30	-	30	ND
Income tax payables	-	4	(4)	-100%
Withholding taxes on employee income	371	352	19	5%
Other minor payables	5	31	(26)	-84%
TOTAL	462	387	75	19%

19. Provisions for risks and charges

Provisions for risks and charges as of 31 December 2023 were Euro 945,000, an increase of Euro 473,000 compared to 31 December 2022. The following table shows a summary:

<i>PROVISIONS FOR RISKS AND CHARGES (Euro/000)</i>	Provision for guarantee risks	Provision for losses on orders	TOTAL
Opening balance	472	0	472
Provisions	-	473	473
Uses during the period	-	-	-
Rounding	-	-	-
Closing balance	472	473	945

The warranty provision relates to provisions for technical warranty work on products sold and is deemed adequate in relation to the warranty costs to be incurred.

The provision for contract losses, recognised in the current year, amounted to EUR 473,000 and refers to contracts whose total costs are higher than expected revenues, resulting in a loss.

Provisions represent management's best estimate of the liabilities to be accounted for.

It should be noted that all the amounts posted under this entry refer to items pertaining only to the Parent Company.

CONSOLIDATED INCOME STATEMENT

As noted above, the Group presents its income statement by "type".

20. Total sales and changes in inventories of finished products and work in progress

Details of Sales and Changes in inventories are shown below:

<i>SALES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Sales revenue	37,724	31,646	6,078	-19%
TOTAL	37,724	31,646	6,078	-19%

During the financial year, the Group realised consolidated sales revenue totalling Euro 37,724,000 compared to Euro 31,646,000 in the previous period, an increase of Euro 6,078,000.

<i>CHANGE IN INVENTORIES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Change in inventories of work in progress and semi-finished products	388	2,836	(2,448)	-86%
Changes in inventories of work in progress and awaiting installation	1,667	4,957	(3,290)	-66%
TOTAL	2,055	7,793	(5,738)	-74%

The total change in inventories of work in progress amounted to €2,055 thousand and decreased in absolute value by €5,738 thousand compared to 2022.

As of 31 December 2023, the Group had a net *operating back-log* of EUR 18 million. It is assumed that this amount will be transformed into production value entirely in the following year. There are no significant variable fees.

A breakdown of consolidated revenues by segment and by geographical area is provided in the segment information section of these notes and in the Management Report.

21. Other operating revenues

Details of Other operating revenues are provided below:

<i>OTHER OPERATING REVENUES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Capitalization of intangible fixed assets	2,734	2,320	414	18%
Public contributions on R&D costs	274	348	(74)	-21%
Public contributions on European projects	614	254	360	142%
Various public contributions	45	42	3	7%
Other revenues	120	106	14	13%
TOTAL	3,787	3,070	717	23%

During the year, the Group realised other operating revenues totalling Euro 3,787,000 compared to Euro 3,070,000 in the previous period, an increase of Euro 717,000.

In relation to contributions, see the specific paragraph on transparency of public disbursements.

22. Product cost (raw materials and external processing)

Product Cost includes the cost of producing or purchasing the products and goods sold. Accordingly, this item includes the cost of raw materials and external processing that participated directly or in an auxiliary mode to generate revenues from the sale of products or services. It should be noted that this item includes write-downs of inventories, while this item does not include provisions made to cover warranty costs for products sold, transport costs incurred for deliveries to customers, and sales commissions paid to distributors.

Details of product cost (raw materials and external processing) are provided below:

<i>PRODUCT COST (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Change in inventories of raw materials	(386)	(920)	534	58%
Purchase of raw materials	12,415	12,752	(337)	-3%
Purchase of semi-finished products and third party processing	6,216	5,526	690	12%
Cost of external personnel	2,211	671	1,540	230%
Packaging and various	109	28	81	289%
TOTAL	20,565	18,057	2,508	14%

Product cost as of 31 December 2023 was Euro 20,565 thousand, an increase of Euro 2,508 thousand compared to 31 December 2022; the main components include purchases for raw materials (Euro 12,415 thousand), for semi-finished products and processing by third parties (Euro 6,216 thousand) and external personnel costs (Euro 2,211 thousand).

23. Personnel costs

A breakdown of Personnel costs is provided below:

<i>PERSONNEL COSTS (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Directors' fees	503	501	2	0%
Accessory charges on directors' fees	88	112	(24)	-21%
Wages and salaries	11,932	9,951	1,981	20%
Social security charges	3,397	2,973	424	14%
Severance pay and pension funds	596	616	(20)	-3%
Other personnel costs	376	329	47	14%
TOTAL	16,892	14,482	2,410	17%

Personnel costs as at 31 December 2023 were EUR 16,892,000, an increase of EUR 2,410,000 compared to 31 December 2022. The dynamics of personnel costs are almost totally influenced by the different numbers at the two reference dates.

24. Other operating costs

A breakdown of Other Operating Costs is provided below:

<i>OTHER OPERATING COSTS (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Purchases of materials not related to production	407	321	86	27%
Transport and storage costs	349	298	51	17%
Assistance and maintenance	178	157	21	13%
Utilities	231	272	(41)	-15%
Insurance	258	225	33	15%
Business consulting and after-sales services	1,556	1,202	354	29%
Legal and administrative consulting	735	731	4	1%
Technical consultancy and R&D	143	356	(213)	-60%
Fees of corporate bodies	131	203	(72)	-35%
Trade fairs, advertising and entertainment expenses	698	636	62	10%
Cleaning and disinfection expenses	127	122	5	4%
Travel and personnel miscellaneous expenses	1,328	816	512	63%
Financial services fees	172	112	60	54%
Other costs for services	286	76	210	276%
Short-term rentals and leases	235	134	101	75%
Software license usage fees	233	116	117	101%
Provisions	473	83	390	470%
Donations	43	49	(6)	-12%
Miscellaneous taxes and duties	75	41	34	83%
Other costs	122	99	23	23%
TOTAL	7,780	6,049	1,731	29%

Other operating costs incurred by the Group during the year ended 31/12/2023 totalled Euro 7,780 thousand, up Euro 1,731 thousand from 31/12/2022.

The most significant increases concern:

- Commercial consultancy and after-sales services and personnel travel expenses increased by EUR 866,000 and were mainly due to the management of foreign activities on Group job orders;
- Provisions in the year include the assessment of losses on certain contracts in progress at the end of the year.

25. Amortization, depreciation & write-downs

A breakdown of the item "Amortization, depreciation and write-downs" is provided below:

<i>AMORTISATION, DEPRECIATION AND WRITE-DOWNS (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Amortization of intangible assets	967	546	421	77%
Depreciation of property, plant and equipment	1,797	1,557	240	15%
Write-downs of tangible and intangible assets	1	-	1	ND
Write-down of receivables	-	-	-	ND
TOTAL	2,765	2,103	662	31%

26. Non-recurring income and charges

A breakdown of the item Non-recurring income and expense is detailed below:

<i>NON-RECURRING INCOME AND EXPENSES</i> <i>(Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Non-recurring personnel-related charges	(445)	-	(445)	ND
TOTAL	(445)	-	(445)	ND

As part of the partial corporate reorganisation already described in the management report, the departure of a senior figure was agreed upon, which resulted in the recognition of a non-recurring charge.

27. Financial income and expenses

Financial management in 2023 resulted in an overall negative balance of EUR 1,471,000

This item is detailed in the table below:

<i>FINANCIAL MANAGEMENT (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Financial income	63	34	29	85%
Interest expense on loans and derivatives	(580)	(466)	(114)	24%
Interest expense on bonds	(131)	(10)	(121)	1210%
Interest expenses on advances and other bank accounts	(549)	(181)	(368)	203%
Interest expense IFRS 16	(88)	(103)	15	-15%
Interest expense IAS 19	(120)	(66)	(54)	82%
Other financial charges	(75)	(20)	(55)	275%
Net financial charges	(1,480)	(812)	(668)	82%
Net profit (loss) of foreign currency transactions	9	43	(34)	-79%
Total financial management	(1.471)	(769)	(702)	91%

The change in financial expenses on loans is almost entirely attributable to the dynamics of interest rates. With regard to interest expenses on bonds, it should be noted that since the Basket-Bond was issued on 30/12/2022, the past financial year was not affected by this type of expenditure.

The change in interest expenses on advances is due to the dynamics of interest rates and the increased use of short-term borrowing for working capital financing needs.

28. Income taxes

Income taxes for 2023 show a net balance of Euro 195,000, primarily due to the balance of current and deferred taxation.

<i>INCOME TAXES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
IRES	-	-	-	0%
IRAP	-	(66)	66	-100%
Deferred tax assets	191	(107)	298	279%
Deferred taxes	(1)	7	(8)	114%
Previous years' taxes	(2)	70	(72)	103%
Income from tax consolidation	8	-	8	ND
Payables for corporate income tax	(1)	(1)	-	0%
TOTAL	195	(97)	292	301%

Disclosure on transparency of public disbursements

Pursuant to article 1, paragraphs 125-129 of Law no. 124/2017 subsequently supplemented by the "Security" decree-law (no. 113/2018) and the "Simplification" decree-law (no. 135/2018), the following information is set out below regarding grants, contributions, paid assignments and in any case economic benefits of any kind provided to the Group in the 2023 financial year by public administrations and a series of entities assimilated to these with which they have economic relations.

The entities identified as the source of disbursements to be disclosed are:

- the public administrations and the entities referred to in article 2-bis of Legislative Decree no. 33 of 14 March 2013;
- the subsidiaries, de jure or de facto, directly or indirectly, by public administrations, including companies with shares listed on regulated markets and their subsidiaries;
- the publicly owned companies, including those issuing shares listed on regulated markets, and their subsidiaries.

The following table provides information on subsidies, grants, paid assignments and economic benefits of any kind pertaining to the financial year 2023, the beneficiary of which is the Parent Company itself for all amounts.

<i>PROVIDER</i>	<i>DESCRIPTION</i>	<i>AMOUNT RECEIVED/USED (Euro/000)</i>	<i>FUNDING AMOUNT (Euro/000)</i>
European Union - Universidad Politecnica Madrid	Public contributions on R&D costs	24	24
European Union - Piedmont Region	Public contributions on R&D costs	34	34
European Union	Public contributions on R&D costs	268	339
Ministry for Ecological Transition	Public contributions on R&D costs	-	57
EIT-European Institute of Innovation and Technology	Public contributions on R&D costs	99	159
Ministry of Economic Development	Tax credit on R&D costs	342	274
Ministry of Economic Development	Tax credit for capital goods	85	28
Ministry of Economic Development	Energy Tax Credit	32	18
TOTAL		884	933

For aid related to guarantees received on loans, reference is made to the National Register of State Aid.

Guarantees granted, commitments and contingent liabilities

With reference to guarantees given, at 31.12.2023 guarantees given by the Parent Company amounted to Euro 4,245 thousand and referred to guarantees in favour of commercial counterparties.

In addition, it should be noted that the Parent Company has issued a mortgage on the Samone production plant under completion, as security for the loan contract entered into with Intesa San Paolo S.p.A. for a total value of Euro 3,000,000.00.

Lastly, as a result of the preliminary purchase and sale agreement for the Parella headquarters signed in April 2023, it should be noted that, as already highlighted in the management report, following the renegotiation of the terms of the transaction, the Parent Company will finalise the purchase transaction with a payment of €3,000,000.00 and the assumption of a pre-existing loan up to a maximum of €440,000.00 by January 2026.

Il Gruppo OSAI, oltre alle passività probabili per le quali sono stati stanziati nei fondi rischi i relativi accantonamenti, non ha passività potenziali, così come descritte nello IAS 37, da menzionare.

Informativa su parti correlate

Le operazioni con parti correlate sono poste in essere nel rispetto della disposizione delle leggi vigenti, rientrano nella normale gestione dell'attività di impresa e sono regolate a prezzi di mercato. Per la definizione di parte correlata si fa riferimento ai Principi Contabili Internazionali adottati dall'Unione Europea (IAS 24). In conformità a quanto richiesto da tale principio ed alla procedura sulle parti correlate, vanno individuate quali parti correlate, oltre agli amministratori della Capogruppo anche i dirigenti con responsabilità strategiche.

Nell'anno appena trascorso, i componenti del Consiglio di Amministrazione e i dirigenti con responsabilità strategiche individuati quali parti correlate sono per la loro totalità soggetti operanti all'interno della Capogruppo.

Il Gruppo ha effettuato nel corso dell'esercizio 2023 le seguenti operazioni con parti correlate:

<i>PARTI CORRELATE (Euro/000)</i>	<i>Costi</i>	<i>Crediti</i>	<i>Debiti</i>
<i>CdA - Amministratori con deleghe e dirigenti con responsabilità strategiche</i>	1.488		518
<i>Collegio Sindacale</i>	52		

FATTI DI RILIEVO INTERVENUTI DOPO LA CHIUSURA DELL'ESERCIZIO

Non si rilevano fatti di rilievo intervenuti dopo la chiusura dell'esercizio 2023.



Chapter 8.

Annual Financial Statements of Osai Automation System S.p.A. SB as at 31/12/2023

Balance sheet - financial situation

<i>(Euro/000)</i>	Note	31 December 2023	31 December 2022
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	1	20,327	14,387
- Intangible Assets	2	7,262	5,304
- Shareholdings	3	1,033	1,033
- Non-current financial assets	4	1,075	629
- Other non-current receivables	5	531	679
- Deferred tax assets	6	768	564
TOTAL NON-CURRENT ASSETS		30,996	22,596
CURRENT ASSETS			
- Inventories	7	33,659	31,217
- Trade receivables	8	14,901	9,586
- Current taxes receivable	9	1,012	1,306
- Other current receivables	5	2,818	1,368
- Current financial assets	4	298	1,579
- Cash and cash equivalents	10	1,361	9,438
TOTAL CURRENT ASSETS		54,049	54,494
TOTAL ASSETS		85,045	77,090
LIABILITIES			
SHAREHOLDERS' EQUITY			
- Share capital	11	1,613	1,613
- Share premium reserve	11	8,681	8,677
- Legal Reserve	11	299	257
- FTA Reserve	11	(1,296)	(1,296)
- Other Components of Shareholders' Equity	11	218	223
- Retained earnings/(losses) carried forward	11	8,332	7,537
- Profit (loss) for the period	11	(6,137)	838
TOTAL SHAREHOLDERS' EQUITY		11,710	17,849
NON-CURRENT LIABILITIES			
- Long-term borrowings	12	14,526	15,015
- Employee benefits	13	3,467	3,212
- Other non-current payables	14	202	221
- Deferred tax liabilities	15	9	2
- Other non-current financial liabilities	16	3,955	4,932
- Non-current IFRS16 payables	17	1,660	3,645
TOTAL NON-CURRENT LIABILITIES		23,819	27,027
CURRENT LIABILITIES			
- Short-term borrowings	12	18,460	8,155
- Other current financial liabilities	16	979	(24)
- Trade payables	14	8,918	8,999
- Current taxes payable	18	431	386
- Other current payables	14	18,946	13,472
- Provisions for risks and charges	19	945	472
- Current IFRS16 payables	17	837	754
TOTAL CURRENT LIABILITIES		49,516	32,214
TOTAL LIABILITIES		85,045	77,090

Income Statement

<i>(Euro/000)</i>	Note	31 December 2023	31 December 2022
- Total sales	20	37,689	31,468
- Change in finished goods and W.I.P. stock	20	2,055	7,793
- Other operating revenues	21	3,783	3,067
VALUE OF PRODUCTION		43,527	42,328
- Product cost (raw materials and external processing)	22	(20,551)	(18,055)
Gross Margin		22,976	24,273
- Personnel costs	23	(16,619)	(14,219)
- Other operating costs	24	(7,996)	(6,248)
Gross operating margin (EBITDA)		(1,639)	3,806
- Write-downs, depreciation and amortization	25	(2,759)	(2,096)
Operating income of ordinary operations		(4,398)	1,710
- Non-recurring income/(charges)	26	(445)	-
Operating profit (EBIT)		(4,843)	1,710
- Financial Income/(Expenses)	27	(1,481)	(775)
Earnings before taxes (EBT)		(6,324)	935
- Income taxes	28	187	(97)
Net profit/(loss) for the period		(6,137)	838

Statement of Comprehensive Income for the period

<i>(Euro/000)</i>	Note	31 December 2023	31 December 2022
Net profit/(loss) for the period		(6,137)	838
Actuarial gains (losses) on defined benefit plans		(104)	601
Tax effect		29	(145)
Total other comprehensive income/(loss) not subsequently reclassified in the income statement, at net of the tax effect		(75)	456
Financial instruments measured at <i>fair value</i> FVOCI		91	(96)
Tax effect		(22)	23
Total other comprehensive income/(loss) subsequently reclassified in the income statement, at net of the tax effect		69	(73)
NET COMPREHENSIVE INCOME FOR THE PERIOD		(6,143)	1,221

Statement of changes in shareholders' equity

<i>STATEMENT OF CHANGES IN EQUITY</i> (Euro/000)	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	RESERVE FOR FOREIGN EXCHANGE GAINS	FTA RESERVE	OTHER RESERVES	PROFIT/(LOSS) CARRIED FORWARD	RESULT FOR THE PERIOD	SHAREHOLDERS' EQUITY
Balance as at 01/01/2022	1,599	8,428	213	-	(1,296)	(159)	6,703	878	16,366
Dividends paid out	-	-	-	-	-	-	-	-	-
Allocation of profit/(loss) for the previous period	-	-	44	-	-	-	834	(878)	-
Increase in share capital	14	267	-	-	-	-	-	-	281
Other transactions	-	(18)	-	-	-	(1)	-	-	(19)
Overall result for the period	-	-	-	-	-	383	-	838	1,221
Balance as at 31/12/2022	1,613	8,677	257	-	(1,296)	223	7,537	838	17,849
Dividends paid out	-	-	-	-	-	-	-	-	-
Allocation of profit/(loss) for the previous period	-	-	42	-	-	-	796	(838)	-
Increase in share capital	-	6	-	-	-	-	-	-	6
Other transactions	-	(2)	-	-	-	1	(1)	-	(2)
Overall result for the period	-	-	-	-	-	(6)	-	(6,137)	(6,143)
Balance as at 31/12/2023	1,613	8,681	299	-	(1,296)	218	8,332	(6,137)	11,710

Cash flow statement

<i>(Euro/000)</i>	31 December 2023	31 December 2022
Net profit/(loss)	(6,137)	838
Adjustments (sub-total)	(156)	(3,749)
Amortization, depreciation and write-downs of fixed assets	2,759	2,096
(gains) losses on disposal of fixed assets	(24)	(6)
Value adjustments to equity investments	-	-
Other adjustments for non-monetary items	(2)	3
Change in tax assets/liabilities for prepaid/deferred taxes	(197)	244
Changes in personnel-related provisions	180	189
Change in other provisions for risks and write-downs	525	(13)
Changes in inventories	(2,493)	(8,651)
Change in trade receivables	(5,315)	1,875
Changes in trade payables and advances	5,328	1,170
Net change in other non-financial assets/liabilities	(917)	(656)
Cash flow from operations (A)	(6,293)	(2,911)
Cash Flow from investment activities		
- Investments in:		
Tangible assets	(8,987)	(2,684)
Intangible fixed assets	(2,925)	(2,467)
Investments	-	(100)
- Realization from the sale of:		
Tangible assets	24	7
Intangible fixed assets	-	-
Investments	-	-
Cash flow from investment management (B)	(11,888)	(5,244)
Cash Flow from financing activities		
Changes in receivables and other financial assets	905	(810)
Changes in payables and other financial liabilities	(620)	3,741
Changes in short-term payables to banks	10,502	(401)
Loan repayments	(4,250)	(2,481)
Financing	3,564	8,241
Flow from banking and financing activities	10,101	8,290
Capital increase and share premium	4	263
Dividends paid	-	-
Change in reserves and other shareholders' equity components	(1)	-
Flow on Capital	3	263
Financial management flow (C)	10,104	8,553
Total cash flow (D=A+B+C)	(8,077)	398
Cash and cash equivalents at beginning of period (E)	9,438	9,040
Cash and cash equivalents at end of period (F=D+E)	1,361	9,438

Additional disclosures for the Statement of Cash Flows

(Euro/000)

Income taxes paid	45	-
Interest paid	1,147	732



Chapter 9.

Description of accounting principles

Osai Automation System S.p.A. SB (hereinafter referred to as the 'Company' or 'Osai') is a joint-stock company under Italian law with its registered office in Turin - Via Sondrio, 13 operating in the industrial process automation sector.

Osai Automation System S.p.A. SB as parent company also prepared the consolidated financial statements of the Osai Group as at 31 December 2023.

The duration of OSAI is set, according to the Bylaws, until December 31, 2040.

The financial statements for the year ended 31 December 2023 are audited by BDO Italia S.p.A. and will be submitted to the shareholders' meeting.

Basis for the preparation of the financial statements

The financial statements for the year 2023 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the *International Accounting Standards Board* ("IASB") and approved by the European Union, as well as the measures issued in implementation of Art. 9 of Legislative Decree No. 38/2005:

The designation IFRS also includes all valid International Accounting Standards ("IAS"), as well as all interpretations of the *International Financial Reporting Interpretations Committee* ("IFRIC"), formerly the *Standing Interpretations Committee* ("SIC").

The financial statements are prepared on the basis of the historical cost principle, with the exception of financial instruments, which are measured at *fair value*. The Company has applied accounting policies consistent with those of the prior year.

Business continuity

The annual financial statements have been prepared on a going concern basis, as the Company has assessed that there are no material uncertainties (as defined in IAS 1 §25 and 26) regarding its ability to continue as a going concern supported by the following:

- good prospects for order intake in the financial year following the year to which these financial statements refer, assessed on the basis of the commercial *pipeline*;
- reasonable certainty of meeting the obligations envisaged over the next 12 months, also taking into account the renegotiations carried out with reference to the real estate investments, as well as the ongoing negotiations for the renegotiation of the financial parameters associated with the non-convertible bond (so-called *basket bond*);
- on the basis of the budget and strategic plan approved by the Board of Directors, availability of sufficient cash and credit lines for operational cash requirements.

In particular, the Company approved a five-year strategic plan to provide itself with a long-term perspective and clear and measurable objectives in terms of balancing the production mix, which will be periodically monitored, improving profitability and reducing costs. In particular, the Company believes that it can aim for an EBITDA return in line with the average profitability of the sector and a substantially unchanged net financial debt.

