

2024 Financial Statement and Determination of IRES and IRAP - Request for Documentation

1. INTRODUCTION

For the preparation of the financial statements as of 31.12.2024, we kindly ask you to prepare the following documents and information, which are also required for the calculation of current and deferred IRES and IRAP taxes.

Please note:

- The financial statement requires a comparison of the items between the last two fiscal years (2024 and 2023), with an indication of any reclassified items between the two years.
- Starting from 2016, companies that prepare their financial statements in the ordinary form must prepare the cash flow statement, showing comparative data from the previous year.

2. NOTES AND TAX PROVISION

2.1 EVALUATION CRITERIA

The valuation criteria applied to company assets (both tangible and intangible), investments, securities, inventory, receivables/payables, current and deferred taxes, etc., must be identified, along with any variations compared to the previous year.

If, at the end of the fiscal year, the reasons for previous impairment losses are no longer valid, a reversal of the impairment should be carried out.

Measures to support businesses

Any effects on the financial statements as of 31.12.2024 due to legal provisions related to:

- The option not to carry out depreciation on tangible and intangible fixed assets (Art. 60, co. 7-bis ss. of DL 104/2020, converted by L. 126/2020);
- The suspension of capitalization obligations (Art. 6 of DL 23/2020, converted by L. 40/2020);
- The possibility of not impairing securities in current assets (Art. 45, co. 3-octies ss. of DL 73/2022, converted by L. 122/2022, DM 23.9.2024).

2.2 INTANGIBLE ASSETS

A statement of intangible assets at the end of the fiscal year must be provided, indicating:

- The increases/decreases during the year and related amortization with the applicable rates;
- Capitalized costs (if any);
- Prepaid amounts to suppliers (if any);
- Assets that have undergone revaluation under special laws;
- Any events (e.g., the introduction of a competing product X) that may lead to impairments due to permanent losses in value.

If the option not to carry out (in whole or in part) the amortization of intangible assets has been taken, the following documentation must be provided:

- Summary table of unrecorded amortizations;

- Detailed calculation of the deferred tax provision.

2.3 TANGIBLE ASSETS

The following documentation must be provided:

- A breakdown of increases and decreases during the year, both in the cost of tangible assets and in the related accumulated depreciation (with photocopies of invoices and/or accounting sheets);
- The original cost of assets subject to maintenance or service contracts;
- Details of prepayments to suppliers;
- Breakdown of constructions in progress and capitalized costs;
- Breakdown of any tangible assets recorded at the value corresponding to the debt determined using the amortized cost method;
- A summary statement of assets that have undergone revaluation in previous financial statements under special laws;
- ATECO code of the main activity to assess if it is possible to increase the depreciation rate for industrial buildings to 6% (Art. 1, co. 65 - 68 of Law 29.12.2022 n. 197, 2023 budget law).

For assets sold during the year, it is necessary to verify:

- Whether they were subject to revaluation (both voluntary and mandatory);
- The purchase date and whether there was a capital gain (to calculate any tax spread over multiple years);
- Any events (e.g., decrease in market value, change in the manner or use of the asset) that may lead to impairments due to permanent losses in value.

If the option not to carry out (in whole or in part) the amortization of tangible assets has been taken, the following documentation must be provided:

- Summary table of unrecorded amortizations;
- Detailed calculation of the deferred tax provision.

Vehicles

For vehicles, a summary table must be prepared:

- Vehicles assigned to employees and directors;
- Vehicles used for business purposes.

Additionally, for vehicles sold during the year with a gain or loss on disposal, the accumulated depreciation (amortization fund) and the fiscal deductions should be indicated.

2.4 PARTICIPATIONS, FINANCIAL INSTRUMENTS, GOVERNMENT BONDS, BONDS, ETC.

The following information must be provided:

- Government bonds, shares, derivatives, bonds, etc., held as of 31.12.2024 for their valuation;
- Securities and shares (type and quantity) purchased or sold during the fiscal year, including the transaction date, cost of acquisition, and sale price. It should also highlight the movements of mutual fund shares, etc.;
- Dividends received from affiliated companies and subsidiaries not resident in Italy (indicating the country of residence in such cases) and from subsidiaries resident in EU countries;
- Any impairments of investments carried out during the fiscal year or to be carried out during the financial statement closing (data to be provided include, for example, the financial situation as of

31.12.2024, minutes of extraordinary meetings held according to Art. 2446 and 2447 of the Civil Code, any documentation related to waivers of loans by the participating company);

- A summary table for the calculation of the amortized cost for securities valued under this method;
- A summary table of assets that have undergone revaluation under special laws;
- Breakdown of the effects of not impairing securities in current assets if the company has availed itself of the option granted by DL 73/2022 (converted by L. 122/2022) and DM 23.9.2024.

