

TECHNOPROBE

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2022

TECHNOPROBE S.P.A.

Registered office in Cavalieri di Vittorio Veneto n. 2, Cernusco Lombardone

Tax Code No. 02272540135

Share Capital € 6.010.000,00

Lecco R.E.A. (Economic and Administrative Index) No. 283619

CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

Courtesy translation

This document has been translated into English from the Italian original solely for the convenience of international readers.

In case of discrepancy between the Italian language original text and the English language translation, the Italian version shall prevail.

TECHNOPROBE S.P.A.

REGISTERED OFFICE IN CAVALIERI DI VITTORIO VENETO N. 2 - CERNUSCO LOMBARDONE

TAX CODE No. 02272540135

SHARE CAPITAL € 6,010,000.00

LECCO R.E.A. (ECONOMIC AND ADMINISTRATIVE INDEX) No.283619

DIRECTORS' REPORT ON OPERATIONS

1 GOVERNANCE AND INDEPENDENT AUDITORS

BOARD OF DIRECTORS^(*)

Cristiano Alessandro Crippa	Chairman of the Board of Directors ⁽¹⁾
Roberto Alessandro Crippa	Vice chairman of the Board of Directors ⁽¹⁾
Stefano Felici	Chief Executive Officer ⁽¹⁾
Monica Crippa	Director ⁽²⁾
Giulio Sirtori	Independent Director ⁽³⁾
Anna Chiara Svelto	Independent Director ⁽³⁾

(1) Executive and non-independent Director.

(2) Non-executive and non-independent Director. On March 28, 2022, she submitted her resignation.

(3) Independent Director pursuant to art. 148, paragraph 3 of the Consolidated Law on Finance.

(*) The Board of Directors will remain in office until the Shareholders' Meeting which will be called to approve the financial statements for the financial year ending on December 31, 2023.

BOARD OF STATUTORY AUDITORS^(*)

Carlo Bianco	Chairman of the Board of Statutory Auditors
Giorgio Corti	Statutory Auditor
Pierfrancesco Giordano	Statutory Auditor
Giovanni Combi	Alternate Auditor
Francesco Carini	Alternate Auditor

(*) The Board of Statutory Auditors will remain in office until the Shareholders' Meeting which will be called to approve the financial statements for the financial year ending on December 31, 2023.

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.⁽⁴⁾

(4) On July 24, 2020, the shareholders' meeting of Technoprobe S.p.A. appointed PricewaterhouseCoopers S.p.A. to perform the statutory audit pursuant to article 13 of Legislative Decree no. 39 of 2010 with reference to the Company's separate and consolidated financial statements for the three-year period 2020-2022, and. Therefore, until the date of the shareholders' meeting to approve the financial statements for the year ended December 31, 2022.

2 REPORT ON GROUP OPERATIONS

Dear shareholders,

we hereby present for your review the consolidated financial statements as of and for the year ended December 31, 2022 (hereafter the “**Consolidated Financial Statements**”) of Technoprobe S.p.A. (hereafter the “**Company**” or “**Technoprobe**” and, together with its subsidiaries, the “**Group**” or the “**Technoprobe Group**”), prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (hereafter, also “**IFRS**”) and accompanied by this report, through which we would like to illustrate the Group's performance, both with respect to the financial year ended and the forecast outlook.

In the year under review, revenue amounted to €548,929 thousand, with an increase of 40.1% compared with prior year, and a net profit equal to €148,215 thousand, of which €147,904 thousand attributable to the Group. The gross operating margin and EBITDA, as described below, for the year ended December 31, 2022 amounted to €332,780 thousand and €245,360 thousand, respectively. The net financial position amounted to a surplus of €403,430 thousand as of December 31, 2022.

As in the previous periods, the increase in turnover is mainly attributable to the increase in certain market shares compared to competitors; a very targeted marketing strategy on the largest microchip manufacturers and the development of new technologies have enabled the Group to be qualified now as the main supplier of giants in the telephony and "SoC" (system on chip) logic market.

The following table sets forth the Group's main economic and financial indicators:

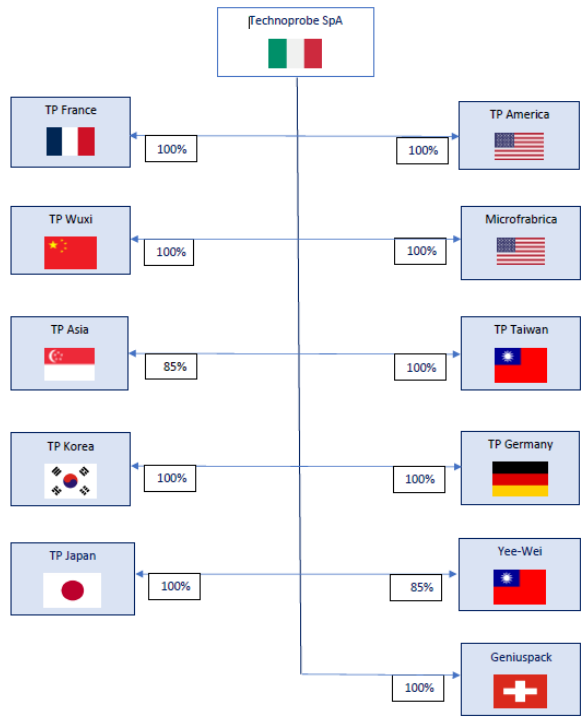
<i>(In thousands of Euro)</i>	Year ended December 31,	
	2022	2021
Revenue	548,929	391,737
Gross profit	332,780	234,721
EBITDA ⁽¹⁾	245,360	174,698
Investments ⁽¹⁾	79,715	59,692
Net profit	148,215	119,347
Total shareholders' equity	736,975	446,283
Net financial position (surplus) ⁽¹⁾	403,430	134,847

(1) In the Directors' Report on Operations, in addition to the financial measures provided for by IFRS, certain measures derived from IFRS are also presented, although not provided for by IFRS (Non-GAAP Measures). These measures are presented in order to allow a better assessment of the Group's operating performance and must not be considered as alternatives to those provided for by IFRS.

3 GROUP ORGANIZATION

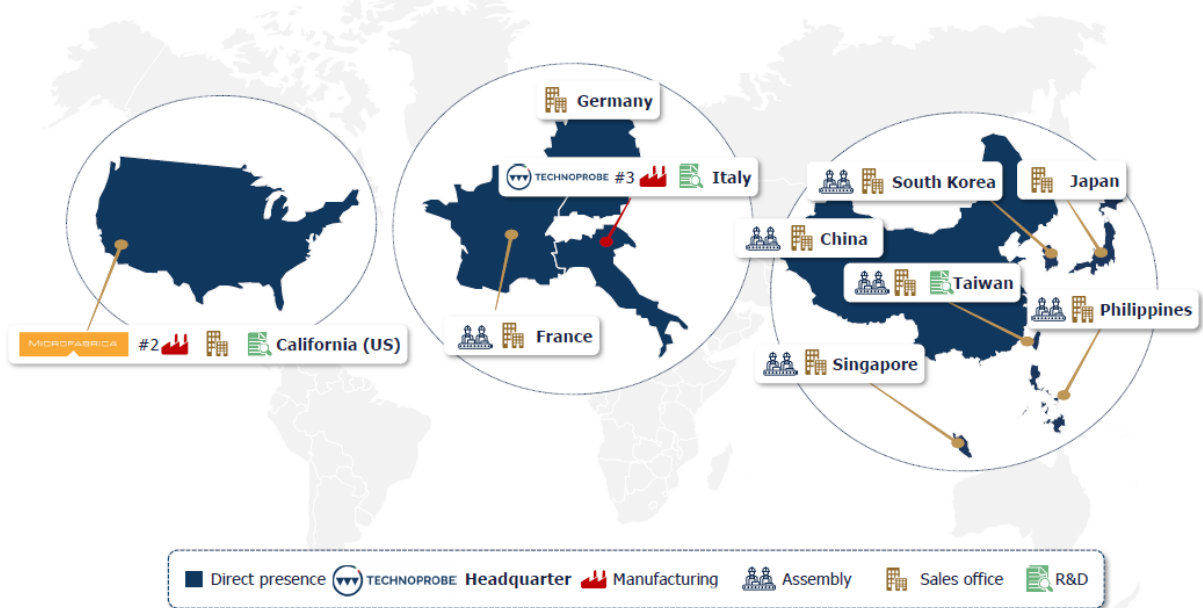
The Group operates in the design and production of probe cards. Probe cards are high-tech devices tailor-made to the specific semiconductor that allow the operation of chips to be tested during their production (*i.e.*, while they are still on the silicon wafer). These are technological projects and solutions that guarantee the operation and reliability of devices that play a central role in the computer, smartphone, 5G, Internet of Things, home automation and automotive industries, among others. Probe cards are considered “consumables”, meaning that each probe card's life cycle is linked to a specific chip and no part of the probe card can be reused. Our registered office is in Cernusco Lombardone (Lecco), Italy, where we have a production plant measuring approximately 18,000 m². We have two other production plants in Italy: the first plant, measuring about 3,000 m² in Agrate Brianza (Monza and Brianza), and the second, measuring about 5,000 m² in Osnago (Lecco). Outside of Italy, we have 11 facilities throughout Europe, Asia (*i.e.*, Taiwan, South Korea, China and Singapore) and the United States.