As of today, the Company has already launched a number of incisive and immediate initiatives, such as, for example:

- a reinforcement of the *Proposa*/function in charge of the advance planning/cost-forecasting for the drafting of the offer in order to preliminarily identify the most appropriate technological solution, to improve the marginality of the commercial offer and to avoid material variations in costs and time during the realisation of the orders;
- a reorganisation of the *Operations* function to focus on the execution phase of production, improving delivery times and compliance with budgeted costs;
- the implementation of new control systems (in already existing functions, or in new functions) with the aim of improving the definition of the financial profiles of the orders both in the preventive phase and during the life of the orders and to monitor any deviations from the predefined KPIs in a preventive manner;
- a strengthening of commercial efforts in line with the new corporate strategies, in order to increase sales by enhancing the products already developed in previous years;
- a balanced and sustainable development of new products to maintain the position in the relevant markets;
- limitation, in line with the industrial plan, of new hires with limited use of external resources where strictly necessary.

Risks and uncertainties related to the *business* are described in the relevant section of the Management Report.

Financial Statement Schedules

In relation to the financial statements, the Company has elected to use the schedules described below:

- a) With regard to the Statement of Financial Position, the format that presents assets and liabilities with a distinction between 'current' has been adopted;
- b) as regards the Income Statement, the format that provides for a breakdown of costs by type was adopted, highlighting the interim results relating to the Gross Margin, Gross Operating Margin (EBITDA), operating income (EBIT) and income before tax (EBT).
- c) The Statement of Comprehensive Income shows the profit or loss plus income and expenses that, by express provision of IFRS, are not recognised in the income statement;
- d) with regard to the Cash Flow Statement, the so-called "indirect" method was applied, in which the net cash flow from operating activities is determined by adjusting the profit and loss for the effects:
 - non-monetary items such as amortization and write-downs;
 - changes in inventories, receivables and payables generated by operating activities;
 - other items whose cash flows are generated by investing and financing activities.

Conversion of entries in foreign currency

The financial statements have been drawn up in euro, which is the functional and presentation currency. All values are rounded to the nearest thousand.

Transactions in currency other than the euro are recorded, initially, at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the euro are translated into euros using the exchange rate in force on the balance sheet date. All exchange rate differences are recorded in the income statement, unless accounting standards provide for their revaluation in equity.

Valuation Criteria

Property, plant and equipment

All categories of property, plant and equipment, including investment property, are recorded at historical cost less depreciation and "*impairment*", with the exception of land, which is recorded at historical cost less any *impairment*. Cost includes all expenses directly attributable to the purchase. Costs incurred after the purchase of the asset are posted as an increase to their historical value or entered separately, only if it is probable that they will generate future economic benefits and their cost can be reliably measured.

Borrowing costs directly attributable to the acquisition, construction or production of property, plant and equipment are capitalised in accordance with the requirements of IAS 23, where such costs would not have been incurred, had the expenditure for that asset not been incurred.

The depreciation of items recognised under this heading is calculated using the straight-line method, so as to distribute the residual book value over the estimated economic-technical life as follows:

- land: not depreciated
- Machinery: 6.5-15 years
- Photovoltaic system: 11-12 years
- Industrial and commercial equipment: 4 years
- Equipment consisting of lightweight constructions 10 years
- Furniture and fittings: 8-9 years
- Electronic office equipment: 5 years
- Vehicles: 4-5 years.

Extraordinary maintenance capitalized as an increase to an existing asset is depreciated over the residual useful life of that asset, or over the period until the next maintenance operation, whichever is shorter.

The residual value and useful life of these items are reviewed, and changed if necessary, at the balance sheet date.

Capital gains and losses on disposals are recognised in the profit and loss account and are determined by comparing their book value with the sales price.

Finance and/or operating leases that grant a right to the exclusive use of an identified or identifiable asset, conferring the substantial right to obtain all economic benefits arising from its use for a specified period of time in exchange for consideration, fall within the scope of IFRS 16.

These contracts are recorded by entering a "right of use" under assets in the statement of financial position and a liability represented by the present value of the payments due for the lease. The "right of use" is amortized on a straight-line basis over the duration of the lease agreement, or the related economic-technical useful life, if shorter.

On the effective date of the lease, defined as the date on which the lessor makes the underlying asset available to the lessee, the carrying value of the "right of use" includes:

- the amount of the initial valuation of the lease liability;
- payments due on the lease made on or before the effective date;
- any initial direct costs;

- any estimated and discounted costs to be incurred at the time of abandonment of the facilities, recorded as an offsetting entry to a specific liability provision in the presence of obligations to dismantle, remove assets and restore sites.

The amount of the initial measurement of the lease liability includes the following components:

- fixed fees;
- variable payments that depend on an index or rate;
- the exercise price of the call option if there is a reasonable certainty of exercising it;
- any lease termination penalty payments, if the lease term takes into account the exercise of the lease termination option.

This accounting method includes the following categories of assets subject to lease agreements:

- real estate
- cars
- office equipment.

The Company avails itself of the option granted by IFRS 16 - Leasing to recognize as an accrual-based cost, the rentals related to leasing contracts i) of short duration (i.e. less than 12 months), ii) concerning assets of low value (i.e. less than EUR 5,000, when new).

The lease liability is recognized on the effective date of the contract and is equal to the present value of the lease payments.

The present value of the lease payments is computed using either the lease's implicit interest rate or the lessee's marginal financing rate if the former is not readily available. The marginal borrowing rate is equivalent to the interest rate the lessee would have to pay for a loan with similar term and collateral needed to obtain an asset of similar value to the "right-of-use" asset in a similar economic environment.

After the start date, the lease liability is measured by applying the amortized cost criterion. Subsequently, it can be restated (i.e. the cash flows of the lease change as a result of the original contractual terms) or modified (i.e. changes in the subject or in the consideration not provided for in the original contractual terms) with adjustments to the "right of use".

Intangible fixed assets

With a defined useful life

Patents

Industrial patents and intellectual property rights are amortized on the basis of their presumed period of use, which may not in any case exceed the period fixed by the license agreements.

Software

Software licenses are capitalized at the cost incurred to obtain them and put them to use, and amortized over their estimated useful lives.

Costs associated with the development and maintenance of software programs are considered costs for the period and therefore charged to the income statement on an accrual basis.

Research and development costs

Research costs are recognized in the income statement when incurred.

Development costs incurred in connection with a particular project are capitalized if the following conditions are met:

- costs can be reliably determined;
- the technical feasibility of the projects, the expected volumes and prices indicate that the costs incurred in the development phase will generate future economic benefits;
- the Company intends and has sufficient resources to complete and use or sell the business.

Development costs charged to the profit and loss account during previous years are not capitalized retrospectively if the requirements are met at a later date.

Development costs with a defined useful life are amortized from the date the product is placed on the market, based on the period over which it is expected to produce economic benefits. Development costs that do not have these characteristics are charged to the income statement for the period in which they are incurred.

Other intangible assets

Other separately acquired intangible assets are capitalized at cost.

After initial recognition, intangible assets with a finite useful life are recorded at cost, reduced for amortisation and '*impairment*'; intangible assets with an indefinite useful life, at cost reduced for '*impairment*' only.

The estimated useful lives for the current and comparative years are as follows:

- Development costs: 5-10 years;
- Software: 3 years;
- Patents: 5 years.

Intangible assets are tested for '*impairment*' and whenever there are reasons to do so; this analysis may be conducted at the level of an individual intangible asset or cash-generating unit.

Equity investments in subsidiary companies

In the financial statements of Osai A.S. S.p.A. SB investments in subsidiaries, are recorded at cost, including directly attributable ancillary expenses, adjusted for impairment losses.

In the presence of objective evidence of impairment, the book value of the equity investment must be compared with its recoverable value, represented by the greater of *fair value* less costs to sell and value in use, determined by discounting the expected cash flows from the investee at the weighted average cost of capital, net of financial debt.

If there is evidence that these investments have suffered a loss in value, this is recorded in the income statement as a write-down. When the reasons for the write-downs cease to exist, the value of the equity investment is restored within the limits of the original cost, with the effect charged to the income statement.

If the parent company's share of the investee company's losses, if any, exceeds the book value of the equity investment, the value is reduced to zero; the share of further losses is recorded as a provision under liabilities only if the parent company is committed to fulfilling legal, contractual or implicit obligations towards the investee company, or in any case to covering its losses.

Investments in other companies

Investments in other companies in which the Company does not exercise control, significant influence or joint control are initially recorded at their purchase cost including transition costs. Their value is periodically subject to an impairment procedure to compare the recoverable value with the related book value annually and whenever there is an indication of impairment.

Impairment of Assets

The Management periodically revises the accounting value of non-current assets held and used and of assets that are to be sold, when facts and circumstances require this revision. The analysis of the recoverability of the book value of non-current assets is generally carried out using estimates of the expected cash flows from the use or sale of the asset and appropriate discount rates to calculate the present value. When the carrying amount of a non-current asset is impaired, the Company recognizes an impairment charge equal to the excess between the carrying amount of the asset and its recoverable amount through use or sale, determined by reference to the cash flows inherent in the most recent business plans.

The estimates and assumptions used in this analysis reflect the state of the Company's management's knowledge of business developments and take into account forecasts believed to be reasonable about future market and industry developments. It cannot be ruled out that different developments in the markets and sectors in which the Company operates could lead to values that differ from the original estimates and, where necessary, to adjustments in the book value of certain non-current assets.

Financial instruments

Introduction

Financial instruments held by the Company are classified in the financial statement line items described below.

The item Equity Investments includes equity investments in subsidiaries and other companies.

Other non-current receivables include medium/long-term receivables and security deposits.

Other non-current financial assets include securities and assets held by the company other than equity investments.

Current financial assets include trade receivables, other receivables and other current financial assets, as well as cash and cash equivalents.

In particular, the item cash and cash equivalents includes cash, immediately available bank deposits and other liquid investments due within three months.

Financial liabilities refer to financial payables, including payables for advances on orders, assignment of receivables, and other financial liabilities to trade and other payables.

IFRS 9 identifies the following categories of financial assets, whose classification is the result of an assessment that depends on both the following aspects: a) the business model adopted in the management of financial assets, and b) the characteristics of the contractual cash flows generated by them:

- Financial assets valued at amortized cost (AC): these assets fall under a business model of the type *hold to collect* and generate contractual cash flows that are in the nature of capital and interest.
- Financial assets measured at *fair value* with changes in *fair value* recognised in the statement of comprehensive income (FVOCI): these assets are part of a *hold-to-collect* and sell business model and generate contractual cash flows that are principal and interest.
- Financial assets measured at fair value with changes in *fair value* posted to the income statement (FVPL): this category is residual and includes all financial assets other than those measured at amortized cost and at *fair value* with changes in *fair value* posted to the comprehensive income statement, including minority interests, as well as financial assets that do not pass the SPPI test, including non-hedging derivatives and equity investments other than those measured using the equity method.
- Any non-controlling interests irrevocably elected upon initial recognition as FVOCI-type financial instruments without "*recycling*". In the context of this option, contrary to what is generally the case in the FVOCI category: 1) gains and losses recognized in OCI are not subsequently transferred to the income statement, although the cumulative gain or loss may be transferred within equity; 2) equity instruments categorized at FVOCI under this option are not subject to impairment accounting; 3) dividends are still recognized in the income statement unless they clearly represent a recovery of part of the cost of the investment.

Derivative financial instruments, including hedge accounting

As of 31/12/2023, the Company had no derivative financial instruments outstanding.

Financial liabilities

Financial liabilities include financial payables, as well as other financial liabilities, including derivative financial instruments and liabilities for assets recorded as part of finance leases.

Financial liabilities are classified into the following two categories in accordance with IFRS 9:

- a) financial liabilities valued at amortized cost using the effective interest rate (AC) method;
- b) financial liabilities measured at *fair value* with changes in *fair value* recognised in the income statement (FVPL), which in turn are classified into the two sub-categories *Held for Trading* and *FVPL at inception*.

Currently, all of the company's financial liabilities fall into the first category.

Loans

Loans are initially recorded in the financial statements at *fair value*, net of any ancillary charges. After initial recognition they are accounted for on the basis of the amortized cost criterion. Any difference between the amount collected, at net of any ancillary charges, and the redemption value is posted to the income statement on an accruals basis in accordance with the effective interest rate method. Loans are recorded under current or non-current liabilities depending on the maturity of the related cash flows.

Inventories

Inventories are recorded at the lower of purchase cost, including all directly attributable ancillary costs and charges and indirect costs of internal production, and estimated realizable value based on market trends.

In particular:

- Inventory represented by raw materials is measured using the weighted average cost method.
- Inventory of semi-finished goods and work in progress, consisting primarily of machinery and equipment under construction and awaiting order at the reporting date, is measured at actual cost at the reporting date.
- Finished goods and merchandise (machinery and equipment finished in inventory at the close of the fiscal year) are valued at cost of production.

These cost configurations do not include finance charges.

Contract work in progress (for which there is an order in progress at the close of the financial year), relating to machinery for sale, under construction at the close of the financial year, has been quantified by adopting the percentage of completion criterion. The valuation of these items is therefore carried out to the extent of the revenue accrued at the end of each financial year, determined by reference to the stage of progress of the work, determined using the incurred cost method.

In the event that there is a probability that the costs of a construction contract exceed the revenues, the expected loss is immediately recognised as an expense.

Any advances from customers are recorded under other current payables until the related revenue is recognized.

Provisions are calculated for materials, finished products, spare parts and other supplies considered obsolete or slow-moving, taking into account their expected future use and realizable value.

Trade receivables and other receivables

Trade receivables are initially recorded at *fair value* corresponding to the nominal value and subsequently reduced for any impairment losses.

The impairment of receivables is based on the expected loss model provided for by IFRS 9. In particular, the impairment of trade receivables is carried out by adopting a simplified approach, which involves estimating the expected loss throughout the life of the receivable.

The estimate is made by means of a precise assessment of collectability on the individual receivable.

Trade receivables whose due date falls outside normal commercial terms and which do not bear interest are discounted.

Receivables sold in factoring transactions are derecognized, if and only if, the risks and rewards relating to ownership have been substantially transferred to the buyer. Receivables sold with recourse and without recourse that do not satisfy this condition remain in the company's financial statements, even if they have been legally sold; in such cases, a liability for the same amount is recognized for advances received.

Cash and cash equivalents

Include cash, deposits with banks or other lending institutions available for current transactions, post office accounts, and other cash equivalents. Cash and cash equivalents are entered at *fair value*, which normally coincides with the nominal value.

Share Capital and Reserves

Common shares are classified in equity.

Incidental charges directly related to equity issues or options are recognized in assets as a deduction from amounts received.

Employee benefits

Post-employment benefits may be offered to employees through defined contribution and/or defined benefit plans. Those benefits are generally based on individual compensation and years of service.

Defined contribution plans are post-employment benefit plans under which the Company and sometimes its employees make predetermined contributions to a separate entity (a fund) and the Company does not and will not have a legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to meet its obligations to employees.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined benefit plans may be unfunded or fully or partially funded by contributions made by the enterprise, and sometimes its employees, to a company or fund, legally separate from the enterprise that provides them to employees.

The accrued amount is projected into the future to estimate the amount to be paid upon termination of employment and subsequently discounted to take into account the time elapsed before actual payment.

Adjustments to liabilities relating to employee benefits are determined on the basis of actuarial assumptions, based on demographic and financial assumptions, and are recorded on an accruals basis in line with the work needed to obtain the benefit. The amount of the rights accrued during the year by employees and the portion of interest on the amounts set aside at the beginning of the period and on the corresponding transactions during the same period are recorded in the income statement under "Personnel costs", whilst the financial expense deriving from actuarial calculations is recorded in the comprehensive income statement under "Profit/(Loss) from revaluation of defined benefit plans", the interest component is recorded in the income statement under "Financial income/(expense)".

The actuarial valuation is performed by an actuary external to the Company.

Following the changes made to the rules for the Severance Indemnity Fund ("T.F.R.") by Law no. 296 of 27 December 2006, and subsequent Decrees and Regulations ("Pension Reform") issued in early 2007:

- the Severance Indemnity accrued at 31 December 2006 is considered a defined benefit plan under IAS 19. Guaranteed employee benefits, in the form of severance pay, paid out on termination of employment, are recognized during the period in which entitlement accrues;
- the Employee Severance Indemnity accrued after 1 January 2007 is considered a defined contribution plan. Consequently, the contributions accrued during the period have been entirely recorded as a cost and, for the portion not yet paid to the funds, reported as a liability in the item "Other current liabilities".

Provisions for risks and charges

Allocations to provisions for risks and charges are made when:

- a legal or constructive obligation arises for the Company as a result of past events; an outlay of resources to satisfy the obligation is probable;
- the amount of the obligation can be reliably estimated.

Provisions are recorded by discounting to present value the best estimates made by the directors to identify the amount of costs the Company must incur, as of the financial statements date, to settle the obligation.

Revenue recognition

Revenues are shown net of VAT, returns and discounts and are posted according to the rules described below.

The Company recognizes revenue in accordance with IFRS 15 - Revenue from Contracts with Customers, which introduced a comprehensive framework for revenue recognition and measurement aimed at faithfully representing the process of transferring goods and services to customers at an amount that reflects the consideration expected to be received in exchange for the goods and services provided.

This principle is applied using a model consisting of the following five basic steps:

1. Identification of the contract with the customer: this occurs when the parties approve the contract, which has commercial substance, and identify their respective rights and obligations. The contract must be legally binding, identify the right to receive goods and/or services, the consideration, and the payment terms;
2. Identification of the contractual obligations (*performance obligations*) contained therein, i.e. promises to transfer distinct goods and services.
3. Determination of the transaction price: this is the total amount contracted with the counterparty over the duration of the contract.
4. Price allocation to the different contractual obligations in proportion to their respective stand-alone *selling* prices determined on the basis of list prices.
5. Revenue recognition upon fulfilment of contractual obligations.

Revenues relating to the sales of goods are recognized when control of the same is transferred to the customer, i.e. when the significant risks and rewards of ownership are transferred.

When the revenue relates to contracts with customers that provide for the installation of the asset sold and the warranty on it for a certain period of time, the revenue is recorded at the time of installation since the latter is strongly linked to the asset and, consequently, falls under the same *service obligation*.

The Company identifies the extension of warranty with respect to normal market conditions as a *performance obligation* to be accounted for separately.

Revenues for services are accounted for on the basis of the stage of completion in the year in which they are rendered.

Public contributions

Public grants are recorded in the financial statements at their *fair value*, only if there is reasonable certainty that they will be granted and the Company has met all the requirements to obtain them. Revenues from public grants are recognized in the income statement based on the costs for which they were granted.

Dividends

Dividends received by investee companies are recognized in the income statement in the period in which the right to receive them is established.

Financial income and expenses

Interest income and expense are recognized in net income/(loss) for the year on an accrual basis using the effective interest method.

The "effective interest rate" corresponds to the rate that exactly discounts estimated future payments or receipts over the expected life of the financial asset: - to the gross book value of the financial asset; or - to the amortized cost of the financial liability. When calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not impaired) or the amortized cost of the liability. However, in the case of financial assets that have deteriorated after initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset ceases to be impaired, interest income reverts to a gross basis.

Current and deferred taxes

Income tax expense for the year is determined on the basis of current legislation and the rates applicable at the financial statements date. Income taxes are recognized in the income statement.

Deferred tax liabilities and deferred tax assets are calculated on all temporary differences between the fiscal value and the book value of assets and liabilities in the financial statements.

Deferred taxes are computed using tax rates and laws that have been enacted as of the balance sheet date, or substantially enacted, and that are expected to apply upon the reversal of the temporary differences giving rise to the recognition of deferred taxes.

Deferred tax assets on tax losses, as well as on temporary differences, are recorded in the financial statements only if it is probable that, at the time of the reversal of the temporary differences, there will be sufficient taxable income to offset them. Deferred tax assets are reviewed at the end of each financial year and, if necessary, reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to allow all or part of this credit to be utilized.

The estimate of *fair value*

The *fair value* of financial instruments listed on an active market is determined on the basis of market prices at the reporting date. The reference market price for financial assets held is the current sale price (purchase price for financial liabilities).

The *fair value* of financial instruments that are not traded on an active market is determined using various valuation techniques and assumptions based on market conditions at the reporting date. For medium- and long-term liabilities, prices of similar listed financial instruments are compared; for other categories of financial instruments, cash flows are discounted.

Discretionary valuations and significant accounting estimates

The preparation of financial statements requires management to make a number of subjective assumptions and estimates based on past experience.

The application of these estimates and assumptions influences the amount of assets and liabilities recorded in the balance sheet, as well as the costs and income recorded in the income statement. Actual results may differ even significantly from the estimates made, given the natural uncertainty surrounding the assumptions and conditions on which the estimates are based.

In particular, taking into account the uncertainty that remains in some markets and in the economic and financial context in which the Company operates, it cannot exclude the possibility that, in the next financial year, results may differ from estimates and that, therefore, adjustments, even significant, may be required to the book value of the relevant items. The financial statement items primarily affected by these uncertainties are:

Development costs that meet the requirements for their capitalization are recorded under Intangible Assets. The average life of research and development projects is estimated to be 5-10 to 10 years, which represents the average period over which the products are estimated to generate cash flows for the Company.

Provisions for bad debts: provisions for bad debts are determined on the basis of an analysis of individual credit positions and in the light of past experience in terms of debt collection and relations with individual customers. In the event of a sudden deterioration of the economic-financial conditions of an important customer, this could result in the need to adjust the provision for bad debts, with the consequent negative impact on the economic result.

In order to determine inventory write-downs, the Company makes a series of estimates regarding the future requirements of the various types of products and materials held in inventory, based on its production plans and past experience of customer demand. If these estimates do not prove to be appropriate, this will result in an adjustment to the obsolescence reserves, with the associated impact on the income statement.

Changes in accounting principles

The same accounting principles and policies have been applied in the preparation of these annual financial statements as were adapted in the preparation of the last annual financial statements, to which reference is made for a detailed explanation, with the exception of the following with regard to amendments and interpretations to the accounting principles applicable with effect from 1 January 2023, which, however, did not have a significant impact on the annual financial statements.