Direct or Indirect Investments (Including Through Trust Companies)

For the direct or indirect (including through trust companies) participations in controlled and associated companies, for each one, the following information must be provided:

- Name, registered office, capital, net equity amount, profit or loss for the last fiscal year, ownership percentage, and the value attributed in the financial statements or the corresponding receivable. In the event of participation sales, data relating to the holding period, tax residence, and the activity carried out by the investee company must be provided. In the case of acquiring participations in partnerships, the name, legal address, and legal form of each entity participated in must be indicated.

2.5 INVENTORY

Inventory should be valued at the purchase or production cost (adjusted for any lower values), determined:

- Based on LIFO and its variations, FIFO, or weighted average cost for fungible goods;
- Based on the contract prices earned for works in progress (with an indication of any price increases requested and those recognized by the end of the fiscal year).

For each category of goods, the difference (if significant) between the current costs at the fiscal year-end and the cost of fungible goods determined according to the indicated methods must be specified.

The balance sheet value of obsolete or slow-moving goods must also be indicated.

Lastly, for businesses that incorporate the accounting effects of the adjustment of initial inventory stocks in the financial statements as of 31.12.2024, in accordance with Art. 1 co. 78 - 85 of Law 30.12.2023 n. 213 (2024 budget law), specific information must be provided in the Notes.

2.6 RECEIVABLES AND PROVISION FOR DOUBTFUL ACCOUNTS

The list of receivables from customers and from commercial transactions with controlled companies, parent companies, and subsidiaries of parent companies (including invoices to be issued) must be provided, with a separate indication of receivables:

- Valued using the amortized cost method (in these cases, the calculation tables should be provided);
- Sold on a pro-solvendo basis;
- Relating to the sale of tangible fixed assets;
- With contractual maturity beyond one year (after 31.12.2024);
- With a duration exceeding 5 years;
- Of insignificant value (i.e., not exceeding €5,000.00 for companies with a turnover or revenue not less than €100,000,000.00, and not exceeding €2,500.00 for other companies) overdue by at least 6 months;
- From debtors subject to bankruptcy or similar procedures (e.g., bankruptcy, judicial liquidation, composition with creditors, etc.) and related institutions (debt restructuring agreements and certified recovery plans).

It is also necessary to highlight data related to repurchase transactions (providing details on the nature of the asset subject to the contract, main contractual terms, and the adopted accounting treatment).

Additionally, the following must be provided:

- Breakdown of receivables by geographical areas;
- Invoice issue and payment dates for foreign currency invoices;
- Movements in the provision for doubtful accounts;
- A detailed breakdown of losses arising from: documented uncollectibility, insolvency procedures, etc.

2.7 COMPOSITION AND MOVEMENTS OF EQUITY

The following documentation must be provided:

- A statement of the composition of equity and the increases/decreases during the fiscal year due to the distribution of profits, movement of reserves, etc.;
- A statement containing, for each item, details of its formation and use, its origin, its usability, distributability, and the uses made in previous fiscal years;
- The date of approval (either final or anticipated) of the 2024 financial statements of the associated companies.

2.8 LABOR COSTS, NUMBER OF EMPLOYEES, AND TFR (Severance Indemnity)

The following data must be provided:

- The average number of employees, broken down by category: executives, office workers, laborers, etc.;
- Detailed breakdown of accruals for holidays, 14th-month salary, etc., and related contributions;
- The type of employment contract.

For the TFR, highlight the accruals and use of the fund during the fiscal year, considering the substitute tax on the fund's revaluation.

2.9 MOVEMENTS IN PROVISIONS FOR RISKS AND CHARGES

The following details must be provided:

- The provision for retirement benefits, including the movements during the fiscal year;
- Any other provisions for risks and charges (other than the provision for doubtful debts and the TFR provision, such as provisions for exchange rate risks, cyclical maintenance, warranty risks, etc.), including movements during the fiscal year;
- The provision for taxes, including related accruals and uses;
- The provision for derivative financial instruments (if applicable).

2.10 DIFFERENCES BETWEEN ACCOUNTING AND TAX VALUES OF ASSETS

The following must be provided:

- The fixed asset register (to verify any differences between accounting depreciation and tax depreciation);
- The minutes of the shareholders' meeting (to verify the evaluation criteria adopted).

2.11 LOANS GRANTED OR GUARANTEED BY SHAREHOLDERS

If shareholders have granted or guaranteed loans to the company, the following must be verified:

- Whether the shareholders have financed the company or only guaranteed the loan;
- If so, whether the shareholders are qualified (i.e., if they hold shares equal to or greater than 25% or if they control the company);
- If the shareholders have related parties (family members or controlled companies).

For loans granted by shareholders, the maturity date and any postponement clauses in relation to other creditors must be indicated.