The following chart shows our corporate structure as of December 31, 2022:



In September 2022, the investment in Yee-Wei was transferred from Geniuspack to the Company, which assumed direct control, with no change in the percentage of ownership. There were no further changes in the Group's corporate structure in the financial year 2022.

The chart below shows our international presence, including our production sites, research and development labs and sales offices, which allow us to remain in close contact with customers in the geographic areas that we serve:



4 MACROECONOMIC SCENARIO¹

International scenario

In 2022, the global economy continued to be affected by high inflation, deep uncertainty related to the conflict in Ukraine and the restrictive stance of monetary policies. Significant risks remain in relation to geopolitical evolutions. Despite some signs of decline, inflation remained high and central banks in the major advanced economies continued with monetary tightening. In November and December 2022, the Federal Reserve and the Bank of England decided to raise their respective key interest rates further. At its meetings in October and December 2022, the Governing Council of the ECB raised its key interest rates by 75 and 50 basis points, respectively, and announced that they would still have to rise significantly to support a timely return of inflation to its medium-term target.

Italy

Estimates indicate that economic activity in Italy weakened in the last quarter of 2022, due to both a weaker recovery in services, where value added had already recovered to pre-pandemic levels in the summer, and a decline in industrial production. Household spending appears to have slowed. After remaining unchanged during the summer, there are indications of a slight increase in employment in October and November. Wage growth remains moderate. Harmonized consumer price inflation stood at 12.3 percent year-on-year in December 2022, still supported by the energy component, which continues to transmit to prices of other goods and services. The government's energy-related measures appear to have mitigated consumer price growth by more than 1 percentage point over the same period.

5 SIGNIFICANT MANAGEMENT EVENTS

Listing process

In the year ended December 31, 2022, the Company completed the process of listing its ordinary shares on Euronext Growth Milan, trading system organized and managed by Borsa Italiana S.p.A (the “**Listing**”), the placement of which was successfully completed on February 11, 2022, with first day of trading on February 15, 2022. The Listing took place through an institutional placement of ordinary shares reserved for qualified investors in Italy and foreign institutional investors.

On the basis of the requests received during the institutional placement, 125,000,000 shares were allocated, of which (i) 25,000,000 newly issued shares resulting from a capital increase with exclusion of pre-emptive rights (ii) 88,000,000 shares offered for sale by the current shareholders and (iii) 12,000,000 shares underlying the over-allotment option granted by the shareholder T-Plus S.p.A. At the end of the Listing process, the free float of the Company's shares is equal to approximately 20.8% of the share capital.

New production plant and design center opening

In the year ended December 31, 2022, have been started the activities at the new production plant in Agrate Brianza, dedicated to MEMS and photolithographic processes, as well as the new production plant in Osnago (LC), which host the mechanical workshop of the Group. Furthermore, in 2022 have been started the activities in the new design Center located in Catania.

Management of critical issues arising from the war in Ukraine

In February 2022, tensions between Russia and Ukraine escalated, resulting in the military invasion of Ukraine by the Russian military in the following weeks. The impact of the conflict led to an immediate and sharp increase in fuel and electricity prices and a general rise in inflation. Although the Technoprobe Group does not have a presence in Russia and the Russian market does not represent a reference market, it cannot be excluded that the uncertain developments of the conflict and its repercussions globally,

¹ Source: Banca d'Italia, Economic Bulletin Number 1/2023.

including on the raw materials supply chain, may result in exceptional circumstances in the future, which are difficult to foresee and are also likely to have an impact on the Group's ability to also operate in its reference markets and/or to purchase the raw materials necessary for the conduct of its business or to purchase them at prices suitable for maintaining expected margins.

6 MAIN ALTERNATIVE PERFORMANCE INDICATORS (APIs)

The European Securities and Market Authority (ESMA) has published guidelines on alternative performance indicators (hereafter also referred to as "**APIs**") for listed issuers. APIs refer to measures used by management and investors to analyze the Group's trends and performance, which are not directly derived from the financial statements. These measures are relevant to support management and investors in analyzing the Group's performance. Investors should not consider these APIs as substitutes, but rather as additional information to the data included in the financial statements. It should be noted that APIs as defined by the Group, may not be comparable to similarly named measures used by other companies.