Accounting standards, amendments and interpretations applied as of 1 January 2023:

Reference Accounting Standard	Effective date
<i>Amendments to IAS 1 "Disclosure of accounting policies"</i>	January 1, 2023
<i>Amendments to IAS 1 "Presentation of Financial Statements and IFRS practice statement 2"</i>	January 1, 2023
<i>Amendments to IAS 8 "Definition of Accounting Estimates"</i>	January 1, 2023
<i>Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities arising from Single Transaction".</i>	January 1, 2023
<i>IRFS 17 'Insurance Contracts ' and Amendements to IRFS 17 'Insurance contracts Application of IFRS 17 and IFRS 9 - Comparative Information'.</i>	January 1, 2023

Accounting standards amendments to IFRS and IFRIC interpretations that have been published but not yet adopted in advance, for which the assessment of any fact is in progress:

Reference Accounting Standard	Effective date
<i>Amendments to IFRS 16 'Leases: Lease Liability and leaseback'</i>	1 January 2024
<i>Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as Current or Non-current' and 'Amendments to IAS 1 Presentation of Financial Statements Non-Current Liabilities with Covenants'.</i>	1 January 2024

Chapter 10.

Notes to the Financial Statements as at 31.12.2023

Chapter 10. Notes to the Financial Statements as at 31/12/2023

The figures shown in the notes are expressed in thousands of euro.

Balance sheet - financial situation

1. Property, plant and equipment

Property, plant and equipment as at 31/12/2023 totalled Euro 20,327,000, up Euro 5,940 from 31/12/2022.

See the table below for more detail.

<i>PROPERTY PLANT AND EQUIPEMENT (Euro/000)</i>	LAND AND BUILDINGS	PLANTS AND EQUIPMENT	IND. AND COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL
Net value as of 31/12/2021	3,518	5,252	194	1,157	1,470	11,591
<i>Of which rights of use IFRS16</i>	<i>3,230</i>	<i>-</i>	<i>-</i>	<i>940</i>	<i>-</i>	<i>4,170</i>
2022 Financial Year:						
Increases	3,270	11	92	679	2,269	6,321
Decreases/Disposals	(1,903)	-	-	(72)	-	(1,975)
Reclassifications	-	1,470	-	-	(1,470)	-
Amortization, depreciation & write-downs	(398)	(484)	(77)	(591)	-	(1,550)
Rounding	-	-	-	-	-	-
Net value as at 31/12/2022	4,487	6,249	209	1,173	2,269	14,387
2023 Financial Year:						
Increases	1,605	8	190	901	8,080	10,784
Decreases/Disposals	(2,947)	-	-	(106)	-	(3,053)
Reclassifications	56	-	-	-	(56)	-
Amortization, depreciation & write-downs	(443)	(584)	(106)	(660)	-	(1,793)
Rounding	-	2	-	-	-	2
Net value as of 31/12/2023	2,758	5,675	293	1,308	10,293	20,327
<i>Of which rights of use IFRS16:</i>						
<i>Net value as at 31/12/2022</i>	<i>4,148</i>	<i>-</i>	<i>-</i>	<i>887</i>	<i>-</i>	<i>5,029</i>
<i>Increases</i>	<i>1,127</i>	<i>-</i>	<i>-</i>	<i>675</i>	<i>-</i>	<i>1,802</i>
<i>Decreases/Disposals</i>	<i>(2,947)</i>	<i>-</i>	<i>-</i>	<i>(106)</i>	<i>-</i>	<i>(3,053)</i>
<i>Reclassifications</i>	<i>56</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>56</i>
<i>Amortization, depreciation & write-downs</i>	<i>(443)</i>	<i>-</i>	<i>-</i>	<i>(563)</i>	<i>-</i>	<i>(1,006)</i>
<i>Rounding</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Total rights of use as at 31/12/2023	1,941	-	-	887	-	2,828

The item Land and Buildings, which amounted to €2,758,000, decreased by €1,729,000 and included:

- Land purchased during the last financial years for a total value of EUR 817,000. This item increased in 2023 due to a new purchase worth EUR 478,000;
- Rights of use on leased instrumental buildings, deriving from the application of IFRS16 for 1,941,000 euros. This item decreased by €2,207,000.00 in absolute terms during the year, mainly due to the effect of the change in the right of use on the Parella (TO) production site, following the signing of the preliminary purchase agreement for the same, which took place on 28/04/2023 and which envisages the finalisation of the transaction, with the payment of €3,000,000.00 and the assumption of a pre-existing loan up to a maximum of €440,000.00 by January 2026. This change significantly reduced the duration of the right of use.

The item Plant and Machinery of €5,675,000 decreased by a total of €574,000, mainly due to depreciation for the year.

The item Industrial and Commercial Equipment of Euro 293 thousand increased by a total of Euro 84 thousand.

The item Other Assets, amounting to EUR 1,308,000, increased by a total of EUR 135,000 due to purchases and depreciation for the year. It should be noted that this item includes rights of use for electronic office equipment and vehicles on hire for EUR 887,000.

Assets under construction of Euro 10,293 thousand increased by Euro 8,024 thousand as a result of expenses incurred for the construction of the new Samone warehouse in the amount of Euro 5,569 thousand (of which capitalised financial expenses of Euro 539 thousand). In addition, a preliminary purchase agreement was signed in 2023 for the purchase of the Parella headquarters, against which €2,506,000 was recognised in the item. Renovation costs of EUR 56,000 for the premises in Colletterto Giacosa were reclassified under 'buildings'.

The realisation of the assets has not yet been completed as at 31 December 2023.

2. Intangible fixed assets

Intangible fixed assets as at 31/12/2023 were Euro 7,262 thousand, an increase of Euro 1,958 thousand compared to 31/12/2022.

See the table below for more detail.

<i>INTANGIBLE FIXED ASSETS (Euro/000)</i>	SOFTWARE	DEVELOPMENT COSTS	PATENTS	ASSETS UNDER CONSTRUCTION	TOTAL
Net value as of 31/12/2021	146	1,302	11	1,925	3,384
2022 Financial Year:					
Increases	147	-	-	2,320	2,467
Amortisation	(88)	(455)	(3)	-	(546)
Impairment and write-downs	-	-	-	-	-
Reclassifications	-	2,084	-	(2,084)	-
Rounding	-	-	-	(1)	(1)
Net value as at 31/12/2022	205	2,931	8	2,160	5,304
2023 Financial Year:					
Increases	191	-	-	2,734	2,925
Amortisation	(127)	(836)	(4)	-	(967)
Impairment and write-downs	-	-	-	-	-
Reclassifications	-	1,752	-	(1,752)	-
Rounding	-	-	-	-	-
Net value as of 31/12/2023	269	3,847	4	3,142	7,262

As reflected in the changes during the period, most of the increases in 2023, relate to assets under construction and development costs.

Capitalised development costs amounted to €3,847,000 at year-end, increased by a total of €916,000 and were entirely related to expenses incurred for the development of completed application technologies related to machinery. Technological development should be considered essential and inherent to the company's activities. During 2023, projects that had previously been recorded as assets under construction were completed in the amount of EUR 1,752,000.

Intangible fixed assets in progress refer entirely to capitalized development costs for projects still in progress at the end of the period.

Development costs have been capitalized if the conditions provided for in IAS 38 are met. The technical feasibility and generation of probable future economic benefits have been verified for all capitalized new project development activities. Costs capitalized on development projects are monitored individually and are measured by the economic benefits expected to be derived from their operation. Costs capitalized on projects for which the technical feasibility is uncertain or no longer strategic are charged to the income statement. The rate used in the valuation of in-house development hours reflects the industrial hourly cost of dedicated staff.

Costs capitalised and recorded under the item 'development costs' are related to specific well-defined, identifiable and measurable products, processes and/or projects, the recoverability of which is in all cases guaranteed by adequate revenue prospects, analysed in detail.

Software, which amounted to EUR 269,000, increased by EUR 64,000 during the year.

Patent rights include costs for the registration of patents and, at the end of the year, amounted to EUR 4,000.

3. Investments

Equity investments (in subsidiaries and other companies) as of 31/12/2023 were EUR 1,033,000, unchanged from 31/12/2022.

Equity investments in subsidiary companies

Investments in subsidiaries as of 31/12/2023 amounted to €907,000, unchanged from 31/12/2022, and are detailed in the following table:

<i>INVESTMENTS IN SUBSIDIARIES (Euro/000)</i>	Osai A.S. Gmbh - Germany	Osai A.S. Dalian Co - China	Osai A.S. USA Ltd - USA	Osai G.T. S.r.l. - ITA
Net value as of 31/12/2021	350	222	235	-
Increases	-	-	-	100
Divestments	-	-	-	-
Write-downs	-	-	-	-
Net value as at 31/12/2022	350	222	235	100
Increases	-	-	-	-
Divestments	-	-	-	-
Write-downs	-	-	-	-
Net value as of 31/12/2023	350	222	235	100

The breakdown of the cost of equity investments, compared with the pro-rata share of shareholders' equity resulting from the financial statements of the companies prepared in accordance with IAS/IFRS, is as follows:

<i>INVESTMENTS IN SUBSIDIARIES (Euro/000)</i>	Net value as of 31/12/2023	NE at 31/12/2023	Share of ownership	NE pro-quota	Difference
Osai A.S. Gmbh - Germany	350	(16)	100%	(16)	(366)
Osai A.S. Dalian Co - China	222	270	100%	270	48
Osai A.S. USA Ltd - USA	235	238	100%	238	3
Osai G.T. S.r.l. - ITA	100	73	100%	73	(27)

The figures of the subsidiaries refer to the financial statements as at 31/12/2023.

Equity in Osai A.S. Gmbh shows a book value higher than the corresponding share of shareholders' equity. The Company carried out an *impairment* test from which no indicators of impairment emerged, so management decided to maintain the carrying value unchanged as a result of the test performed. It should also be noted that the 2023 result of the investee company is negative by EUR 18,000.

The carrying value of the investment in Osai Green Tech S.r.l. SB is higher than the corresponding share of shareholders' equity: the investee closed its first financial statements on 31/12/2023 and is still to be considered in the start-up phase, therefore no indicators of impairment are deemed to emerge.

Investments in other companies

Equity investments in other companies as at 31/12/2023 amount to Euro 126,000, unchanged with respect to 31/12/2022.

<i>OTHER INVESTMENTS (Euro/000)</i>	Value of equity investment at beginning of year	Increases	Write-downs	Net value as of 31/12/2023
ICONA S.r.l. - Italy	100	-	-	100
CIAC S.c.r.l. - Italy	25	-	-	25
Unionfidi	1	-	-	1
TOTAL	126	-	-	126

The equity investment in ICONA S.r.l. (ICO NUOVO AMPLIAMENTO S.r.l.) refers to a 5% share of the company. The book value of EUR 100,000 is equal to the cost incurred when the units were subscribed. The activity of the investee company is aimed at achieving the social purpose of redevelopment of the Canavese industrial area.

The latest available balance sheet is the one closed as of 31/12/2022, which shows a net equity of EUR 1,733,000.

The portion of shareholders' equity of the subsidiary company pertaining to Osai A.S. S.p.A. SB does not show any substantial differences with respect to the book value. Therefore, its *fair value* is deemed to be substantially equal to cost.

4. Current and non-current financial assets

Non-current and current financial assets as of 31/12/2023 amounted to €1,373 thousand, a decrease of €835 thousand from 31/12/2022.

The following table shows changes in non-current and current financial assets:

<i>NON-CURRENT AND CURRENT FINANCIAL ASSETS (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Shares in listed companies	86	60	26	43%
Credits from the purchase of building bonuses over 12 months	989	569	420	74%
Total non-current	1,075	629	446	71%
Equity and bond investment funds	-	1,449	(1,449)	-100%
Credits from the purchase of building bonuses within 12 months	298	130	168	129%
Total Current	298	1,579	(1,281)	-81%
GENERAL TOTAL	1,373	2,208	(835)	-38%

Non-current financial assets related to the ownership of shares in listed companies, recorded at *fair value*, refer to 18,000 shares of Banco BPM whose *fair value* as of 31/12/2023 was EUR 86,000, an increase in market value over the previous year of EUR 26,000;

The difference between the *fair value* at the end of the half-year and the cost incurred for the acquisition of financial assets is posted to a specific shareholders' equity reserve called the FVOCI (*Fair Value to OCI*) reserve, net of the related tax effect, and the related gains/losses are reported in the Comprehensive Income Statement.

During the year, the equity and bond investment funds previously allocated to current financial assets were sold in full.

This item also includes the value of receivables relating to so-called 'building bonuses', purchased by the Company, based on the 'incentive regulations' pursuant to Art. 121 OF LAW DECREE 34/2020

The amortised cost method was used to recognise these receivables in the financial statements and their value as at 31 December 2023 totalled EUR 1,287 thousands (of which EUR 298,000 was due by the end of the year).

These credits may be used to offset tax and social security debts of the Company on the due dates provided for by law.

5. Other non-current and current receivables

Other non-current and current receivables as of 31/12/2023 totalled EUR 3,349,000, up EUR 1,302 compared to 31/12/2022.

The following table shows the changes in Other non-current and current receivables:

OTHER NON-CURRENT AND CURRENT RECEIVABLES (Euro/000)	31/12/2023	31/12/2022	Change	Var. %.
Security Deposits	130	167	(37)	-22%
Tax credits over 12 months	393	512	(119)	-23%
Credit for tax consolidation	8	-	8	ND
Total non-current	531	679	(148)	-22%
Advances to suppliers	1,930	676	1,254	186%
Receivables for EU contributions	189	-	189	ND
Loans to employees	307	276	31	11%
Accrued income and prepaid expenses	392	412	(20)	-5%
Miscellaneous	-	4	(4)	-100%
Total Current	2,818	1,368	1,450	106%
GENERAL TOTAL	3,349	2,047	1,302	64%

- The increase in advances to suppliers (+€1,256,000) is mainly attributable to external supply contracts related to a specific industrial automation job order in the automotive sector.

6. Deferred tax assets

Deferred tax assets as of 31/12/2023 amounted to EUR 768,000 with an increase of EUR 204,000 compared to 31/12/2022.

The following table shows the changes in Deferred Tax Assets during fiscal year 2023.

<i>DEFERRED TAX ASSETS (Euro/000)</i>	
Opening balance	564
Increases	345
Decreases	(141)
Closing balance	768

The composition of deferred tax assets is shown below:

<i>DEFERRED TAX ASSETS (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Provisions to reserves not deducted	277	135	142	105%
FTA-IFRS item conversion	91	161	(70)	-43%
Employee benefits (IAS 19)	101	37	64	173%
Unused tax losses	132	140	(8)	-6%
Other unused tax benefits	68	75	(7)	-9%
Non-deductible interest expenses	99	-	99	ND
<i>Fair value</i> differences on securities	-	16	(16)	-100%
Total	768	564	204	36%

Deferred tax assets have been recorded in the financial statements only when the conditions for their recovery exist. The assessment of the recoverability of deferred tax assets takes into account the positive taxable income expected in future years. Deferred tax assets on tax loss carryforwards have been recognized to the extent that it is probable that future taxable income will be available against which they can be recovered. In the light of the above, no elements have arisen that would alter the previous assessments regarding the recoverability of deferred tax assets.

Although there is a prospect of recovering the tax loss for this year (amounting to approximately EUR 5.6 million), based on the budget and long-term corporate strategies, it is specified that no deferred tax assets have been recognised on this item.

7. Inventories

Inventories as at 31/12/2023 total EUR 33,659,000, net of provision for doubtful accounts, up by EUR 2,442,000 compared to 31/12/2022.

The following table shows the breakdown of inventories as at 31/12/2023 and 31/12/2022.

<i>INVENTORIES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Raw materials inventories	3,955	3,517	438	12%
Work in progress and semi-finished products	7,770	7,382	388	5%
Works in progress under contract	11,659	15,885	(4,226)	-27%
WIP pending installation	10,327	4,433	5,894	133%
Inventory write-down provision	(52)	-	(52)	ND
TOTAL	33,659	31,217	2,442	8%

The valuation allowance during 2023 changed as follows:

<i>INVENTORY WRITE-DOWN (Euro/000)</i>	
Opening balance	-
Provisions for the year	52
Uses during the period	-
Exchange rate effect	-
Closing balance	52

8. Trade receivables

Trade receivables as at 31/12/2023 were EUR 14,901,000, an increase of EUR 5,315,000 compared to 31/12/2022.

<i>TRADE RECEIVABLES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Accounts receivable from customers	14,386	8,894	5,492	62%
Receivables from subsidiaries	600	777	(177)	-23%
Gross trade receivables	14,986	9,671	5,315	55%
Doubtful debt provision	(85)	(85)	-	0%
TOTAL	14,901	9,586	5,315	55%

The increase in trade receivables of €5,492,000 is attributable to the increase in turnover and the lengthening of collection times. Receivables in currencies other than the reporting currency are translated into euros using the exchange rate in force at the financial statements closing date. All exchange rate differences have been recorded in the income statement.

There was no change in the allowance during 2023.

<i>DOUBTFUL DEBT PROVISION (Euro/000)</i>	
Opening balance	85
Utilizations	-
Provisions	-
Exchange rate effect	-
Closing balance	85

In application of IFRS 9, the Company evaluates trade receivables on the basis of the individual credit position.

The high average credit standing of customers, the absence of a significant concentration of credit, reduce credit risk and make the allowance for doubtful accounts adequate.

The breakdown of trade receivables by maturity is shown below:

<i>RECEIVABLES BY MATURITY (Euro/000)</i>	31/12/2023
To expire	8,234
Expired 0-180 days	5,890
Expired 180-365 days	604
Expired after one year	258
Total	14,986

It should be noted that in the first months of 2024, EUR 505,000 was collected in respect of receivables overdue more than 180 days, and that EUR 74,000 relates to intercompany items with the German company.

With regard to receivables due within 180 days in the first months of 2024, collections of approximately EUR 2,457,000 were received.

9. Current tax receivables

Current tax receivables as at 31/12/2023 amount to EUR 1,012,000, a decrease of EUR 294,000 compared to 31/12/2022. Details are provided in the table below:

<i>CURRENT TAX RECEIVABLES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
VAT Receivables	520	841	(321)	-38%
Receivables and advances relating to direct taxes	50	1	49	4900%
Tax credits usable within 12 months	411	464	(53)	-11%
Sundry tax credits	31	-	31	ND
TOTAL	1,012	1,306	(294)	-23%

10. Cash and cash equivalents

Cash and cash equivalents as at 31/12/2023 amount to EUR 1,361,000, down EUR 8,077,000 compared to 31/12/2022. Details are provided in the table below:

<i>CASH AND CASH EQUIVALENTS (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Bank accounts	1,277	9,386	(8,109)	-86%
Cash and cash equivalents	84	52	32	62%
TOTAL	1,361	9,438	(8,077)	-86%

NET EQUITY AND LIABILITIES

11. Net Equity

For changes in Shareholders' Equity, reference should be made to the "Statement of Changes in Shareholders' Equity".

Share Capital

The share capital as at 31 December 2023 amounted to Euro 1,613,030.70, divided into 16,130,307 ordinary shares without nominal value.

During the year, the share capital increased by a total of EUR 310.00 in correspondence with the exercise windows for warrants issued at the time of listing on 31/10/2020:

- Warrant OSAI A.S. S.p.A. SB 2023-2025 / June 2023: Euro 310.00.
- Warrant OSAI A.S. S.p.A. SB 2023-2025 / October 2023: Euro 0.00.

Following is a reconciliation between the number of shares outstanding at December 31, 2022 and at December 31, 2023

	As at 31/12/2022	Warrant exercise shares	(Purchases)/Sales of treasury shares	As at 31/12/2023
Ordinary shares issued	16,127,207	3,100	0	16,130,307
Minus: Treasury shares	0	0	0	-
Outstanding ordinary shares	16,127,207	3,100	0	16,130,307

Share premium reserve

The share premium reserve, amounting to EUR 8,681,000, rose by EUR 4,000 compared to the previous financial year following the capital increases described in the previous section.

The values of the share premium are posted net of listing and capital increase costs as provided for by IAS 32 (paragraphs 35-35A and 37).

Legal Reserve

This item amounted to €299,000 and increased by €42,000 due to the allocation of the previous year's result.

Other Equity Items

Other shareholders' equity items are summarized as follows:

- FTA reserve: this item as of 31/12/2023 was negative in the amount of €1,296,000 and did not change from 31/12/2022. This item was posted on the first-time adoption of international accounting standards as of 01/01/2020;
- Reserve for actuarial gains and losses on staff severance indemnities: the item as of 31/12/2023 was positive in the amount of €192,000 and related to the effect of actuarial gains/losses on staff severance indemnities net of the tax effect, in accordance with IAS 19 *Revised*;
- FVOCI reserve: this item as of 31/12/2023 was positive for EUR 26,000 and was set aside against the recognition of valuation differences of securities at *Fair Value*.

Profit(loss) carried forward

The item as of 31/12/2023 is equal to EUR 8,332,000 and includes the results of previous financial years not distributed and not allocated to reserves of a different nature.

Dividends

The Company did not pay any dividends during 2023.

Result for the period

This item was negative for EUR 6,137,000.

Overall result for the period

The result for the statement of comprehensive income, which was also negative and amounted to €6,143 thousand, consisted of the following items in addition to the result for the period:

- Actuarial losses on employee benefits net of the related negative tax effect of €75,000;
- *Fair value* differences on financial assets net of the related tax effect of €69,000.

Table in accordance with art. 2427, no. 7-bis

The following table shows shareholders' equity items broken down according to origin, possibility of utilization, distributability, availability and utilization in the previous three years.

DESCRIPTION (Euro/000)	AMOUNT	CASH EQUIVALENTS	AMOUNT AVAILABLE	SUMMARY OF UTILISATIONS IN THE THREE-YEAR PERIOD 2020-2023	
				COVERAGE OF LOSSES	DIVIDENDS PAID OUT
Capital	1,613	B	-	-	-
Capital Reserves:					
Share premium reserve ⁽¹⁾⁽³⁾	8,681	A, B, C	7,839	-	-
Profit Reserves:					
Legal Reserve	299	B	-	-	-
FTA reserve	(1,296)	-	-	-	-
Actuarial (Gains) losses for termination benefits	192	-	-	-	-
FVOCI Reserve	26	-	-	-	-
Previous years' profits ⁽²⁾⁽³⁾	8,332	A, B, C	-	-	-
TOTAL	17,847		7,839	-	-

Key: A) for share capital increase, B) to cover losses, C) for distribution to shareholders

(1) available portion net of the residual amount of the legal reserve which does not reach one fifth of the capital pursuant to art. 2431 of the Italian Civil Code. (EUR 24,000) and other encumbrances not covered by the item "Retained earnings".