2.12 RELATIONS WITH GROUP COMPANIES

If the company is subject to the direction and coordination of a third party, the following must be provided:

- The most recent approved financial statement of the parent company or the company that exercises direction and coordination activities;
- Data on any intra-group transactions and their reasons (specifying whether such transactions were made at market conditions or not).

2.13 OTHER INFORMATION RELATING TO THE BALANCE SHEET

The following details must be provided:

- Accruals and deferrals (both current and non-current);
- Debts, indicating maturity (if over 5 years), geographical distribution, issue and payment dates of invoices in foreign currency, and calculation sheets for debts valued using the amortized cost method;
- Assets and allocated loans;
- Leasing assets (send a copy of the contract or indicate other relevant information, possibly from amortization schedules or leasing company letters: the present value of outstanding lease payments, implicit interest, the total amount the leased assets would have been recorded for at year-end if they were considered fixed assets, etc.);
- The total amount of commitments, guarantees, and potential liabilities not recorded in the balance sheet, indicating the nature of the real guarantees provided;
- Existing obligations related to pension treatment and similar benefits, as well as commitments towards controlled, associated, parent companies, and entities controlled by these companies;
- Amortization schedule for bond loans, mortgages, loans for purchasing plants, machinery, and “technological” investments (i.e., the “Sabatini Law”);
- Issued financial instruments (characteristics, equity rights assigned to holders, a list of the main operations related to the issuance);
- Active and passive derivative financial instruments (characteristics, contracts, etc.);
- A list of pending lawsuits;
- Tax credits used during 2024 and credits usable in subsequent years, resulting from incentive provisions.

2.14 INFORMATION RELATING TO THE INCOME STATEMENT

The following documentation must be provided:

- Interest income (including overdue interest);
- Interest expense (including overdue interest) and financial charges (e.g., towards banks, on long-term loans, etc.);
- Contributions for operational expenses, plant-related expenses, capital contributions, and mixed contributions related to fiscal year 2024;
- Service provisions and other general expenses;
- Active and passive extraordinary income and expenses, and related classifications;

- Taxes (IMU, registration tax, penalties paid including for voluntary tax settlements, etc.), separately indicating unpaid taxes;
- Gifts and representation expenses;
- Mobile phone expenses;
- Vehicle expenses;
- Charitable donations, with certification of the legal status of the recipient;
- Amount of compensation, advances, and credits due to directors, statutory auditors, and possibly the audit firm, and the payment date for these amounts;
- Maintenance expenses (calculation of the maximum deductible amount for the fiscal year);
- Income from relations with individuals or entities in “tax havens”;
- Negative and positive items (e.g., rental income) derived from owning real estate.

2.15 OTHER INFORMATION

The following additional information is required:

- A description of significant events occurring after the close of the 2024 fiscal year;
- The name and registered office of the company preparing the consolidated financial statements for the largest group of companies to which the company belongs as a controlled entity, as well as the location where a copy of the consolidated financial statements is available;
- The name and registered office of the company preparing the consolidated financial statements for the smallest group of companies to which the company belongs as a controlled entity, as well as the location where a copy of the consolidated financial statements is available;
- Information relating to the fair value of financial instruments pursuant to Article 2427-bis of the Italian Civil Code;
- The amount and nature of any exceptional revenue or cost items;
- Gross amounts subject to offsetting of accounts (between assets and liabilities or between costs and revenues) permitted by the Civil Code or by OIC accounting principles.

2.16 PUBLIC GRANTS

If the company has received public grants amounting to or exceeding €10,000.00, the following information must be provided:

- Identification data of the granting entity;
- The amount of the grant received;
- The administrative period during which the grant was received;
- A brief description of the reason for the grant allocation.

3 MANAGEMENT REPORT

The management report must include the following information:

- The situation of the company and the management performance during 2024 (in general and in the various sectors in which it operated, including through controlled companies), with particular regard to costs, revenues, and investments. The report should also indicate any research and development activities carried out during the year;
- The relationships with controlled, associated, parent companies, and companies controlled by the latter during 2024, indicating the amounts of debt/credit, costs, and revenues during the fiscal year;
- The relationships with the company that exercises direction and coordination and with other companies subject to this activity, as well as the effects of such activity on the financial results of the year;
- The expected development of the company's operations for 2025.

4 OTHER NECESSARY DOCUMENTATION (CERTIFICATES, PERSONAL DATA, ETC.)

If not already in the possession of the firm, the following documents must be provided:

- A list of the directors and statutory auditors, including their personal details (date of birth, address, etc.);
- A list of shareholders as of the date of approval of the 2023 financial statements (as of December 31, 2023) and any changes to the shareholder composition since that date;
- Certifications of withholding taxes withheld, dividends received, etc.;
- Payment forms for taxes made from January 1, 2024 (e.g., F24 forms, even if with a zero balance, F23 forms, etc.).