(2) available portion net of negative reserves (€1,296,000) and unamortised portion of capitalised development costs (€3,847,000)

(3) loss for the year (EUR 6,137 thousand)

12. Current and non-current financing

These items only include amounts due to banks for the granting of short-term lines of credit and for loans.

Non-Current Loans total Euro 14,526,000, a decrease of Euro 489,000 from 31/12/2022.

Current loans total Euro 18,460,000, up Euro 10,305,000 compared to 31/12/2022.

The following is a breakdown of the company's bank exposure outstanding as of 31/12/2023:

CURRENT AND NON-CURRENT FINANCING (Euro/000)	31/12/2023	31/12/2022	Change	Var. %.
Loans and other financing - non-current portion	14,526	15,015	(489)	-3%
Total non-current financing	14,526	15,015	(489)	-3%
Short-term payables to credit institutions	14,375	3,814	10,561	277%
Loans and other financing - current portion	4,085	4,341	(256)	-6%
Total current financing	18,460	8,155	10,305	126%
TOTAL	32,986	23,170	9,816	42%

Compared to the financial statements for the year ended 31/12/2022, the Company's borrowings have increased by a total of Euro 9,816,000.

During 2023 the Company took out three new loans totalling Euro 3,564,000.

Changes in the Company's bank debts and other loans are set out below:

BORROWINGS FROM BANKS AND OTHER FINANCING - CHANGE (Euro/000)	
Payables to banks and other current loans as at 31/12/2022	8,155
Payables to banks and other non-current loans as at 31/12/2022	15,015
Payables to banks and other loans at 31/12/2022	23,170
Stipulation of new financing	3,564
Loan repayments	(4,250)
Change in credit line payables	10,502
Payables to banks and other loans at 31/12/2023	32,986
of which:	
Payables to banks and other current loans as at 31/12/2023	18,460
Payables to banks and other non-current loans as of 31/12/2023	14,526
Payables to banks and other loans at 31/12/2023	32,986

The maturity date and the current and non-current portions of each loan, valued at amortized cost, are shown below.

Financing details	Deadline	Current share (Euro/000)	Non-current share (Euro/000)	Total (Euro/000)
INTESA SAN PAOLO	24/05/2024	106	-	106
BANCO BPM	31/01/2025	553	48	601
INTESA SAN PAOLO - MCC Guarantee	30/09/2025	248	191	439
BANCA D'ALBA - SACE Guarantee	30/09/2026	199	349	548
BANCO BPM - MCC Guarantee	10/06/2024	174	-	174
BANCA D'ALBA - MCC Guarantee	23/07/2025	113	67	180
INTESA SAN PAOLO - MCC Guarantee	31/08/2026	249	424	673
BPER - MCC Guarantee	07/10/2026	300	612	912
ASCOMFIDI - MCC Guarantee	05/04/2025	32	11	43
INTESA SAN PAOLO- SACE Guarantee	31/12/2027	88	267	355
BANCO BPM- SACE Guarantee	31/03/2027	885	2,010	2,895
INTESA SAN PAOLO - MCC Guarantee	30/08/2028	114	444	558
BANCO BPM	29/02/2024	86	-	86
INTESA SAN PAOLO- SACE Guarantee	31/03/2029	236	4,628	4,864
UNICREDIT- SACE Guarantee	30/09/2030	418	2,195	2,613
SIMEST - digital transition	29/03/2029	194	-	194
INTESA SAN PAOLO	17/11/2028	94	896	990
INTESA SAN PAOLO- mortgage loan	30/11/2035	(4)	2,384	2,380
Total Funding		4,085	14,526	18,611

The following table shows the distribution of bank loan payments over time.

CURRENT AND NON-CURRENT FINANCING - DISTRIBUTION OVER TIME (Euro/000)	2024	2025	2026	2027 and beyond	TOTAL
Current bank payables	14,375	-	-	-	14,375
Current account of non-current borrowings	4,085				4,085
Non-current bank debt	-	4,008	3,586	6,932	14,526
TOTAL	18,460	4,008	3,586	6,932	32,986

13. Employee benefits

The item "Employee benefits" refers exclusively to the Employee Severance Indemnity (TFR) paid by the Italian companies to their employees. The balance of the item as of 31/12/2023 was Euro 3,467 thousand, an increase of Euro 255 thousand compared to 31/12/2022.

The TFR represents the indemnity provided for by Italian law that is accrued by employees during their working life and liquidated when the employee leaves. This allowance is considered as a defined benefit

fund, subject to actuarial valuation for the part relating to expected future benefits and related to benefits already paid.

The breakdown of employee benefit liabilities at 31/12/2023 is shown below.

EMPLOYEE BENEFITS (Euro/000)	
Opening balance	3,212
Employee severance indemnity paid during the period	(430)
<i>Service Cost</i>	608
<i>Interest Cost</i>	120
Actuarial gains/(losses)	104
Units transferred to pension funds	(137)
Substitute tax	(10)
Closing balance	3,467

The Service Cost represents the annual cost, net of the financial component, and as of 31/12/2023 amounts to Euro 595,000.

The principal actuarial assumptions used to estimate the final employee benefit liability are as follows:

ACTUARIAL ASSUMPTIONS	31/12/2023	31/12/2022
Annual technical discount rate	3.17%	3.77%
Annual inflation rate	2.00%	2.30%
Annual rate of increase in severance pay	3.00%	3.23%
Annual rate of salary increase	0.50%	0.50%

The demographic technical bases used are shown below:

- Probability of death: reference to RG48 mortality tables published by the State General Accounting Office;
- Probability of incapacity: reference to INPS tables broken down by age and sex;
- Retirement Age: 100% upon reaching the AGO requirements adjusted to Decree-Law No. 4/2019;
- The annual frequencies of anticipation and turnover, have been derived from the Company's historical experience and are both 4%.

As required by IAS19, the following tables provide a sensitivity analysis for each relevant actuarial assumption at the end of the financial year, showing the effects that would have occurred as a result of changes in the actuarial assumptions that were reasonably possible at that date, in absolute terms, an indication of the contributions for the following financial year, the average financial duration of the obligation and the payments envisaged by the plan.

The following are the outcomes of that analysis:

Sensitivity analysis of the main valuation parameters (Euro/000)	
Turnover rate +1.00%	3,472
Turnover rate -1.00%	3,462
Inflation rate +0.25%	3,524
Inflation rate -0.25%	3,412
Discount rate +0.25%	3,397
Discount rate -0.25%	3,540

Service Cost and Duration	
Service Cost future annual (Euro/000)	507
Plan Duration (years)	12.9

Estimated future disbursements (Euro/000)	
Year 2024	373
Year 2025	392
Year 2026	362
Year 2027	361
Year 2028	381

14. Trade payables and other non-current and current payables

The Company had Trade Payables as at 31/12/2023 of €8,918 thousand, a decrease of €81 thousand compared to 31/12/2022. Details are shown in the table below:

TRADE PAYABLES (Euro/000)	31/12/2023	31/12/2022	Change	Var. %.
Trade payables to suppliers	6,901	6,810	91	1%
Payables to subsidiaries	333	308	25	8%
Other Trade payables	1,684	1,881	(197)	-10%
Total trade payables	8,918	8,999	(81)	-1%

Other trade payables refer entirely to advance payments to suppliers made through the so-called '*confirming*' platform for cash flow optimisation.

Other non-current payables as of 31 December 2023 amounted to EUR 202,000, a decrease of EUR 19,000 compared to the previous year.

Other current payables showed a balance of €18,946 thousand at 31 December 2023, an increase of €5,474 thousand compared to 31 December 2022.

Details are shown in the table below:

OTHER NON-CURRENT AND CURRENT PAYABLES (Euro/000)	31/12/2023	31/12/2022	Change	Var. %.
Other non-current payables:				
Multi-year deferred income	193	221	(28)	-13%
Other payables	9	-	9	ND
Total non-current payables	202	221	(19)	-9%
Other current payables:				
Advances from customers on supplies in progress	7,045	7,126	(81)	-1%
Advances from customers on supplies awaiting installation	8,352	3,395	4,957	146%
Advances from subsidiaries on supplies in progress	604	-	604	ND
Advances from subsidiaries on supplies awaiting install.	-	70	(70)	-100%
Due to social security institutes	628	527	101	19%
Due to employees	2,071	1,727	344	20%
Accrued expenses and deferred income	110	81	29	36%
Accrued expenses and deferred income on <i>intercompany</i> items	4	52	(48)	-92%
Contributions on account	108	343	(235)	-69%
Other payables	24	151	(127)	-84%
Total other current payables	18,946	13,472	5,474	41%
GENERAL TOTAL	19,148	13,693	5,455	40%

Total advances from third-party and *intercompany* customers as at 31 December 2023 amounted to EUR 16,001,000, an increase of EUR 5,410,000 over the previous year. Advance payments from customers represent the largest share of other payables and are broken down between supplies for which, respectively, no sale or installation has been completed at the end of the financial year (ex IFRS 15).

Social security and welfare payables refer to amounts due to social security and welfare institutions (specifically INPS and other forms of assistance).

Amounts due to staff refer to sums accrued but not yet paid in relation to unused vacation entitlements and residual paid leave, production bonuses, incentives accrued for executive and sales staff and advances on travel expenses incurred on behalf of the Company by employees on secondment.

15. Deferred tax liabilities

Deferred tax liabilities as of 31/12/2023 amounted to €9,000, an increase of €7,000 compared to 31/12/2022.

The following table shows the changes in deferred tax liabilities during fiscal 2023 and 2022.

<i>TAX LIABILITIES FOR DEFERRED TAXES (Euro/000)</i>	
Opening balance	2
Increases	7
Decreases	-
Closing balance	9

A breakdown of deferred tax liabilities is provided below.

<i>TAX LIABILITIES FOR DEFERRED TAXES - Composition (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Net foreign exchange valuation gains	1	-	1	ND
Fair value differences on securities	8	2	6	300%
TOTAL	9	2	7	350%

16. Other current and non-current financial liabilities

Other non-current and current financial assets as at 31/12/2023 amount to EUR 4,934,000, up EUR 26,000 on 31/12/2022.

<i>OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Bonds issued - portion due after 12 months	3,955	4,932	(977)	-20%
Total non-current	3,955	4,932	(977)	-20%
Bonds issued - portion within 12 months	979	(24)	1,003	-4179%
Total Current	979	(24)	1,003	-4179%
GENERAL TOTAL	4,934	4,908	26	1%

This item includes the only bond loan issued by the Company during the previous year, the so-called "Basket Bond" with a nominal value of EUR 5 million, which will be redeemed from the financial year 2024.

As a result of recording the debt at amortised cost, the debt at the end of the year amounted to €4,934,000, of which €979,000 is to be repaid in the following year.

Financial indicators - covenants:

There are *covenants* on the Basket Bonds that require compliance with a series of economic and financial parameters throughout the term of the bonds, which vary over the various measurement periods.

For the financial statements as at 31/12/2023, the parameters were:

- NFP/EBITDA ratio \leq 4.75;
- NFP/equity ratio \leq 1.5.

On 29/12/2023, the Company received a letter of consent from the sole bondholder -Mortirolo BB S.P.V. S.r.l. - concerning the waiver of the application of remedies for non-compliance with financial parameters as of 31/12/2023, in light of the results for the year.

17. Current and non-current payables for IFRS 16

Current and non-current IFRS 16 payables as at 31/12/2023 amount to Euro 2,497,000, down Euro 1,902 compared to 31/12/2022.

A breakdown of debt by type of contract is provided below.

<i>CURRENT AND NON-CURRENT PAYABLES FOR IFRS 16 (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Payables for building leases	1,239	3,205	(1,966)	-61%
Payables for rental agreements and leasing Cars	336	347	(11)	-3%
Payables for machinery and equipment hire contracts	85	93	(8)	-9%
Total non-current	1,660	3,645	(1,985)	-54%
Payables for building leases	366	295	71	24%
Payables for rental agreements and leasing Cars	373	345	28	8%
Payables for machinery and equipment hire contracts	98	114	(16)	-14%
Total Current	837	754	83	11%
GENERAL TOTAL	2,497	4,399	(1,902)	-43%

Changes in payables per IFRS 16 are shown below:

<i>IFRS 16 PAYABLES - CHANGES (Euro/000)</i>	
Payables for building leases at 31/12/2022	3,500
Payables for car rental and leasing contracts as at 31/12/2022	692
Payables for machinery and equipment hire contracts at 31/12/2022	207
Total as at 31/12/2022	4,399
New Contracts:	
Rental buildings	996
Rental and fin. leasing cars	550
Machinery and equipment rental	126
Total New Contracts	1,672
Reimbursements:	
Rental buildings	2,891
Rental and fin. leasing cars	533
Machinery and equipment rental	150
Total reimbursements	3,574
Rental buildings	1,605
Rental and fin. leasing cars	709
Machinery and equipment rental	183
Total as at 31/12/2023	2,497
of which:	
Payables for current IFRS 16 as at 31/12/2023	837
Payables for non-current IFRS 16 as at 31/12/2023	1,660
Payables for IFRS 16	2,497

The following table shows the time distribution of payables per IFRS 16.

<i>CURRENT AND NON-CURRENT PAYABLES FOR IFRS 16 - DISTRIBUTION OVER TIME (Euro/000)</i>	2024	2025	2026	2027 and beyond	TOTAL
Rental buildings	366	384	174	681	1,605
Rental and fin. leasing Cars	372	189	116	32	709
Machinery and equipment rental	99	47	31	6	183
TOTAL	837	620	321	719	2,497

18. Current taxes payable

Current tax payables as of 31/12/2023 were Euro 431,000, an increase of Euro 45,000 compared to 31/12/2022. Details are provided in the table below:

<i>CURRENT TAX PAYABLES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Foreign VAT payables	56	-	56	ND
Income tax payables	-	4	(4)	100%
Withholding taxes on employee income	371	342	29	8%
Other minor payables	4	40	(36)	-90%
TOTAL	431	386	45	12%

19. Provisions for risks and charges

Provisions for risks and charges as of 31 December 2023 were Euro 945,000, an increase of Euro 473,000 compared to 31 December 2022. The following table shows a summary:

<i>PROVISIONS FOR RISKS AND CHARGES (Euro/000)</i>	Provision for guarantee risks	Provision for losses on orders	TOTAL
Opening balance	472	0	472
Provisions	-	473	473
Uses during the period	-	-	-
Rounding	-	-	-
Closing balance	472	473	945

The warranty provision relates to accruals for technical warranty work on the Company's products and is deemed adequate in relation to the warranty costs to be incurred.

The provision for contract losses, recorded in the financial statements for the current financial year, amounts to EUR 473,000 and refers to contracts whose total costs are higher than expected revenues, resulting in a loss.

Provisions represent management's best estimate of the liabilities to be accounted for.

INCOME STATEMENT

As noted above, the Company presents its income statement by "type".

20. Total sales and changes in inventories of finished products and work in progress

Details of sales and changes in inventories are provided below:

SALES (Euro/000)	31/12/2023	31/12/2022	Change	Var. %.
Revenues from sales to third parties	37,330	29,895	7,435	25%
Revenues from <i>intercompany</i> sales	359	1,573	(1,214)	-77%
TOTAL SALES	37,689	31,468	6,221	20%

In the financial year, the Company realised Sales Revenues totalling Euro 37,689 thousand compared to Euro 31,468 thousand in the previous period, an increase of Euro 6,221 thousand and taking into account revenues from third parties and *Intercompany* revenues.

CHANGE IN INVENTORIES (Euro/000)	31/12/2023	31/12/2022	Change	Var. %.
Change in inventories of work in progress and semi-finished products	388	2,836	(2,448)	86%
Changes in inventories of work in progress and awaiting installation	1,667	4,957	(3,290)	66%
TOTAL	2,055	7,793	(5,738)	74%

The total change in inventories of work in progress amounted to €2,055 thousand and decreased in absolute value by €5,738 thousand compared to 2022.

As of 31 December 2023, the Company had a net *operating back-log* of EUR 18 million. It is assumed that this amount will be transformed into production value entirely in the following year. There are no significant variable fees.

The following tables show the breakdown of revenues by sector and geographical area.

REVENUES FROM SALES AND SERVICES - Breakdown by Sectors	31/12/2023		31/12/2022		Change (Euro/000)
	<i>(Euro/000)</i>	%	<i>(Euro/000)</i>	%	
AUTOMATION	8,373	22%	4,118	13%	4,255
ELECTRONICS AND LASER	7,921	21%	4,282	14%	3,639
SEMICONDUCTORS	17,604	47%	19,949	63%	(2,345)
CIRCULAR ECONOMY	60	0%	-	0%	60
SERVICE	3,731	10%	3,119	10%	612
TOTAL	37,689	100%	31,468	100%	6,221

REVENUE FROM SALES AND SERVICES Breakdown by geographical area	31/12/2023		31/12/2022		Change (Euro/000)
	<i>(Euro/000)</i>	%	<i>(Euro/000)</i>	%	
ITALY	6,702	18%	6,026	19%	676
REST OF EUROPE	16,006	42%	11,076	35%	4,930
AMERICA	759	2%	3,306	11%	(2,547)
ASIA	14,222	38%	11,060	35%	3,162
TOTAL	37,689	100%	31,468	100%	6,221

21. Other operating revenues

Details of Other operating revenues are provided below:

<i>OTHER OPERATING REVENUES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Capitalization of intangible fixed assets	2,734	2,320	414	18%
Public contributions on R&D costs	274	348	(74)	-21%
Public contributions on European projects	614	253	361	143%
Contributions on financing	-	1	(1)	100%
Various public contributions	45	42	3	7%
Other revenues	116	103	13	13%
TOTAL	3,783	3,067	716	23%

During the year, the Company realised other operating revenues totalling Euro 3,783,000 compared to Euro 3,067,000 in the previous period, an increase of Euro 716,000.

In relation to contributions, see the specific paragraph on transparency of public disbursements.

22. Product cost (raw materials and external processing)

Product Cost includes the cost of producing or purchasing the products and goods sold. Accordingly, this item includes the cost of raw materials and external processing that participated directly or auxiliarily in the generation of revenues from the sale of products or services. It should be noted that this item includes write-downs of inventories, while this item does not include provisions made to cover warranty costs for products sold, transport costs incurred for deliveries to customers, and sales commissions paid to distributors.

Details of product cost (raw materials and external processing) are provided below:

<i>PRODUCT COST (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Change in inventories of raw materials	(386)	(920)	534	58%
Purchase of raw materials	12,402	12,715	(313)	-2%
Purchase of semi-finished products and third party processing	6,216	5,526	690	12%
Cost of external personnel	2,211	671	1,540	230%
Packaging and various	108	63	45	71%
TOTAL	20,551	18,055	2,496	14%

Product cost as of 31 December 2023 was Euro 20,551 thousand, an increase of Euro 2,496 thousand compared to 31 December 2022; the main components include purchases for raw materials (Euro 12,402 thousand), for semi-finished products and processing by third parties (Euro 6,216 thousand) and external personnel costs (Euro 2,211 thousand).

23. Personnel costs

A breakdown of Personnel costs is provided below:

<i>PERSONNEL COSTS (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Directors' fees	503	501	2	0%
Accessory charges on directors' fees	88	112	(24)	-21%
Wages and salaries	11,714	9,756	1,958	20%
Social security charges	3,362	2,946	416	14%
Severance pay and pension funds	595	616	(21)	-3%
Other personnel costs	357	288	69	24%
TOTAL	16,619	14,219	2,400	17%

Personnel costs as at 31 December 2023 were EUR 16,619,000, an increase of EUR 2,400,000 compared to 31 December 2022. The dynamics of personnel costs are almost totally influenced by the different numbers at the two reference dates.

24. Other operating costs

A breakdown of Other Operating Costs is provided below:

<i>OTHER OPERATING COSTS (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Purchases of materials not related to production	407	321	86	27%
Transport and storage costs	349	298	51	17%
Assistance and maintenance	178	169	9	5%
Utilities	229	271	(42)	-15%
Insurance	251	219	32	15%
Business consulting and after-sales services	1,556	1,198	358	30%
Legal and administrative consulting	699	700	(1)	0%
Technical consultancy and R&D	138	347	(209)	-60%
Fees of corporate bodies	130	202	(72)	-36%
Intercompany services	374	327	47	14%
Trade fairs, advertising and entertainment expenses	694	631	63	10%
Cleaning and disinfection expenses	127	122	5	4%
Travel and personnel miscellaneous expenses	1,236	752	484	64%
Financial services fees	170	111	59	53%
Other costs for services	286	93	193	208%
Short-term rentals and leases	233	114	119	104%
Software license usage fees	233	103	130	126%
Provisions	473	83	390	470%
Donations	43	49	(6)	-12%
Miscellaneous taxes and duties	69	59	10	17%
Other costs	121	79	42	53%
TOTAL	7,996	6,248	1,748	28%

Other operating costs incurred by the Company during the year ended 31/12/2023 totalled Euro 7,996 thousand, up Euro 1,748 thousand from 31/12/2022.

The most significant increases concern:

- Commercial consulting and after-sales services and personnel travel expenses increased by €842,000 and were mainly due to the management of foreign activities on the Company's orders;
- Provisions in the year include the assessment of potential losses on certain contracts in progress at the end of the year.

25. Amortization, depreciation & write-downs

A breakdown of the item "Amortization, depreciation and write-downs" is provided below:

<i>AMORTISATION, DEPRECIATION AND WRITE-DOWNS (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Amortization of intangible assets	967	546	421	77%
Depreciation of tangible assets	1,791	1,550	241	16%
Write-downs of tangible and intangible assets	1	-	1	ND
Write-down of receivables	-	-	-	ND
TOTAL	2,759	2,096	663	32%

26. Non-recurring income and charges

Non-recurring income and expense is detailed below:

<i>NON-RECURRING INCOME AND EXPENSES</i> <i>(Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Non-recurring personnel-related charges	(445)	-	(445)	ND
TOTAL	(445)	-	(445)	ND

As part of the partial corporate reorganisation already described in the management report, the departure of a senior figure was agreed upon, which resulted in the recognition of a non-recurring charge.

27. Financial income and expenses

Financial management in 2023 resulted in an overall negative balance of EUR 1,481,000. This item is detailed in the table below:

<i>FINANCIAL MANAGEMENT (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
Financial income	63	34	29	85%
Interest expense on loans and derivatives	(580)	(466)	(114)	24%
Interest expense on bonds	(131)	(10)	(121)	1210%
Interest expenses on advances and other bank accounts	(549)	(181)	(368)	203%
Interest expense IFRS 16	(88)	(103)	15	-15%
Interest expense IAS 19	(120)	(66)	(54)	82%
Other financial charges	(74)	(21)	(53)	252%
Net financial charges	(1,479)	(813)	(666)	82%
Net profit (loss) of foreign currency transactions	(2)	38	(40)	105%
Total financial management	(1,481)	(775)	(706)	91%

The change in financial expenses on loans is almost entirely attributable to the dynamics of interest rates. With regard to interest expenses on bonds, it should be noted that since the Basket-Bond was issued on 30/12/2022, the past financial year was not affected by this type of expenditure.

The change in interest expenses on advances is due to the dynamics of interest rates and the increased use of short-term borrowing for working capital financing needs.

28. Income taxes

Income taxes for 2023 show a positive net balance of Euro 187,000, primarily due to the balance of current and deferred taxation.

<i>INCOME TAXES (Euro/000)</i>	31/12/2023	31/12/2022	Change	Var. %.
IRES for the year	-	-	-	0%
IRAP for the year	-	(66)	66	100%
Deferred tax assets	190	(108)	298	276%
Deferred taxes	(1)	7	(8)	-114%
Previous years' taxes	(2)	70	(72)	-103%
TOTAL	187	(97)	284	293%

Below is a reconciliation of the theoretical and actual tax expense:

RECONCILIATION OF THEORETICAL RATE AND EFFECTIVE RATE (Euro/000)	31/12/2023	31/12/2022
Pre-tax profit (loss)	(6,324)	935
IRES rate	24%	24%
Theoretical IRES on income	1,518	(224)
Tax effect of permanent differences:		
for non-taxable contributions and benefits	(479)	(560)
for charges recorded as a reduction in shareholders' equity	(4)	(18)
other permanent differences	371	254
Tax effect of temporary changes:		
for provisions for risks and write-downs	521	61
for FTA differences	(250)	(250)
other temporary differences	520	(50)
Total variations	679	(563)
Utilisation of tax losses and other benefits	-	(250)
EFFECTIVE TAX RESULT	(5,645)	-
EFFECTIVE TAX BURDEN	-	-
EFFECTIVE RATE	-	-

Disclosure on transparency of public disbursements

Pursuant to article 1, paragraphs 125-129 of Law no. 124/2017 subsequently supplemented by the "Security" decree-law (no. 113/2018) and the "Simplification" decree-law (no. 135/2018), the following information is set out below regarding grants, contributions, paid assignments and in any case economic benefits of any kind provided to the Company in the 2023 financial year by public administrations and a series of entities assimilated to these with which they have economic relations.

The entities identified as the source of disbursements to be disclosed are:

- the public administrations and the entities referred to in article 2-bis of Legislative Decree no. 33 of 14 March 2013;
- the subsidiaries, de jure or de facto, directly or indirectly, by public administrations, including companies with shares listed on regulated markets and their subsidiaries;
- the publicly owned companies, including those issuing shares listed on regulated markets, and their subsidiaries.

The following table provides information on subsidies, grants, paid assignments and economic benefits of any kind pertaining to the financial year 2023, the beneficiary of which is the Company itself for all amounts.

PROVIDER	DESCRIPTION	AMOUNT RECEIVED/USED (Euro/000)	FUNDING AMOUNT (Euro/000)
European Union - Universidad Politecnica Madrid	Public contributions on R&D costs	24	24
European Union - Piedmont Region	Public contributions on R&D costs	34	34
European Union	Public contributions on R&D costs	268	339
Ministry for Ecological Transition	Public contributions on R&D costs	-	57
EIT-European Institute of Innovation and Technology	Public contributions on R&D costs	99	159
Ministry of Economic Development	Tax credit on R&D costs	342	274
Ministry of Economic Development	Tax credit for capital goods	85	28
Ministry of Economic Development	Energy Tax Credit	32	18
TOTAL		884	933

For aid related to guarantees received on loans, reference is made to the National Register of State Aid.

Guarantees granted, commitments and contingent liabilities

With reference to guarantees given, as of 31/12/2023 those relating to the Company amounted to Euro 4,245 thousand and referred to guarantees in favour of commercial counterparties.

In addition, it should be noted that the Company has issued a mortgage on the production plant in Samone, which is currently being completed, to guarantee the loan agreement entered into with Intesa San Paolo S.p.A. for a total value of Euro 3,000,000.00.

Lastly, as a result of the preliminary purchase and sale agreement for the Parella operating headquarters signed in April 2023, it should be noted that, as already highlighted in the management report, following the renegotiation of the terms of the transaction, the Company will finalise the purchase transaction with a payment of €3,000,000.00 and the assumption of a pre-existing loan up to a maximum of €440,000.00 in January 2026.

In addition to the probable liabilities for which provisions have been made in the provisions for risks, the Company has no contingent liabilities, as described in IAS 37, to report.

Related party disclosures

Transactions with related parties are carried out in compliance with the provisions of the laws in force, are part of the normal management of business activities and are settled at market prices. For the definition of related party, reference is made to the International Accounting Standards adopted by the European Union (IAS 24). In compliance with the provisions contained in this principle and in the procedure on related parties, not only the Directors of the Company but also the managers with strategic responsibilities should be identified as related parties.

In the year just ended, the members of the Board of Directors and executives with strategic responsibilities identified as related parties were, in their entirety, individuals operating within the parent company.

The Company entered into the following transactions with subsidiaries during fiscal 2023:

<i>RELATED PARTIES (Euro/000)</i>	Osai A.S. GmbH - Germany	Osai A.S. Dalian Co - China	Osai A.S. USA Ltd - USA	Osai G.T. S.r.l. - ITA
<u>Business and miscellaneous relations:</u>				
Receivables for invoices issued	139	-	31	430
Receivables for invoices to be issued	-	-	-	-
Payables for invoices received	3	222	66	
Payables for invoices to be received	-	17	26	-
Advances from customers	16	-	-	588
Deferred income	4	-	-	-
Revenues - goods	130	-	55	-
Revenues - provision of services	138	-	35	-
Costs - goods	-	-	-	-
Costs - services	-	322	52	-
<u>Financial relations:</u>				
Receivables	-	-	-	-
Payables	-	-	-	8

During 2023, the Company entered into the following transactions with related parties other than subsidiaries:

<i>RELATED PARTIES (Euro/000)</i>	<i>Costs</i>	<i>Receivables</i>	<i>Payables</i>
<i>Board of Directors - Directors with delegated powers and executives with strategic responsibilities</i>	1,488	-	518
<i>Board of Statutory Auditors</i>	52	-	-

Fees of corporate bodies and auditors

Information concerning the Directors and Auditors is provided below:

<i>Fees of corporate bodies</i>	<i>Amount (Euro/000)</i>
<i>BoD</i>	503
<i>Board of Statutory Auditors</i>	52

Information concerning the auditor's fees is set out below:

<i>Fees to the Auditing Firm (Euro/000)</i>	
<i>Statutory audit of annual accounts - statutory and consolidated financial statements</i>	37
<i>Attestation services</i>	3
<i>Other verification services performed</i>	10
<i>Total fees payable to the statutory auditor or audit firm</i>	50

Employment data

The following table shows the average number of employees by category:

<i>Employee category</i>	<i>31/12/2022</i>	<i>Hires</i>	<i>Dismissals</i>	<i>level changes</i>	<i>31/12/2023</i>	<i>Number of employees AVERAGE</i>
<i>Executives</i>	6	2	(1)	-	7	7
<i>Middle Managers</i>	12	-	-	-	12	12
<i>Office workers</i>	165	36	(12)	1	190	176
<i>Blue collar workers</i>	29	8	-	(1)	36	32
<i>Total Employees</i>	212	46	(13)	-	245	227

Information on innovative SMEs

Research and development expenses under Decree-Law 3/2015

The company, having met the requirements so far, is registered in the special register of "innovative SMEs" at the Companies' Register pursuant to Decree Law no. 3/2023.

The following are the research and development expenses incurred for the purposes of verifying the requirement of Article 4, paragraph 1 of Decree-Law 3/2015 for the qualification as "Innovative SME";

The requirement is met as research and development expenses are equal to or greater than 3% of the greater of cost and total value of production, as shown in the values below:

A - Research and development costs: Euro 2,734 thousand

B - Greater between cost and value of production: Euro 48,370 thousand

Relation between A and B: -5.65%

It is also specified that the company holds industrial patents.

Research and technological development activities

During the financial year 2023, the Company carried out Research and Development activities, directing its efforts, in particular, on projects that were deemed particularly innovative and called:

1. P0021-STH - Semiconductor Testing Handling. Multi-year study and development and innovation activities related to the semiconductor sector, in particular to conditioning and testing technologies for MEMS sensors or power modules;
2. P0025-EMF - Study and development activities related to the field of electric mobility, in particular with reference to the implementation of systems for the production, testing, inspection and validation of electric handling components or systems;
3. P0027-CEA - Multi-year study and development activities aimed at the introduction of technologically innovative solutions related to the circular economy sector.

For the development of the aforementioned projects, the Company incurred costs for a total value of EUR 2,155,000, fully eligible for the Research and Development tax credit provided pursuant to Article 1 of Law No. 160 of 27 December 2019, et seq.

The Company intends, therefore, to take advantage of the tax credit due in accordance with the regulatory guidelines and regulations mentioned above, as these expenses have been correctly reported for the 2023 tax year. The tax credit obtained amounted to EUR 215,000.

Osai has also carried out Technological Innovation activities in various projects such as:

1. P0023-SCA - *Silicon Carbide Addition* - Multi-year technological innovation activities in a 4.0 perspective related to the conception, design and implementation of a system for silicon *carbide addition* processes for power electronics and automotive applications;
2. P0026-MED - *Biomedical Automation* - Multi-year technological innovation activities related to innovative applications or integrating advanced technologies, such as state-of-the-art laser systems, to medical products or systems;
3. P0028-HTA - *High Tech Automation* - Multi-year technological innovation activities aimed at the conception, design and implementation of automation system solutions for *high-tech* applications;
4. P0029-CRA - Multi-year technological innovation project aimed at the introduction of new or significantly improved automation systems in various areas of business interest.

For the development of the aforementioned projects, the Company incurred costs totalling EUR 589,000 for the Technological Innovation Tax Credit provided pursuant to Article 1 of Law no. 160 of 27 December 2019, et seq.

The Company intends, therefore, to take advantage of the tax credit due in accordance with the regulatory guidelines and regulations mentioned above, as these expenses have been correctly reported for the 2023 tax year. The tax credit obtained amounted to EUR 59,000.

The projects were carried out in the premises at Via Cartiera 4 Parella (TO) postal code 10010.

Research and Development and Technological Innovation activities will continue in the financial year 2024 and onwards.

Finally, it is hoped that the positive outcome of these innovations will generate good results in terms of turnover with a favourable impact on the company's economy.

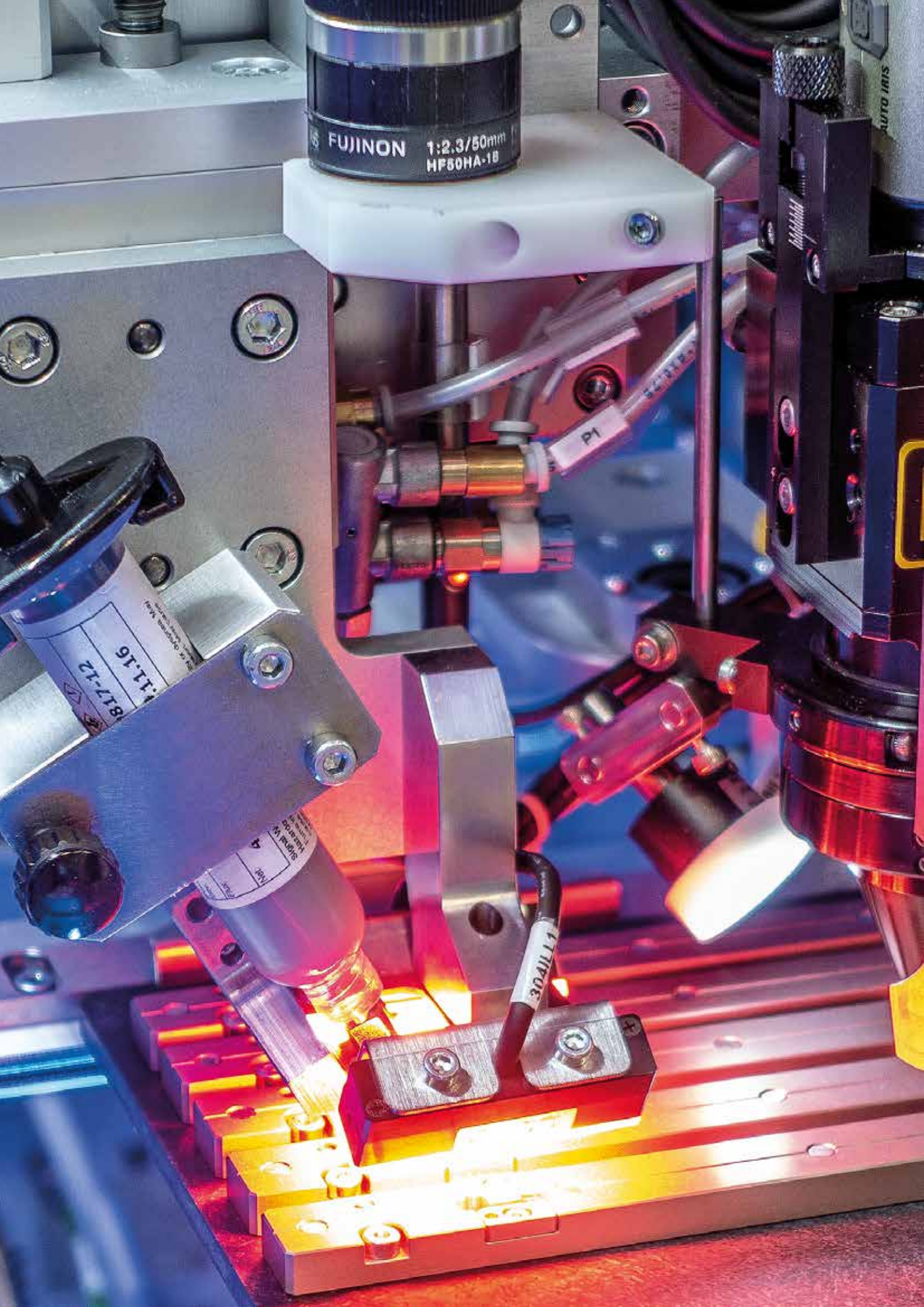
Transactions deriving from atypical and/or unusual operations

During 2023, the Company did not carry out atypical and/or unusual transactions, i.e. transactions which, because of their significance/importance, the nature of the counterparties, the subject of the transaction, the way in which the transfer price was determined and the timing of the event (close to the end of the financial year) might give rise to doubts concerning: the correctness/completeness of the information in the financial statements, conflict of interests, the safeguarding of corporate assets, the protection of minority interests.

Summary of key data from the latest financial statements of subsidiaries

The following table summarizes key figures from the financial statements of subsidiaries as of 31/12/2023.

SUMMARY OF FINANCIAL STATEMENTS OF SUBSIDIARIES (Euro/000)	<i>Osai A.S. Gmbh</i>	<i>Osai A.S. USA Ltd</i>	<i>Osai A.S. Dalian Co</i>	<i>Osai Green Tech SB S.r.l.</i>
<i>NON-CURRENT ASSETS</i>	-	-	1	3
<i>CURRENT ASSETS</i>	191	272	292	1,079
TOTAL ASSETS	191	272	293	1,082
<i>SHAREHOLDERS' EQUITY</i>	(16)	238	270	73
<i>NON-CURRENT LIABILITIES</i>	-	-	-	1
<i>CURRENT LIABILITIES</i>	207	34	23	1,008
TOTAL LIABILITIES AND EQUITY	191	272	293	1,082
<i>TOTAL SALES</i>	288	145	330	-
<i>GROSS MARGIN</i>	152	65	327	-
<i>EBITDA</i>	(18)	4	11	(34)
<i>EBIT</i>	(18)	4	11	(34)
NET RESULT FOR THE PERIOD	(18)	4	25	(27)





Relazione di impatto 2023

OSAI Automation System S.p.A. Società Benefit
Osai Green Tech Società Benefit S.r.l.



Lettera agli stakeholder

Il Gruppo OSAI da anni persegue con fermezza l'obiettivo della Sostenibilità, intesa come responsabilità sociale d'impresa che caratterizza l'Azienda fin dalla sua fondazione nel 1991.

Nel 2017 abbiamo deciso di promuovere attivamente gli Obiettivi di Sviluppo Sostenibile dell'ONU (*Sustainable Development Goals*), prendendo ispirazione dall'Agenda 2030 approvata nel settembre del 2015 e partendo dai nostri ambiti di azione tradizionale, quali l'attenzione per le persone e l'ambiente, al fine di perseguire questi importanti obiettivi di sostenibilità globale.

Questa attenzione ha portato la Società nel corso del 2021, a seguito della quotazione in Borsa avvenuta nel 2020, a rendicontare volontariamente, all'interno del primo bilancio di sostenibilità, le prestazioni ambientali, sociali e di governance al fine di rendere trasparente il proprio impegno nei confronti delle tematiche ESG ai propri stakeholder.

In questo percorso pluriennale verso la Sostenibilità, in data 27 aprile 2023 l'Assemblea dei Soci di OSAI ha inoltre deciso di innalzare ulteriormente il livello di responsabilità del Gruppo, confermando nel proprio statuto sociale la missione e l'impegno nel perseguire parimenti le finalità legate al business e quelle di beneficio comune, assumendo lo status di "Società Benefit" per promuovere un modello imprenditoriale che contribuisca a tutelare le risorse del pianeta e il benessere della collettività attraverso un imprescindibile cammino di sviluppo sostenibile.

La presente Relazione di Impatto, la prima realizzata dal Gruppo OSAI nella sua storia ultratrentennale, riporta le attività svolte per attuare le finalità di beneficio comune definite nello Statuto e testimonia l'impegno nel loro perseguimento attraverso la valutazione dell'impatto generato dalle azioni condotte e come queste si traducono in

obiettivi di miglioramento programmati nel tempo.

Un focus particolare viene riservato alla comunità locale e in primis alle sue persone. In questa direzione, abbiamo sposato un modello di conduzione di impresa, ispirato alle "organizzazioni positive", che nasce dalla consapevolezza di quanto sia fondamentale migliorare il benessere organizzativo e, così facendo, anche le performance aziendali, convinti da sempre che "la nostra forza sono le persone". Per concretizzare questa filosofia nel quotidiano, OSAI si impegna costantemente a tutelare il benessere psicofisico delle proprie persone ricercando, attraverso l'organizzazione del lavoro e piani di *welfare* aziendale, il miglioramento della qualità di vita, cercando di realizzare il giusto equilibrio tra le esigenze lavorative e quelle personali e familiari.

L'attenzione e l'impegno verso la Comunità passa attraverso lo sviluppo e la crescita del Territorio, a cui OSAI si impegna a contribuire attraverso risorse economiche o materiali, per promuovere e accrescere la qualità della vita delle persone.

Per questo l'Azienda intrattiene un dialogo continuativo e costruttivo con le associazioni rappresentative e le organizzazioni che si impegnano fattivamente per il miglioramento delle condizioni civili, sociali, ambientali, culturali e partecipa a progetti di partnership con le stesse sul Territorio. L'impegno nei confronti della Comunità passa anche attraverso erogazioni liberali, regolate e rendicontate attraverso un apposito regolamento, approvato nel 2021, finalizzate a sostenere iniziative, manifestazioni, progetti di rilevanza sociale tramite l'utilizzo di un fondo dedicato pari al 5% dell'utile di esercizio.

L'attenzione all'ambiente ci spinge a migliorare costantemente le nostre prestazioni ambientali al fine di ridurre il consumo di risorse naturali e ad una progressiva autonomia energetica. I recenti effetti legati al "cambiamento climatico" ci spingono ad un ulteriore impegno, volto a raccogliere con consapevolezza la sfida della decarbonizzazione e quindi contribuire in prima linea alla lotta al cambiamento climatico. Per questo riteniamo indispensabile investire nella decarbonizzazione del Gruppo

OSAI, un percorso lungo, difficile, ricco di ostacoli che ci porterà ad essere la prima Società quotata al mondo, nel settore dell'automazione industriale, *carbon neutral*, ad offrire al mercato e ai propri clienti un'automazione sostenibile.

L'impegno alla sostenibilità passa anche attraverso strategie di business volte ad impiegare in maniera innovativa competenze, tecnologie ed esperienze per generare impatti positivi e di beneficio comune per la Collettività. In quest'ottica, è stata fondata nel 2022, Osai Green Tech SB S.r.l., Società controllata interamente da Osai Automation System S.p.A. SB, la cui missione è quella di promuovere e diffondere l'impiego dell'automazione al mondo del riciclo e dell'economia circolare, con l'obiettivo di valorizzare i rifiuti attraverso il recupero, efficiente e sostenibile, dei materiali preziosi, critici e rari contenuti, tra gli altri, all'interno dei rifiuti da apparecchiature elettriche ed elettroniche (RAEE).

Per proseguire nel percorso intrapreso, continueremo a investire sempre di più in sostenibilità e innovazione, attraverso nuove competenze, nuovi strumenti indispensabili per cambiare e migliorare i nostri processi e i nostri prodotti in termini di riduzione dell'impatto.

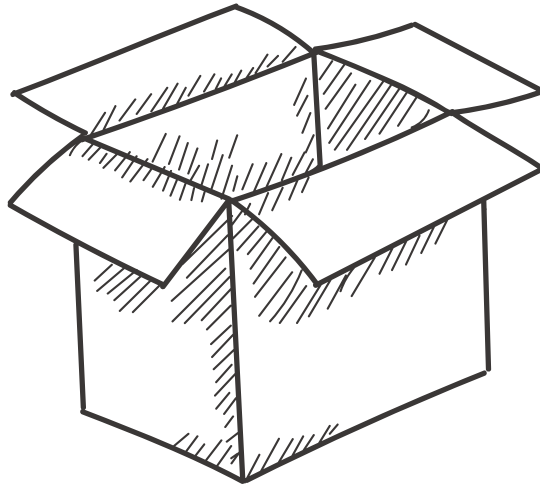
Quali innovatori nel campo dell'automazione industriale, raccogliere le sfide fa parte del nostro DNA per trarre continue opportunità dai rischi e dalle difficoltà che incontriamo. La sfida della sostenibilità rappresenta per noi una motivazione ulteriore, uno stimolo in più per credere con determinazione in quello che facciamo ogni giorno.

L'Amministratore Delegato - Fabio Benetti



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1. Introduzione

Attiva dal 1991 sul mercato, **OSAI Automation System S.p.A. SB** opera a livello internazionale nella progettazione e nella realizzazione di sistemi per l'automazione dei processi industriali, occupandosi in particolare di assemblaggio e test di componenti altamente tecnologici per l'industria dei semiconduttori, per l'*automotive*, per il settore medicale e per la manifattura elettronica.

L'azienda nel 2023 ha deciso di diventare Società Benefit modificando il proprio Statuto Societario nell'ottica di perseguire, oltre alle finalità di interesse economico, anche quelle di beneficio comune creando un modello di business che, pur generando valore per gli azionisti, abbia un elevato valore sociale nell'interesse di tutti gli *stakeholder*.

La modifica statutaria segue la costituzione, nel 2022, di **Osai Green Tech SB S.r.l.**

nata allo scopo di diffondere l'automazione industriale nel mondo del riciclo apportando efficienza, velocità e sostenibilità. La *vision* dell'azienda è quindi incentrata sul favorire il recupero sostenibile delle risorse dai prodotti in disuso tramite l'applicazione di tecnologie industriali innovative, anche grazie all'esperienza trentennale maturata nel settore dalla capogruppo, dando così un contributo alla transizione ecologica e all'economica circolare.

FOCUS: Cosa sono le Società Benefit

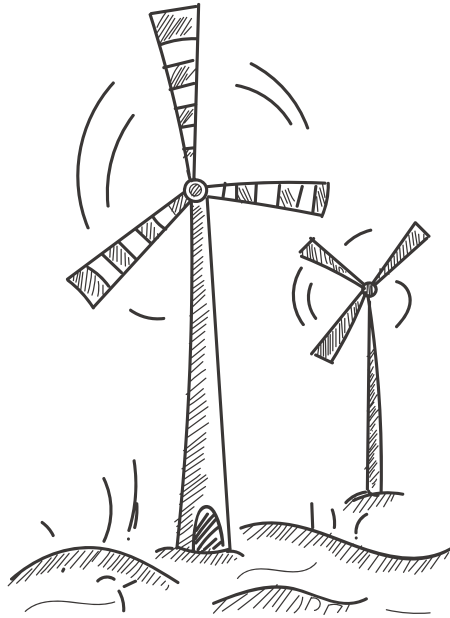
Le Società Benefit rappresentano una forma giuridica introdotta nell'ordinamento italiano – primo in Europa – dal 2016, attraverso la **legge n. 208/2015** (Legge di Stabilità) all'art. 1, commi da 376 a 384, sulla scia del modello di "*Benefit Corporation*" di derivazione statunitense. Come precisato al comma 376, le Società Benefit "*nell'esercizio di un'attività economica, oltre allo scopo di dividerne gli utili, perseguono una o più finalità di beneficio comune e operano in modo responsabile, sostenibile e trasparente nei confronti di persone, comunità, territori e ambiente, beni ed attività culturali e sociali, enti ed associazioni e altri portatori di interesse*".

Attraverso la modifica del proprio statuto, le Società Benefit integrano nell'oggetto sociale le proprie **finalità di beneficio comune**, che definiscono la responsabilità che i soci intendono formalmente assumersi per la generazione di impatti positivi e/o per la riduzione di quelli negativi attraverso l'esercizio della propria attività economica.

Pur mantenendo la componente imprenditoriale, quindi, il modello *for Benefit* permette di integrare nell'idea di impresa tradizionale la prospettiva dello sviluppo sostenibile, attraverso la **creazione di valore condiviso nel lungo termine** per i propri *stakeholder* e per la collettività in generale.

Le Società Benefit sono tenute a nominare un Responsabile d'impatto cui affidare le funzioni e compiti finalizzati al perseguimento del beneficio comune, nonchè redigere ogni anno una **relazione sul perseguimento del beneficio comune**, da allegare al bilancio economico e che deve includere:

- la descrizione degli **obiettivi specifici** da raggiungere nel perimetro delle finalità di beneficio comune dichiarate nello statuto sociale; ne consegue che debbano essere progettate annualmente attività per il raggiungimento di tali obiettivi, da misurare tramite specifici indicatori per la verifica del grado di raggiungimento;
- la **valutazione dell'impatto generato**, che deve riguardare le aree di valutazione previste per legge (governo di impresa, lavoratori, altri portatori d'interesse e ambiente) secondo uno standard di valutazione esterno;
- la descrizione dei **nuovi obiettivi** che si intendono perseguire per l'anno successivo.



2. Nota Metodologica

Il presente documento rappresenta la **prima relazione d'impatto di OSAI A.S. S.p.A. SB e Osai Green Tech SB S.r.l.**, redatta ai sensi della L. 208/2015, Commi 376-384. Attraverso la sua stesura, intendiamo porci degli obiettivi specifici per il perseguimento delle nostre finalità di beneficio comune, rendicontare il nostro contributo in termini di valore aggiunto generato nel corso del 2023 (anno zero), e definire gli impegni che intendiamo perseguire per il 2024. La scelta di redigere un'unica relazione per entrambe le società è derivata dal fatto che le cinque finalità di beneficio comune definite nei rispettivi statuti sono le medesime, considerata la stretta relazione che sussiste tra le due società e il loro business.

Questa relazione è stata redatta sulla base dei valori di trasparenza, precisione e attendibilità e attraverso il percorso di seguito delineato.

1. In primo luogo, abbiamo **definito gli obiettivi specifici** che intendiamo porci per il raggiungimento di ciascuna finalità di beneficio comune. Data la diversa connotazione tra le due società in termini di attività che ne costituiscono l'oggetto sociale, abbiamo voluto **valorizzare la tipicità di entrambe le aziende definendo differenti obiettivi specifici**.

2. Attraverso il coinvolgimento delle direzioni e funzioni aziendali pertinenti e delle principali figure responsabili delle iniziative svolte, abbiamo successivamente raccolto i principali contributi e progetti in riferimento a tali obiettivi per il 2023, così da costruire una **baseline** sulla base della quale poter misurare i progressi svolti nel corso degli anni. Allo stesso modo, sono stati definiti gli indicatori quantitativi e qualitativi di cui tenere traccia, e sono stati definiti i **nuovi obiettivi** da raggiungere per il **2024**.

3. Abbiamo misurato il nostro impatto generato attraverso l'utilizzo del **B Impact Assessment (BIA)**. Si tratta di uno strumento in grado di fornire una valutazione oggettiva e completa dell'impatto aziendale in modo aderente rispetto alle richieste di legge, fornendo i risultati in modo trasparente ed efficace. Per questioni legate alle tempistiche da rispettare per la redazione del presente documento, le informazioni contenute nel BIA sono riferite ai dati consolidati del 2022. Un eventuale aggiornamento della valutazione utilizzando i dati del 2023 (al momento non ancora disponibili) verrà considerata entro i primi sei mesi del 2024. Inoltre, dato che al momento la neonata società Osai Green Tech SB S.r.l. è costituita da un solo dipendente, per questa prima edizione della relazione d'impatto il BIA è stato compilato utilizzando soli dati di OSAI A.S. S.p.A. SB.

Attraverso la presente relazione vogliamo rappresentare il contributo che le nostre Società apportano a favore dello sviluppo di una società maggiormente sostenibile tramite la generazione di valore condiviso. Sempre nell'ottica di comunicare le nostre performance, strategie e obiettivi negli ambiti sociale, ambientale, economico e di governance, dall'anno di rendicontazione 2020 redigiamo annualmente un Bilancio di sostenibilità. Quest'anno ne pubblicheremo la quarta edizione, all'interno della quale si potranno trovare approfondimenti più estesi in merito alle attività svolte fino ad oggi in ambito ESG dalle nostre Società, anche in riferimento agli obiettivi specifici che ci poniamo per il perseguimento del beneficio comune.

Per garantire il monitoraggio dei nostri progressi verso il raggiungimento degli obiettivi di beneficio comune stabiliti, come previsto dalla normativa di riferimento, individuiamo nel nostro Amministratore Delegato il soggetto responsabile della redazione annuale della relazione di impatto e delle attività correlate al perseguimento delle finalità di beneficio comune.



3. Le nostre finalità di Beneficio Comune

Le finalità di beneficio comune che abbiamo individuato all'interno dei nostri statuti sono cinque, e sono proprie sia di OSAI A.S. S.p.A. SB che di Osai Green Tech SB S.r.l.. Ci proponiamo di **creare valore condiviso** nel lungo termine attraverso lo svolgimento, in modo responsabile, trasparente e sostenibile, di attività che siano allineate alle seguenti finalità:

Valorizzare la persona quale individuo, conferendo a dipendenti e collaboratori, attraverso il lavoro, l'opportunità di realizzare sogni, aspirazioni personali e professionali, garantendo le pari opportunità e tutelando il benessere psicofisico e la motivazione, migliorando progressivamente la qualità della vita del proprio capitale umano anche attraverso la cura e la sicurezza degli ambienti di lavoro e il giusto equilibrio tra esigenze lavorative, personali e familiari ed investendo nella formazione del personale.

1.

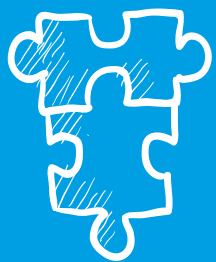


2.

Tutelare l'ambiente e le risorse naturali, attraverso il controllo costante dell'impatto, reale e potenziale, dei propri processi e prodotti sull'ambiente circostante, favorendo l'impiego di energie rinnovabili ed il recupero e il riciclo dei rifiuti, investendo in innovazione tecnologica e nell'acquisizione di strumentazioni tecniche e migliorando l'efficienza degli impianti per ridurre l'impatto ambientale in maniera oggettiva e misurabile e attuando un'evoluzione progressiva del proprio modello di business e operativo verso un'economia a zero emissioni di gas climalteranti, in linea con gli obiettivi europei di neutralità climatica e quelli nazionali di transizione ecologica.

Supportare i propri fornitori nelle transizioni tecnologiche ed ecologiche, incoraggiando la crescita della sensibilità ambientale e sociale nella propria catena di fornitura, valorizzando e sostenendo il tessuto imprenditoriale locale ed acquistando, quando possibile, percentuali rilevanti di materie prime e semilavorati da fornitori all'interno del territorio italiano, in particolare nel territorio della Regione Piemonte.

3.



4.

Sostenere la comunità ed il territorio attraverso azioni volte a incrementare il proprio impatto sociale positivo, favorendo e sostenendo attività di informazione, formazione ed educazione anche in collaborazione con istituzioni scolastiche ed accademiche, pubbliche e private, intrattenendo un dialogo continuativo e costruttivo con gli enti locali, le associazioni rappresentative e le organizzazioni non profit che si impegnano fattivamente per il miglioramento delle condizioni civili, sociali, ambientali e culturali, impegnandosi a contribuire a progetti condivisi di promozione della qualità della vita e di sviluppo socioeconomico della Comunità in cui la Società opera poiché la vitalità della comunità è un valore fondamentale per lo sviluppo e la crescita del territorio.

Garantire responsabilità e trasparenza nella conduzione d'impresa, in modo che etica e integrità caratterizzino sempre i comportamenti della Società e la stessa diventi modello e riferimento nel proprio settore a beneficio dei clienti, dei finanziatori e degli altri portatori di interessi, anche mediante l'adozione di *best practices*, politiche, modelli di gestione ed organizzativi virtuosi oltre all'ottenimento di certificazioni di sistema, nazionali e/o internazionali, per attestare il raggiungimento di elevati standard di condotta.

5.



3.1 La prima finalità di beneficio comune: le persone

“Valorizzare la persona quale individuo, conferendo a dipendenti e collaboratori, attraverso il lavoro, l’opportunità di realizzare sogni, aspirazioni personali e professionali, garantendo le pari opportunità e tutelando il benessere psicofisico e la motivazione, migliorando progressivamente la qualità della vita del proprio capitale umano anche attraverso la cura e la sicurezza degli ambienti di lavoro e il giusto equilibrio tra esigenze lavorative, personali e familiari ed investendo nella formazione del personale”

Al fine di perseguire questa finalità di beneficio comune, ci proponiamo di:

- Massimizzare l’equilibrio lavoro-vita privata dei nostri dipendenti

Offrire benefit che favoriscano l’equilibrio con la vita privata costituisce a nostro parere un passo fondamentale per la cura delle persone e per garantire l’attrazione e l’acquisizione di nuovi talenti nella nostra realtà aziendale.

Attività - Telelavoro	
KPI	% lavoratori che accedono alla sperimentazione
Baseline (2023)	0%
Obiettivo (2024)	Avvio sperimentazione

Rispetto allo smartworking - pratica ormai consolidata dal 2022 all’interno della nostra realtà tramite lo sviluppo di accordi individuali - il **telelavoro** si caratterizza come una soluzione maggiormente innovativa, in quanto consente il regolare svolgimento dell’attività lavorativa al di fuori dei locali aziendali e presso il proprio domicilio. La nostra società prevede di **avviare una sperimentazione** di questa pratica già nei primi mesi del 2024, al fine di

andare incontro alle specifiche esigenze personali manifestate da una nostra risorsa. La possibilità di estendere questa opportunità ad altri lavoratori verrà considerata nel corso dell’anno, anche in considerazione dei risultati di questo primo approccio sperimentale.

Consapevoli dell’importanza di garantire un sano equilibrio tra la vita lavorativa e quella personale, nel corso degli anni abbiamo integrato anche ulteriori iniziative per andare incontro alle esigenze dei lavoratori. Il nostro regolamento per lo **smartworking** prevede il più ampio margine possibile sia in termini di scelta del luogo in cui svolgere la prestazione lavorativa, che a livello di **flexibilità oraria**. Questi accordi non prevedono difatti un orario di lavoro fisso, ma consentono un margine di tolleranza nell’orario di entrata e di uscita. In particolare, il nostro regolamento interno ha previsto che il lavoro a distanza possa essere svolto nella fascia di orario compresa tra le 8 e le 20, consentendo così di garantire il diritto alla disconnessione ai nostri lavoratori¹.

Un ulteriore strumento messo a disposizione a beneficio dei nostri lavoratori è la **banca ore**. Si tratta di un meccanismo contrattuale che consente l’accumulo di ore di lavoro straordinario, che possono essere poi convertite in permessi retribuiti. Questo sistema favorisce una gestione del lavoro più elastica, in quanto permette di ottenere maggiore tempo da dedicare alla propria vita privata.

- Garantire Formazione e sviluppo ai nostri collaboratori

Al fine di assicurare ai nostri dipendenti una continua crescita professionale e personale, adeguata rispetto alle loro aspettative e aspirazioni, e al contempo aumentare la soddisfazione, abbiamo deciso di includere l’obiettivo specifico della formazione all’interno del nostro contributo alla costruzione di valore condiviso. Il nostro scopo è quindi quello di aggiornare, migliorare e diversificare le competenze dei nostri collaboratori.

1) Si tratta del diritto dei dipendenti a non essere costantemente disponibili o raggiungibili tramite dispositivi digitali al di fuori dell’orario di lavoro.

Attività - Progetto valutazioni risorse	
KPI	GRI 404-3
Baseline (2023)	51%
Obiettivo (2024)	100% della popolazione aziendale

Partito in fase di testing alla fine del 2022 e poi consolidato nel corso del 2023, il **Progetto valutazioni risorse** è nato per creare una metodologia di valutazione univoca e oggettiva delle performance dei nostri lavoratori. Si tratta di una progettualità sviluppata dall'ufficio Risorse Umane su richiesta della direzione aziendale, basata su una reale necessità aziendale: individuare le aree di competenza e le capacità relazionali delle nostre risorse, in modo da poter valorizzare i talenti e colmare eventuali gap formativi.

Il progetto prevede che, alla fine di ogni anno, ciascuna risorsa venga sottoposta a una valutazione esterna (da parte del responsabile di riferimento) e si autovaluti tramite uno strumento specificatamente creato per misurare le *hard skills* e le *soft skills*. Attraverso la collaborazione e il coinvolgimento dei responsabili di ciascuna area aziendale, è stata difatti creata una scheda tecnica in grado di indagare le competenze specifiche, a cui si è aggiunta una scheda valutativa relazionale curata dall'ufficio HR.

I risultati delle due valutazioni vengono poi confrontati, al fine di aprire un dialogo tra le due parti che può rappresentare anche un'occasione per la risoluzione di eventuali problematiche o la messa in luce di criticità non risolte. Questi incontri possono svolgersi, su richiesta del responsabile o del lavoratore, attraverso il supporto dei componenti dell'ufficio HR.

L'introduzione di questo progetto ha consentito di rendere più oggettive le valutazioni dei lavoratori, che in pre-

cedenza erano solo in capo ai responsabili e potevano essere soggette a maggiore arbitrarietà, in quanto non vi erano dei criteri e schemi di analisi standard da utilizzare. Inoltre, la nuova modalità di valutazione consente una migliore individuazione delle problematiche di ciascuna area aziendale, permettendo di cogliere eventuali dinamiche di gruppo e di stabilire le migliori modalità correttive.

Per rendicontare questa attività abbiamo deciso di utilizzare il **GRI 404-3**, che chiede di indicare il totale dei dipendenti (per genere e per categoria di dipendente) che hanno ricevuto una valutazione periodica delle performance e dello sviluppo professionale. La nostra società fa già uso della versione più recente dei *Sustainability Reporting Standard* della *Global Reporting Initiative* (GRI) per la propria rendicontazione non finanziaria. La scelta di impiegare questo indicatore è giustificata dall'affidabilità del *framework* GRI, che ad oggi risulta il più diffuso al mondo per la rappresentazione degli impatti sociali, economici e ambientali delle aziende.

Il progetto di valutazione verte anche sulle figure apicali, e al 2023 coinvolge il 51% dei lavoratori: il nostro obiettivo per il prossimo anno è quello di estenderlo al 100% della popolazione aziendale. Il numero e la percentuale di risorse coinvolte, scorporato per genere e categoria d'età, è rappresentato nella tabella sottostante.

Progetto valutazioni risorse		
	Numero	Percentuale ²
Sotto i 30 anni	26	59%
Tra i 30 e i 50 anni	54	36%
Sopra i 50 anni	30	61%
Donne	24	44%
Uomini	86	45%
Totale	110	45%

2) Le percentuali sono state calcolate rispetto al numero di dipendenti al 31/12/2023, considerando i valori per genere, per categoria di età e il totale

3.2 La seconda finalità di beneficio comune: ambiente e risorse

“Tutelare l’ambiente e le risorse naturali, attraverso il controllo costante dell’impatto, reale e potenziale, dei propri processi e prodotti sull’ambiente circostante, favorendo l’impiego di energie rinnovabili ed il recupero e il riciclo dei rifiuti, investendo in innovazione tecnologica e nell’acquisizione di strumentazioni tecniche e migliorando l’efficienza degli impianti per ridurre l’impatto ambientale in maniera oggettiva e misurabile e attuando un’evoluzione progressiva del proprio modello di business e operativo verso un’economia a zero emissioni di gas climalteranti, in linea con gli obiettivi europei di neutralità climatica e quelli nazionali di transizione ecologica.”

Al fine di perseguire questa finalità di beneficio comune, ci proponiamo di:

- **Utilizzare responsabilmente le risorse energetiche e contribuire alla decarbonizzazione**
Al fine di sostenere una migliore gestione delle risorse ed aumentare le nostre prestazioni ambientali abbiamo deciso di concentrarci specificatamente sul tema energetico. Migliorare l’efficienza dei processi produttivi, ridurre i consumi e favorire l’utilizzo di fonti non fossili permette difatti di incidere in maniera importante sulle nostre emissioni di gas serra.

In relazione alla consapevolezza degli effetti sempre più tangibili dei cambiamenti climatici e dell’importante ruolo che le imprese possono avere nell’ambito della mitigazione climatica abbiamo deciso di porci, per il 2024, un obiettivo di riduzione delle emissioni nell’ambito della *Science Based Targets initiative* (SBTi)³. Il nostro intento è quello di **definire una traiettoria di riduzione delle emissioni** che ci consenta di raggiungere nel breve termine (**entro il 2030**) il target di riduzione del **nostro Scope 1 e Scope 2 del 42% rispetto al 2022**.

Quantificare e rendicontare le proprie emissioni di GHG (*Greenhouse Gases*) rappresenta il primo step per poter definire appropriate strategie e azioni di mitigazione. A tal proposito, OSAI Automation System S.p.A. SB tiene traccia con cadenza annuale di questo aspetto tramite il reporting di sostenibilità, quantificando le nostre emissioni di Scope 1 e Scope 2, effettuando inoltre la valutazione preliminare di alcune categorie di emissioni di Scope 3. A fronte delle considerazioni fatte internamente e del target di diminuzione delle emissioni stabilito al 2030, abbiamo deciso di impegnarci rispetto a tutti e tre questi ambiti emissivi (fare riferimento al Box di approfondimento presente a pag.16 per ulteriori informazioni a riguardo).

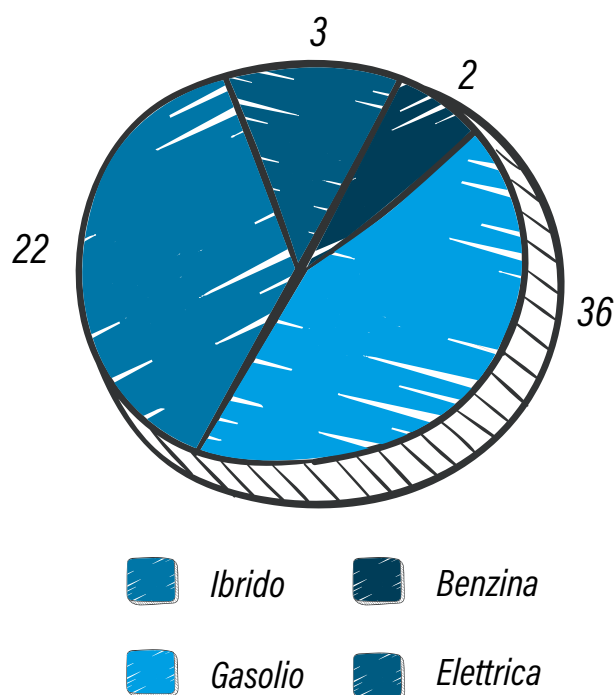
Rispetto allo **Scope 1**, i dati sulle emissioni del 2023 mostrano come il **59%** delle emissioni di questa categoria

Attività	KPI	Baseline (2023)	Obiettivo (2024)
Definire una traiettoria di diminuzione delle emissioni	Definizione della traiettoria	-	Adesione alla SBTi
Emissioni dirette (Scope 1)	Emissioni di Scope 1	299 tCO ₂ e	-10%
	N° e % vetture elettriche nel parco auto aziendale	3 vetture <i>full electric</i> (4,8% del parco auto)	+ 8 vetture (+12,7%)
Emissioni indirette (Scope 2)	% energia elettrica da fonte rinnovabile	100% energia elettrica da fonte rinnovabile	Garantire il 100% di energia elettrica da fonte rinnovabile
Altre emissioni indirette (Scope 3)	-	1° screening GHG delle emissioni Scope 1, 2 e completo	2° screening GHG delle emissioni Scope 1, 2 e 3 (miglioramento dei dati per Scope 3)

3) Si tratta di un percorso di decarbonizzazione che risulta in linea con ciò che la più recente scienza climatica ritiene necessario per il rispetto degli obiettivi dell’Accordo di Parigi, e quindi per limitare il riscaldamento globale a 1,5°C rispetto ai livelli preindustriali, con un aumento massimo al di sotto di 2°C. Per ulteriori dettagli sull’iniziativa, riferirsi al paragrafo 3.2., oppure consultare la pagina: <https://sciencebasdtargets.org/>

siano attribuibili alle auto aziendali alimentate a diesel. Per questo motivo abbiamo deciso, in coerenza con la nostra **car policy**, di incentrare i nostri sforzi sulla progressiva sostituzione delle vetture aziendali endotermiche con quelle elettriche. Questo obiettivo è stato fissato nel rispetto delle esigenze interne legate alle tempistiche di contrattualizzazione delle vetture, in quanto per questo servizio ci appoggiamo a una struttura di noleggio a lungo termine esterna. Inoltre, il percorso di transizione verso il *full-electric* prevede delle eccezioni per i veicoli ad alta percorrenza, che per il momento continueranno ad essere diesel o diesel *mild-hybrid*.

In particolare, la nostra flotta alla fine del 2023 è composta da 63 auto, alimentate come segue:



Le nostre auto ibride sono perlopiù *plug-in hybrid* a benzina (55%), mentre al secondo posto troviamo le auto *full-hybrid* a benzina (23%). Le restanti autovetture sono *mild-hybrid* a gasolio (14%) e *plug-in hybrid* a gasolio (9%).

Nel prossimo anno cercheremo di integrare dieci vetture *full-electric*, andando a sostituire le seguenti vetture attualmente ricomprese nella nostra car list:

- 8 vetture diesel;
- 1 vettura mild-hybrid;
- 1 vettura full-hybrid.

Tuttavia, a causa dei ritardi legati all'arrivo degli ordini delle vetture, abbiamo deciso di porci per il 2024 l'obiettivo di integrare entro fine anno almeno 8 auto elettriche; stimiamo che questo intervento ci consentirà di ridurre le nostre emissioni dirette del 10% per il 2024.

Per quanto concerne lo **Scope 2**, vogliamo impegnarci a mantenere nel tempo un approvvigionamento energetico completamente rinnovabile. A tal fine, dal 2019, ad integrazione dell'energia autoprodotta tramite il nostro parco fotovoltaico, abbiamo attivato un contratto di fornitura al 100% da Garanzie d'Origine (GO). Si tratta di una certificazione in forma elettronica che attesta l'origine rinnovabile delle fonti utilizzate dai nostri impianti, i cui titoli vengono direttamente rilasciati dal Gestore dei Servizi Energetici.

Infine, per ciò che riguarda lo **Scope 3** siamo consapevoli dell'elevato impatto emissivo della nostra catena di fornitura, ma anche dell'elevata incertezza di calcolo che caratterizza quest'ambito.

Per questo motivo, al fine di avere una baseline di emissioni più rappresentativa degli impatti legati alla nostra realtà aziendale, ci poniamo l'impegno di effettuare un secondo screening delle emissioni che consenta di migliorare l'affidabilità del calcolo dello Scope 3.

FOCUS

L'inventario delle emissioni di GHG

Per il calcolo dell'impronta di carbonio di un'organizzazione, gli standard di riferimento più riconosciuti a livello internazionale (ovvero il *GHG Protocol* e la UNI EN ISO 14064-1) prevedono la suddivisione delle emissioni secondo tre principali categorie:

- **Scope 1: emissioni dirette** derivanti da fonti possedute e controllate dall'Organizzazione, che possono derivare da fonti stazionarie o mobili; nel nostro caso si intendono rispettivamente quelle legate alla produzione di calore e quelle attribuibili al parco autovetture aziendali.
- **Scope 2: emissioni indirette** che derivano dalla produzione di energia elettrica prelevata dalla rete e consumata dall'organizzazione.
- **Scope 3: altre emissioni indirette.** Sono un insieme potenzialmente molto ampio e comprendono tutte le emissioni indirette generate dalle attività all'interno della catena di valore che fa capo all'azienda. Tra queste possono essere ad esempio considerate:
 - produzione delle materie prime;
 - distribuzione ai clienti;
 - approvvigionamento di combustibili;
 - spostamenti casa-lavoro e viaggi del personale;
 - trasporto e trattamento rifiuti generati nei processi;
 - approvvigionamento materiali ausiliari.

3.3 La terza finalità di beneficio comune: la catena di fornitura

“Supportare i propri fornitori nelle transizioni tecnologiche ed ecologiche, incoraggiando la crescita della sensibilità ambientale e sociale nella propria catena di fornitura, valorizzando e sostenendo il tessuto imprenditoriale locale ed acquistando, quando possibile, percentuali rilevanti di materie prime e semilavorati da fornitori all'interno del territorio italiano, in particolare nel territorio della Regione Piemonte.”

Al fine di perseguire questa finalità di beneficio comune, ci proponiamo di:

- **Prediligere modalità di approvvigionamento responsabile**

Siamo consapevoli della necessità di gestire non solo l'impatto diretto delle nostre attività, ma anche quello indiretto correlato alla nostra catena di valore, indirizzandola verso modelli operativi maggiormente sostenibili.

Attività -Valutazioni ESG sulla catena di fornitura	
KPI	% fornitori attenti alla sostenibilità
Baseline (2023)	
Obiettivo (2024)	Aggiornamento questionario per migliorare la mappatura dell'approccio ESG

Come primo passo per indirizzare la nostra catena di valore verso una maggiore virtuosità in materia di sostenibilità, abbiamo reputato necessario partire da una **valutazione dei nostri fornitori incentrata sulle tematiche ESG**. Questo ci consentirà di stabilire una baseline di partenza rispetto alla quale poter monitorare i progressi fatti dalla nostra *supply chain* nel tempo.

4) Nel 2023 il 49% dei nostri fornitori è localizzato sul territorio piemontese, mentre guardando a quelli presenti sul territorio italiano la percentuale sale all'87%.

Questo obiettivo di analisi non è indirizzato alle multinazionali presenti nella nostra catena di approvvigionamento, le quali spesso hanno già definito un proprio percorso di sostenibilità. La nostra attenzione sarà più concentrata invece sui fornitori locali⁴ di Osai A.S. S.p.A. SB, collaborando con i quali abbiamo modo di dare un contributo più rilevante per il miglioramento della sostenibilità della nostra filiera.

Attualmente prevediamo un monitoraggio annuale sui temi di *Quality, Health, Safety, Environment* (QHSE). In particolare, questa indagine si concentra principalmente sulla verifica della presenza di sistemi di gestione della qualità, ambiente e per la salute e sicurezza nei luoghi di lavoro, approfondendo inoltre alcune delle tematiche correlate a questi aspetti. Per il 2023 abbiamo ottenuto risposta da 27 fornitori di parti meccaniche a disegno e carpenteria. Il campione rappresenta poco meno del 12% dell'intero parco fornitori, che costituisce circa il 25% dell'intero acquistato durante l'anno.

Il nostro obiettivo per il prossimo anno è quello di aumentare la nostra conoscenza sulla sostenibilità della nostra supply chain attraverso una revisione del questionario che consideri e integri elementi più specifici in grado di indagare l'attenzione alla sostenibilità dei nostri fornitori.

3.4 La quarta finalità di beneficio comune: comunità e territorio

“Sostenere la comunità ed il territorio attraverso azioni volte ad incrementare il proprio impatto sociale positivo, favorendo e sostenendo attività di informazione, formazione ed educazione anche in collaborazione con istituzioni scolastiche ed accademiche, pubbliche e private, intrattenendo un dialogo continuativo e costruttivo con gli enti locali, le associazioni rappresentative e le organizzazioni non profit che si impegnano fattivamente per il miglioramento delle condizioni civili, sociali, ambientali e culturali, impegnandosi a contribuire a progetti condivisi di promozione della qualità della vita e di sviluppo socioeconomico della Comunità in cui la Società opera poiché la vitalità della comunità è un valore fondamentale per lo sviluppo e la crescita del territorio.”

Al fine di perseguire questa finalità di beneficio comune, ci proponiamo di:

- **Contribuire allo sviluppo socio-economico delle comunità vicine alle nostre sedi**

In qualità di impresa responsabile, vogliamo dare supporto alle comunità locali all'interno delle quali operiamo per generare e distribuire valore attraverso la generazione di un impatto positivo concreto. Al fine di contribuire alla promozione della qualità della vita e allo sviluppo del nostro territorio, ci impegniamo ad investire risorse umane ed economiche.

Nel corso del 2023 abbiamo avuto l'opportunità di gestire alcune **collaborazioni con gli istituti scolastici** per lo svolgimento di attività di formazione, incontri di orientamento al lavoro e per introdurre i ragazzi al mondo OSAl.

Le **nove** iniziative svolte nel corso del 2023 si sono difatti concentrate sugli istituti tecnici locali, al fine di valorizzare le possibilità di sviluppo professionale in azienda; ciò è avvenuto sia attraverso la partecipazione agli open days scolastici, sia tramite la predisposizione di giornate di visita aziendale.

Il nostro obiettivo su questo fronte è quello di rimanere costanti nel tempo nello svolgimento di queste attività di coinvolgimento degli studenti; per questo motivo, per il 2024 ci proponiamo di svolgere almeno altri 9 incontri con le stesse finalità.

La nostra azienda opera con proattività al fine di generare un impatto sociale positivo anche attraverso lo sviluppo di progettualità in collaborazione con enti esterni, in particolar modo attraverso collaborazioni continuative con gli **istituti universitari**. Nel corso del 2023 sono risultati attivi due percorsi di dottorato industriale, uno con il Politecnico di Torino e uno con quello di Milano, le cui borse sono state co-finanziate tramite le risorse del PNRR. Si tratta di un percorso triennale che prevede lo sviluppo da parte della risorsa selezionata di un progetto di ricerca su una tematica innovativa relativa al business dell'azienda, e al contempo consente al dottorando di fare un'esperienza formativa tecnico-scientifica sul campo.

Per il **2024** non ci poniamo ulteriori obiettivi in quest'ambito se non quello di continuare queste collaborazioni. A lungo termine ci impegniamo nel mantenerci attivi su questo fronte, avviando ulteriori collaborazioni alla scadenza di quelle in corso.

Sempre nell'ambito della ricerca, nel 2023 abbiamo inoltre rinnovato il nostro **contratto di ricerca annuale con**

Attività	KPI	Baseline (2023)	Obiettivo (2024)
Attività nelle scuole e coinvolgimento degli studenti	N. di incontri/attività	9 incontri	9 incontri l'anno
Progetti di ricerca con le università	N. progetti	2 PhD ⁵	Proseguimento dei progetti in corso

5) Dottorato di Ricerca

il **CNR**, il Consiglio Nazionale delle Ricerche, già attivo da tre anni e che prevediamo di rinnovare anche per il 2024.

Nel corso degli anni ci siamo attivati anche in altri modi per poter ampliare il nostro impatto positivo sul territorio.

In ambito formativo offriamo ai giovani la possibilità di attivare **stage curricolari** presso la nostra azienda; ciò permette di arricchire e consolidare le conoscenze acquisite in ambito scolastico tramite un'esperienza sul campo, favorendo inoltre l'orientamento nel mondo del lavoro e lo sviluppo di competenze.

Inoltre, dal 2021 abbiamo sottoscritto una **partecipazione societaria⁶ nel Consorzio Interaziendale Canavesano per la Formazione Professionale (CIAC)**, una società consortile locale che opera per "formare valore", per i ragazzi in obbligo formativo, giovani adulti occupati e disoccupati, imprese, mercato del lavoro e territorio, contribuendo alla costante innovazione e riqualificazione delle competenze. Il Consorzio progetta ed eroga servizi formativi e servizi al lavoro che, partendo dalla chiara identificazione dei requisiti, realizzano le aspettative e soddisfano i bisogni degli utenti: i committenti pubblici e privati, gli allievi, le famiglie, le imprese.

Dal 2022 sosteniamo infine le comunità locali tramite **erogazioni liberali**, intese quali contributi di denaro o altri beni materiali. Le erogazioni devono sostenere iniziative, manifestazioni, progetti di rilevanza sociale, culturale, artistica, ambientale purché le finalità siano coerenti con l'oggetto sociale e abbiano ricadute sul territorio della Provincia di Torino. Le erogazioni vengono concesse tramite bando annuo focalizzato su determinate tematiche di carattere sociale, come regolato dal bando per le erogazioni liberali.

Nel 2023 abbiamo potuto sostenere 6 progettualità:

Orto in Cascina Praie

Attraverso l'erogazione di €8.000 abbiamo potuto sostenere la riattivazione dell'appezzamento orticolo di Cascina Praie. Il nostro contributo ha permesso di acquistare quanto necessario a rendere i terreni fruibili e produttivi: un obiettivo che

ha una doppia valenza sociale. Attualmente la Cascina rappresenta la nuova sede di SpaziOblu, un centro diurno nato al fine di sostenere e accogliere le famiglie con all'interno ragazzi affetti da autismo. Attiva sul territorio eporediese dal 2020, questa realtà coinvolge bambini e ragazzi dai 3 ai 17 anni tramite percorsi educativi e di accompagnamento che vertono su varie attività, quali la musicoterapia, laboratori di cucina e motricità, e presto il coinvolgimento in attività orticole. Il rinnovamento dell'orto di Cascina Praie andrà inoltre a beneficio dell'intera comunità locale, anche tramite l'offerta dei prodotti dell'orto all'interno dei menù della Cascina, rendendo questo modello di ristorazione come un esempio di offerta inclusiva, sociale, sostenibile ed innovativa per il territorio.

Promozione dello sport nel territorio rivolto a persone con disabilità

La nostra società nel 2023 ha supportato, con contributo di 11.500€, l'ASD Muoversi Allegramente Onlus, un'associazione sportiva dilettantistica che opera nel campo del sociale occupandosi dell'inclusione delle persone con disabilità intellettiva (con target tra i 10-40 anni) tramite l'attività ludico-sportiva. Le attività dell'associazione favoriscono inoltre l'aggregazione tra famiglie tramite la condivisione delle attività legate agli eventi sportivi, e sono inoltre finalizzate alla sensibilizzazione dei giovani volontari verso l'abbattimento dei pregiudizi. Operativa nel territorio del ciriacese e delle Valli di Lanzo, l'associazione farà tesoro del nostro contributo al fine di poter ampliare la propria offerta sportiva per l'anno sociale 2023/2024, ampliando così la capacità di accogliere nuovi iscritti.

Basket inclusivo: unione di forze, passione, diversità

Con un'erogazione di 10.000€ daremo un sostegno alle attività dell'anno sportivo 2023/2024 dell'Associazione sportiva Lettera 22 di Ivrea, che ha messo in piedi un progetto volto all'integrazione degli adulti con disabilità tramite il basket.

6) La nostra partecipazione societaria è per un capitale pari a 25 quote

A partire dal marzo 2023, e grazie alla collaborazione con il "Centro diurno 109", ospitante ragazzi con disabilità fisiche e cognitive, è stato possibile l'avvio del progetto. L'obiettivo principale è promuovere l'inclusione, la fiducia in sé stessi e la consapevolezza delle proprie capacità, oltre a creare un ambiente di crescita e apprendimento reciproco. La nostra offerta consentirà di implementare le attività per la stagione sportiva, finanziando non solo allenamenti e partite settimanali, ma anche la partecipazione a tornei, l'organizzazione di partite di esibizione per favorire l'interazione e la coesione tra i giocatori e infine una vacanza sportiva in Toscana a conclusione della stagione.

Essere o non essere

Un'ulteriore erogazione di 8.000€ è stata assegnata al Consorzio Copernico scs - Servizi per la comunità e il territorio in relazione al progetto di realizzazione di un musical i cui protagonisti saranno attori portatori di disabilità. Le arti sceniche da sempre sono difatti uno strumento utile per favorire l'emersione delle personalità latenti e favorire inoltre il miglioramento delle capacità di attenzione e concentrazione, logiche, di percezione e creative dei partecipanti. In particolare, la nostra donazione consentirà di garantire il giusto staff per la gestione delle attività utili alla realizzazione dello spettacolo e di organizzarne l'allestimento.

Progetto Fud Track

Infine, attraverso l'erogazione di 5.281€ saremo sostenitori del progetto della Campo Aperto SCAS, volto alla reintegrazione sociale delle

persone svantaggiate tramite riqualificazione lavorativa. Il progetto prevede difatti, tramite l'attivazione di un "Fud Trac" volto alla preparazione e alla vendita dei cibi, di attivare nuovi percorsi lavorativi professionalizzanti per tali soggetti. Oltre a questi fini, il progetto perseguirà anche fini ambientali e della corretta alimentazione grazie all'impiego dei prodotti orticoli derivanti dagli orti sociali di Campo Aperto. Il nostro contributo consentirà di allestire il furgone e acquisire tutte le attrezzature utili all'avvio di questa attività commerciale dalle connotazioni socio-ambientali.

- Contribuire al miglioramento della gestione dei rifiuti grazie alle attività di OSAI Green Tech SB S.r.l.

Come premesso all'interno della Nota metodologica, abbiamo scelto di inserire un obiettivo specifico per l'ambito di applicazione di OSAI Green Tech SB S.r.l., che si differenzia da quelli perseguiti dalla capogruppo OSAI A.S. SB L'attività si pone l'obiettivo del miglioramento nella gestione dei rifiuti della comunità. In questo caso quindi OSAI Green Tech SB S.r.l. si pone come propulsore del miglioramento ed incremento del riciclo e il recupero efficiente dei rifiuti sul territorio, al fine di favorire la transizione verso modelli economici più circolari e la valorizzazione del rifiuto.

Già dal 2023 abbiamo avuto modo di svolgere **alcuni interventi per la diffusione del modello di economia circolare** a cui si ispira la missione della neonata OSAI Green Tech SB S.r.l..

Il nostro Amministratore Delegato è stato direttamente protagonista di un **intervento educativo sul valore dei rifiuti** svolto all'interno di una scuola primaria locale. L'intervento ha coinvolto le classi dell'istituto dalla seconda

Attività	KPI	Baseline (2023)	Obiettivo (2024)
Eventi di educazione specifica nelle scuole e/o divulgazione istituzionale	N. di eventi	5	6 interventi
Progetti innovativi di economia circolare	N. progetti	-	1

alla quinta elementare, ed è stato indirizzato in particolare alla sensibilizzazione degli alunni sul tema del riciclo e del recupero dei materiali, con un'attenzione particolare ai RAEE (Rifiuti da Apparecchiature Elettriche ed Elettroniche).

Solo incentivandone la raccolta e il corretto conferimento possiamo incrementare il beneficio comune dato dal recupero delle materie prime contenute in ciò che già abbiamo senza dover estrarre nuove risorse.

In ambito istituzionale, nel 2023 siamo stati partecipi di alcune conferenze, fiere e convegni sul tema della gestione dei rifiuti, quali ad esempio *Ecomondo*, la *E-Waste World Conference and Expo*, *E-Tech Europe*. Abbiamo inoltre dato il nostro contributo in un convegno focalizzato sul futuro dei rifiuti, mirato ad approfondire strategie e scenari per un gestione sostenibile tramite un intervento sulle *best practices* delle aziende che si occupano di gestione e di impianti per il trattamento dei rifiuti⁷. Si tratta di occasioni che ci hanno dato spazio per divulgare la missione della società e lo scopo delle nostre attività, e in particolare sull'utilizzo delle tecnologie per migliorare i processi di riciclo e recupero dei materiali preziosi dai dispositivi elettronici.

In quest'ambito, ci vogliamo impegnare nella divulgazione di queste tematiche anche per il 2024: ci poniamo a tal fine l'obiettivo di partecipare ad almeno 6 interventi di educazione specifica nelle scuole o di divulgazione istituzionale nel corso dell'anno.

Nell'arco del 2023 abbiamo dato un contributo ancora più sostanziale all'economia circolare nel settore del riciclo dei rifiuti RAEE e delle terre preziose tramite lo sviluppo di RE4M (Recycling for Manufacturing).

7) <https://www.youtube.com/watch?v=4iY2lAdkBMo>

Si tratta del primo impianto italiano in grado di estrarre, selezionare e recuperare dalle schede elettroniche RAEE i metalli critici e preziosi come oro, argento, palladio e rame in maniera automatica. Questo modello potrà permettere la valorizzazione dei rifiuti trasformandoli in nuova materia prima da inserire all'interno di nuovi processi produttivi in un'ottica di circolarità.

Secondo le stime, l'impianto avrà una capacità di trattamento di oltre 300 tonnellate di schede elettroniche all'anno, da cui si prevede di poter estrarre oltre 200 kg di oro e altrettanti di argento, oltre ad altri materiali critici come rame e palladio.

Il macchinario è stato acquistato dal Gruppo IREN. L'installazione, prevista entro la fine del 2024, avverrà nel comune di Terranuova Bracciolini, in Toscana.

OSAI Green Tech SB S.r.l. prevede lo sviluppo delle ulteriori progettualità per il futuro, e in particolare:

Recupero delle terre rare dagli hard disk

- Tramite il progetto "Risorsa", svolto in collaborazione con diverse realtà imprenditoriali e il mondo accademico, miriamo all'automatizzazione del processo di estrazione, separazione e selezione dei componenti di valore dagli hard disk in disuso derivanti dal recupero del RAEE, al fine di estrarne le terre rare. I materiali estratti, quali il neodimio, praseodimio, samario e disprosio, possono poi essere reimpiegati nei processi produttivi come materia prima seconda in applicazioni di alta gamma quali la produzione di componenti per veicoli elettrici e medicali.

- Questa progettualità consentirebbe di dare un contributo all'economia circolare e a sostenere lo sviluppo di un modello economico maggiormente sostenibile. Inoltre, il trattamento questi dispositivi elettronici in disuso è una questione urgente anche in termini di sicurezza dei dati e strategico. A proposito, difatti, a livello europeo l'estrazione di questi materiali è minore del 10%, con una forte dipendenza dai paesi asiatici.

Riciclo e seconda vita batterie

- In uno scenario caratterizzato dall'esplosione della mobilità elettrica, emerge la necessità di garantire l'abbondanza delle materie prime che permettono la produzione di batterie. A tal fine, è necessario porre attenzione alla questione della gestione del fine vita delle batterie per recuperarne i materiali preziosi quali litio, cobalto e nichel.

- In quest'ottica, abbiamo avviato un progetto per realizzare un sistema automatizzato per il riciclo sostenibile delle batterie agli ioni di litio; sulla base di un processo meccanico, il pacco batteria verrà disassemblato nei singoli componenti, ovvero moduli e celle, per le successive fasi di recupero dei componenti preziosi in una prospettiva di circolarità.

Riciclo di pannelli fotovoltaici

- Un'ulteriore questione da gestire con altrettanta urgenza è data dal trattamento in termini di riciclo e recupero delle materie prime seconde dai vecchi pannelli fotovoltaici. Il nostro obiettivo è realizzare un sistema automatizzato in grado di disassemblare e separare selettivamente i diversi componenti dei pannelli (vetro, plastica, alluminio, silicio e rame), e predisporli per il successivo trattamento chimico delle celle e il recycling degli elementi.

3.5 La quinta finalità di beneficio comune: conduzione del business

“Garantire responsabilità e trasparenza nella conduzione d’impresa, in modo che etica e integrità caratterizzino sempre i comportamenti della Società e la stessa diventi modello e riferimento nel proprio settore a beneficio dei clienti, dei finanziatori e degli altri portatori di interessi, anche mediante l’adozione di best practices, politiche, modelli di gestione ed organizzativi virtuosi oltre all’ottenimento di certificazioni di sistema, nazionali e/o internazionali, per attestare il raggiungimento di elevati standard di condotta”

Al fine di perseguire questa finalità di beneficio comune, ci proponiamo di:

Operare secondo i valori di integrità ed eticità

Attraverso il perseguimento di questo intento, miriamo a garantire a tutti gli *stakeholder* una condotta aziendale etica, che si concretizza con l’ottenimento delle principali certificazioni internazionali e i più alti standard di attenzione sulle tematiche di anticorruzione e sostenibilità.

Attualmente cerchiamo di rispondere alla finalità di beneficio comune delineata tramite una condotta aziendale coerente ai principi e le linee guida definiti nel nostro Codice Etico e tramite la definizione e il mantenimento di sistemi e modelli di gestione ambientale. Nello specifico, dal 2021 abbiamo adottato il Modello di Organizzazione Gestione e Controllo (D. Lgs. n. 231/2001), e operiamo in conformità alle normative UNI EN ISO 14001:2015, 9001:2015 e 45001:2018 per il controllo e il miglioramento

degli aspetti relativi alla gestione ambientale, della qualità e della salute e sicurezza sul lavoro.

Durante il 2024 vogliamo ulteriormente rafforzare il nostro impegno, ponendoci alcuni importanti obiettivi di governance nell’ambito della sostenibilità.

Vogliamo aderire all’**United Nation Global Compact (UNGC)**, un progetto delle Nazioni Unite nato per promuovere la realizzazione di un’economia rispettosa dei Dieci Principi enunciati dall’ente su Diritti Umani, Lavoro, Ambiente e Anti-corruzione e degli Obiettivi di Sviluppo Sostenibile. Le imprese e le organizzazioni che vogliono aderirvi sono tenute a rendicontare con cadenza annuale strategie e politiche adottate a dimostrazione del loro impegno, tramite la COP - *Communication On Progress*.

Tramite questa comunicazione, resa poi pubblica sul sito web dell’UN Global Compact, le aziende possono dare evidenza degli obiettivi raggiunti e dichiarare gli impegni previsti per l’anno successivo.

Al fine di armonizzare le modalità di misurazione dell’impegno tra gli aderenti, è recentemente stata introdotta una nuova modalità per la comunicazione annuale dei propri progressi. Se prima questa avveniva tramite una dichiarazione testuale, attualmente è richiesta la compilazione di un questionario standardizzato disponibile su una piattaforma digitale dedicata.

Una seconda iniziativa volontaria a cui vogliamo aderire è la **Science Based Targets initiative (SBTi)**. Nata nel 2015

Attività	KPI	Baseline (2023)	Obiettivo (2024)
Adesione al Global Compact delle Nazioni Unite	Avvenuta adesione	-	Adesione all’UNGC
Adesione alla SBTi	Avvenuta adesione	-	Adesione alla SBTi
Rinnovo formazione MOGC 231 a seguito dell’aggiornamento	% personale coinvolto nella formazione	0%	Formazione sul 100% della popolazione aziendale

dalla collaborazione tra il *Carbon Disclosure Project* (CDP), il *Global Compact* delle Nazioni Unite, il *World Resources Institute* (WRI), il *World Wide Fund for Nature* (WWF) e *We Mean Business Coalition*, l'iniziativa è finalizzata all'avvio di un percorso di mitigazione delle emissioni di gas serra da parte delle piccole e medie imprese. L'adesione al sistema prevede di allinearsi agli obiettivi fissati dal Green Deal Europeo di dimezzamento delle emissioni globali entro il 2030 e di neutralità climatica al 2050, limitando così l'aumento della temperatura globale al di sotto dei 2°C ed entro gli 1.5°C rispetto al valore registrato in epoca preindustriale, come stabilito dagli Accordi di Parigi.

In questa cornice, come già approfondito nell'ambito della nostra seconda finalità di beneficio comune, abbiamo deciso di aderire all'iniziativa ponendoci un obiettivo di breve periodo al 2030, consistente nella riduzione delle nostre emissioni di Scope 1 e Scope 2 del 42% rispetto al 2022(anno base).

Infine, a seguito dell'aggiornamento, nel 2023, del nostro Modello di organizzazione, gestione e controllo (MOGC), abbiamo deciso di porci per il 2024 l'obiettivo di **rinnovare la formazione interna** sul tema, coinvolgendo tutti i nostri collaboratori. In particolare, l'aggiornamento riguarda

il recepimento della disciplina della segnalazione illeciti (c.d. *Whistleblowing*) di cui al D. Lgs. 24/2023, consistente nella messa a disposizione di un canale di segnalazione per dipendenti, collaboratori interni ed esterni, azionisti ed altri *stakeholder* che potranno, attraverso diverse modalità online e offline, segnalare condotte illecite in maniera tutelata e sicura, così come disposto nell'apposita procedura aziendale⁸.

La regolamentazione delle modalità di ricezione e gestione delle segnalazioni di illeciti rappresenta per la nostra realtà un ulteriore passo avanti verso una sempre maggiore integrità aziendale, e di una condotta nel rispetto dei principi di legalità, correttezza e trasparenza che da sempre ci ispirano.

8) https://osai-as.com/wp-content/uploads/2023/12/OSAI_Procedura-Whistleblowing_15122023.pdf?_gl=1*ctknkm*_up*MQ..*_ga*NTg1MDc-1NjczLjE3MDkxMjA4Mzg.*_ga_QZF59NC5F8*MTcwOTEyMDgzOC4xLjEuMTcwOTEyMDg0My4wLjAuMA



4. Valutazione dell'impatto

Per ottemperare agli obblighi di legge che accompagnano lo status di **Società Benefit**, abbiamo misurato l'impatto generato verso la società tramite l'impiego di uno standard di valutazione esterno standard rappresentato dal **B Impact Assessment** (BIA).

Si tratta di uno strumento sviluppato nel 2006 dall'organizzazione no profit B Lab e disponibile online gratuitamente⁹, la cui architettura e caratteristiche rispecchiano quanto previsto dalla normativa italiana di riferimento.

Attualmente utilizzato da più di 150.000 aziende nel mondo, il BIA permette di ottenere una panoramica oggettiva sugli impatti aziendali nelle quattro aree di impatto definite per legge, attribuendo al processo una maggiore trasparenza, e garantendo la comparabilità delle informazioni nel tempo e tra le diverse realtà di settore. La piattaforma online del BIA consente alle aziende di inserire dati e informazioni qualitativi e quantitativi, e si caratterizza per la sua adattabilità. Infatti, le domande presenti nel questionario e il punteggio associato a ciascun quesito variano di azienda in azienda, sulla base del settore di appartenenza.

Riferendoci alle attività e ai dati relativi all'anno 2022, abbiamo

conseguito un punteggio totale di 102,6/200, superando quindi la soglia minima prevista per il conseguimento della certificazione B Corp (fissata ad 80 punti). Infatti, a seguito di verifica delle risposte da parte di B Lab, è possibile ottenere tale certificazione, la quale rientra sicuramente tra i nostri obiettivi futuri: prevediamo di avviare l'iter durante l'anno 2024.

Nella pagina successiva riportiamo il dettaglio dei risultati della valutazione di impatto¹⁰.

9) La piattaforma è disponibile al seguente link: <https://bimpactassessment.net>

10) Come delineato nella Nota Metodologica, le informazioni contenute nel BIA sono riferite ai dati consolidati del 2022, e per questa prima edizione della relazione d'impatto è stato compilato utilizzando i soli dati di OSAI A.S. S.p.A. SB.

Punteggio complessivo del B Impact Score

102.6/200



GOVERNANCE

Come l'azienda può migliorare le politiche e le pratiche pertinenti alla propria missione, all'etica, la responsabilità e trasparenza.

Punteggio **16.4**



LAVORATORI

Come l'azienda può contribuire al benessere finanziato, fisico, professionale e sociale dei propri lavoratori.

Punteggio **42.8**



COMUNITA'

Come l'azienda può contribuire al benessere economico e sociale delle comunità in cui opera.

Punteggio **26.5**



AMBIENTE

Come l'azienda può migliorare la propria gestione ambientale in generale.

Punteggio **14.3**



CLIENTI

Come l'azienda può migliorare il valore che crea per i clienti e consumatori diretti dei propri prodotti e servizi.

Punteggio **2.4**



Per informazioni sulla sostenibilità del Gruppo OSAl e i contenuti del Report scrivere a:
sostenibilità@osai-as.it
+39 0125.66.83.11

**REPORT OF THE BOARD OF STATUTORY AUDITORS TO
THE SHAREHOLDERS' MEETING**

pursuant to Article 2429, Paragraph 2, Italian Civil Code

Dear Shareholders,

this report, drawn up in accordance with art. 2429, paragraph 2 of the Italian Civil Code, reports on the activities of the Board of Statutory Auditors (the "Board") of Osai Automation System S.p.A. (hereinafter also referred to as "Osai" or the "Company") in the financial year ended 31 December 2023.

It should be noted that, during 2023, the Board of Statutory Auditors carried out the functions set out in art. 2403 Italian Civil Code et seq., while the functions provided for by art. 2409 *bis* were carried out by the Independent Auditors BDO Italia S.p.A.

During FY 2023, the Board of Statutory Auditors carried out its institutional tasks in compliance with the Italian Civil Code, of the provisions in the Articles of Association and those issued by the supervisory and control Authorities, taking into account the rules of conduct recommended by the National Board of Chartered Accountants.

To this end, it should be noted that:

this Board was appointed on 27 April 2023;

Until that date, the control activities were carried out by the Board previously in office; however, the contents of this report refer to the entire year 2023.

Supervisory activities pursuant to Art. 2403 of the Italian Civil Code et seq.

During the 2023 financial year, we attended the meetings of the Board of Directors, as well as the Shareholders' Meetings, all of which were held in compliance with the statutory, legislative and regulatory provisions governing their functioning.

For the purpose of performing our duties, we acquired documents, data and information both through meetings and information exchanges with management, heads of corporate functions, representatives of the auditing firm

BDO Italia S.p.A., the Supervisory Board, both by attending all meetings of the Shareholders' Meeting and the Board of Directors.

As part of our monitoring activities, we report the following:

We monitored compliance with the law and the Articles of Association, and with the principles of sound management;

we attended all the Shareholders' Meetings and those of the Board of Directors for which, on the basis of information available, we have no particular observations to make;

the Administrative Body provided information on the activities carried out and the Company's most important economic, financial and equity transactions. We can reasonably assure you that the actions decided and carried out comply with the law and the Articles of Association and do not appear to be manifestly imprudent, reckless, in potential conflict of interest, in contrast with those made by the Shareholders' Meeting or such as to compromise the integrity of company assets.

we obtained information from the supervisory body and no critical points have emerged regarding correct implementation of the organizational model that need to be highlighted in this report;

by collecting information from the heads of the organizational function, the Administrative Body, the Independent Auditors and the Supervisory Body, we monitored the adequacy of the organizational, administrative and accounting structure, ascertaining that it was working effectively, also with regard to the timely detection of situations of crisis or loss of continuity. In this regard, the Board of Statutory Auditors, while noting the Company's adequate organisational, administrative and accounting structure, considering the increase in financial exposure, also in light of the significant investments made, recommends the strengthening of internal financial governance controls in order to continuously and constantly monitor the "*liquidity risk*", as also highlighted by the Directors in the Management Report;

we have acquired knowledge of and supervised, to the extent of our competence, the adequacy of the internal control system and the administrative

and accounting system as well as on the reliability of the latter to correctly represent management events;

the Board of Directors of the company, as a Benefit Corporation, is required to prepare an annual Impact Report, which must be filed with the Register of Companies together with the annual financial statements. The Board of Statutory Auditors, as part of its duty to supervise compliance with the law and the Articles of Association, ascertained that the report was prepared by the Administrative Body on 22 March 2024;

we did not detect any atypical or unusual transactions, or any transactions involving a conflict of interest;

During the year, the Board of Statutory Auditors issued the opinions required by law, expressing, in particular, a favourable opinion on the resolution of the Board of Directors of 21.02.2023 concerning the approval of the "*2023 Key Managers Incentive Plan for OSAI A.S. S.p.A.*", pursuant to Art. 2389, paragraph 3 of the Italian Civil Code;

no reports were filed pursuant to Art. 2408 of the Italian Civil Code, nor complaints from third parties;

during the supervisory activities carried out and based on the information obtained, no omissions, reprehensible facts, irregularities or in any case significant facts were detected that would require reporting or merely a mention in this Report;

Comments on the Annual Report

The draft financial statements for the financial year ending 31 December 2023, together with the Management Report referred to in Art. 2428 of the Italian Civil Code was approved by the Board of Directors on 22 March 2024.

The above-mentioned draft financial statements as of 31 December 2023 include the Statements of Financial Position, the Income Statement, other elements of Comprehensive Income and changes in Equity, the Cash Flow Statement and the Notes to the financial statements.

That set of documents was made available to the Board of Statutory Auditors in compliance with the deadline set out in Art. 2429 of the Italian Civil Code.

We have, therefore, examined the draft financial statements, on which the following additional information is provided:

The annual financial statements have been prepared in accordance with the provisions of the Italian Civil Code and drawn up in compliance with the International Accounting Standards (IAS/IFRS);

Since we have not been entrusted with the legal audit of the financial statements, we have supervised the general layout of the financial statements, their general compliance with the law with regard to their formation and structure, and, in this regard, we have no observations that need to be highlighted in this report; we have verified compliance with the legal provisions concerning the preparation of the management report and, on this point, we have no observations to highlight;

the financial statements have been prepared on a going concern basis, as the Board of Directors has determined that there are no material uncertainties (as defined in IAS 1 para. 25 and 26) on the company's ability to continue as a going concern also supported by the elements highlighted in the section "*Going concern*". In particular, in the aforementioned paragraph, the Directors represent that *'the Company has approved a five-year strategic plan to provide itself with a long-term perspective and clear and measurable objectives in terms of balancing the production mix, which will be periodically monitored, improving profitability and reducing costs. In particular, the company believes it can aim for an EBITDA return in line with the average profitability of the sector and a substantial invariance of net financial debt'* and that *'as of today, the Company has already initiated a series of incisive and immediate initiatives'*;

the notes to the financial statements include the information required by art. 1, paragraph 125, of the Law of 4 August 2017 no. 124 et seq. with regard to public disbursements; furthermore, the explanatory notes contain information on research and development expenses incurred for the purposes of verifying the requirement of Art. 4, paragraph 1 of Decree-Law 3/2015, for the qualification of *'innovative SME'*;

to the best of our knowledge, when preparing the financial statements, the Directors did not derogate from the law pursuant to Article 2423, paragraph 5 of the Italian Civil Code

we have verified the correspondence of the financial statements with the facts and information that have come to our knowledge as a result of the performance of the typical duties of the Board of Statutory Auditors, and no further observations are noted in this regard; we have verified, to the best of our knowledge, the correctness of the information contained in the notes to the financial statements;

the Financial Statements are consistent with Company facts and with the information that came to our attention while performing our duties;

we have verified the application of the evaluation criteria set out in Art. 2426 of the Italian Civil Code, directing supervisory activities with a view to preserving the integrity of company assets.

Result for the financial year.

The net result as ascertained by the Board of Directors for the year ended 31 December 2023, as is also evident from a reading of the financial statements and the management report, is a loss of EUR 6,137,308.15.

On the basis of the information available, there are no comments on the proposal of the Board of Directors regarding the allocation of the year's result, noting, however, that the decision on this matter is up to the Shareholders' Meeting.

The Board of Statutory Auditors also notes that the auditing firm BDO Italia S.p.A. on 08.04.2024 issued the report pursuant to Art. 14 of Legislative Decree no. 39 of 27 January 2010, certifying that the financial statements for the year ended 31 December 2023 give a true and fair view of the company's financial position as of 31 December 2023, results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Pursuant to Article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010, the Independent Auditors certified that the Management Report is consistent with the financial statements for the year of Osai A.S. S.p.A. as of 31 December 2023 and was prepared in compliance with the law.

Comments on the Consolidated Financial Statements

The Board of Statutory Auditors has noted that the Company has prepared consolidated financial statements and has also submitted them for audit by the auditing firm BDO Italia S.p.A.

The Board of Statutory Auditors supervised compliance with the procedural rules concerning preparation of the consolidated financial statements, obtaining information from the Board of Directors on the most significant transactions within the scope of Group relations. In this respect, we have no comments to make.

Concluding remarks and proposals regarding the approval of the annual financial statements

In light of the foregoing, the Board of Statutory Auditors, taking into account the information received from the Company and considering the content of the report prepared by BDO Italia S.p.A., finds no reasons, within the scope of its competence, to prevent the approval of the draft Financial Statements as at 31 December 2023, as prepared by the Board of Directors.

The Board of Statutory Auditors agrees with the proposal made by the Board of Directors concerning allocation of the net income for the year.

Turin, 8 April 2024

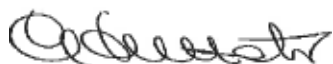
gio Sindacale:
Pellecchia



Alberto Pession



Gianna Luzzati



OSAI A.S. S.p.A.

Independent auditor's report
pursuant to article 14 of
Legislative Decree n. 39

Consolidated Financial Statements as of
December 31, 2023

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39

To the shareholder of
OSAI A.S. S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of OSAI A.S. S.p.A. and its subsidiaries (the "OSAI A.S. Group"), which comprise the statement of financial position as of December 31, 2023, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the financial position of the Company as of December 31, 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of 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 this report. We are independent of the company OSAI A.S. S.p.A in accordance with ethical requirements and standards applicable in Italy that are relevant 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 management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Italian regulations and accounting principles governing its preparation and, within the limits of the law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the holding OSAI A.S. S.p.A. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 the audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of non-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;
- Obtain and 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;
- Evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made management;
- Conclude on the appropriateness of management's use of the going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to 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;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions 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 communicate with those charged with governance, identified at the appropriate level as required by the ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/10.

The directors of OSAI A.S. S.p.A. are responsible for the preparation of the Group's report on operations of OSAI A.S. S.p.A. as of December 31, 2023, including its consistency with the consolidated financial statements and the compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations, with the consolidated financial statements of OSAI Group as of December 31, 2023 and on its compliance with the applicable laws and regulations, and in order to assess whether it contain material misstatements.

In our opinion, the report on operations is consistent with the consolidated financial statements of OSAI A.S. S.p.A. Group as of December 31, 2023 and is compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, letter e), of Legislative Decree n. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Turin, 8 April 2024

BDO Italia S.p.A.

Signed by Anna Maria Bongiovanni
Partner

OSAI A.S. S.p.A.

Independent auditor's report
pursuant to article 14 of
Legislative Decree n. 39

Financial Statements as of December 31,
2023

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39

To the shareholder of
OSAI A.S. S.p.A.

Report on the financial statements

Opinion

We have audited the financial statements of OSAI A.S S.p.A. (the Company), which comprise the statement of financial position as of 31 December 2023, the income statement, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the financial position of the Company as of 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of 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 financial statements section of this report. We are independent of the company in accordance with ethical requirements and standards applicable in Italy that are relevant 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 management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian regulations and accounting principles governing financial statements and, within the limits of the law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of the audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of non-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;
 - Obtain and 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 Company's internal control;
 - Evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made management;
 - Conclude on the appropriateness of management's use of the going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to 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 Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level as required by the ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/10.

The directors of OSAI A.S. S.p.A are responsible for the preparation of the report on operations of OSAI A.S. S.p.A as of December 31, 2023, including its consistency with the financial statements and the compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations, with the financial statements of OSAI A.S. S.p.A as of December 31, 2023 and on its compliance with the applicable laws and regulations, and in order to assess whether it contain material misstatements.

In our opinion, the report on operations is consistent with the financial statements of OSAI A.S. S.p.A as of December 31, 2023 and is compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, letter e), of Legislative Decree n. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Turin, 8 April 2024

BDO Italia S.p.A.

Signed by Anna Maria Bongiovanni
Partner

OSAI A.S. S.p.A.

Independent auditor's report
pursuant to article 14 of
Legislative Decree n. 39

Financial Statements as of December 31,
2023

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