APIs presented in this report are defined as follows:

- EBITDA is a non-IFRS alternative performance indicator monitored by management to evaluate underlying business performance. EBITDA used by the Group is defined as net profit adjusted for: (i) income tax expenses, (ii) foreign exchange gains (losses), (iii) net finance income (expenses), (iv) other income, net, (v) net impairment of financial assets and (vi) depreciation, amortization and impairment included in: selling, general and administrative, research and development and cost of revenue.
- Gross Profit margin and EBITDA margin are defined as the ratio of Gross margin and EBITDA to revenues, respectively.
- Research and development expense ratio is defined as the ratio of research and development expenses to revenues.
- Net working capital is defined as the difference between current assets and current liabilities, including derivative financial instruments fair value and excluding current financial assets, cash and cash equivalents, current financial liabilities and current lease liabilities.
- Net fixed capital is defined as the difference between non-current assets and non-current liabilities, excluding non-current financial liabilities and non-current lease liabilities.
- Net invested capital is defined as the sum of Net working capital and Net fixed capital.
- Net financial position is defined as the sum of cash and cash equivalents and current financial assets, net of current and non-current financial and lease liabilities (in any case, with the exclusion of derivative financial instruments entered into to hedge exchange rate risk in relation to commercial transactions).
- Capital expenditures are defined as the sum of cash flow used for investments in property, plant and equipment (excluding right-of-use assets) and intangible assets.
- ROE is calculated as the ratio of net profit for the period to the Group's equity (including net profit for the period).
- ROI is calculated as the ratio of operating profit to total assets.
- ROS is calculated as the ratio of operating profit to revenues.
- Fixed assets coverage ratio is calculated as the ratio of Group's equity (including net profit for the period) to total non-current assets.
- The ratio "Shareholders' equity / Invested capital" is calculated as the ratio of Group's equity (including net profit for the period) to total current assets.
- Indebtedness ratio is defined as the ratio of total liabilities to total assets.
- Acid test is calculated as the ratio of total current assets net of inventories to current liabilities.
- Current ratio is calculated as the ratio of current assets to current liabilities.

7 GROUP'S FINANCIAL INFORMATION

7.1 GROUP'S RESULTS OF OPERATIONS

The following table provides the Group's income statement figures for the years ended December 31, 2022 and 2021, with evidence of the incidence as a percentage of revenue:

<i>(In thousands of Euro and as a percentage of revenue)</i>	Year ended December 31,			
	2022	% of Revenue	2021	% of Revenue
Revenue	548,929	100.0%	391,737	100.0%
Cost of revenue	(216,149)	(39.4%)	(157,016)	(40.1%)
Gross profit	332,780	60.6%	234,721	59.9%
Operating expenses				
Research and development	(56,419)	(10.3%)	(33,706)	(8.6%)
Selling, general and administrative	(67,737)	(12.3%)	(51,359)	(13.1%)
Net impairment of financial assets	(178)	0.0%	243	0.1%
Total operating expenses	(124,334)	(22.6%)	(84,822)	(21.7%)
Operating profit (EBIT)	208,446	38.0%	149,899	38.2%
Other income, net	(4,155)	(0.8%)	(4,468)	(1.1%)
Net finance income (expenses)	1,024	0.2%	(115)	0.0%
Foreign exchange gains (losses)	1,915	0.3%	7,107	1.8%
Profit before tax	207,230	37.7%	152,423	38.9%
Income tax expense	(59,015)	(10.8%)	(33,076)	(8.4%)
Net profit	148,215	26.9%	119,347	30.5%
<i>R&D expense ratio on revenue</i>	<i>(10.3%)</i>		<i>(8.6%)</i>	

Revenue

Revenue amounted to €548,929 thousand and €391,737 thousand for the year ended December 31, 2022 and 2021, respectively.

The following table provides details of revenue by geographical area, in absolute terms and as a percentage of revenue:

<i>(In thousands of Euro and as a percentage of revenue)</i>	Year ended December 31,^(*)			
	2022	% of Revenue	2021	% of Revenue
Asia	356,947	65.0%	182,370	46.6%
America	153,444	28.0%	166,702	42.6%
Europe (excluding Italy)	28,724	5.2%	33,049	8.4%
Italy	9,814	1.8%	9,616	2.4%
Revenue	548,929	100.0%	391,737	100.0%

(*) Data processed according to billing country

In both periods under review, revenues originating outside Italy accounted for over 96% of total revenue.

Revenue generated in Asia, amounting to €356,947 thousand and €182,370 thousand for the year ended December 31, 2022 and 2021, respectively, increased by €174,577 thousand or 95.7%. Such increase is attributable both to the growth observed in the years under review in the Group's reference market and the increase in the Group's market share; as well as the effects of the change in the procurement area of some of the Group's major customers from Europe (excluding Italy) and America to Asia. As a percentage of revenue, revenue generated in Asia increased from 46.6% for the year ended December 31, 2021 to 65.0% for the year ended December 31, 2022.

Revenue generated in America, amounting to €153,444 thousand and €166,702 thousand for the year ended December 31, 2022 and 2021, respectively, decreased by €13,258 thousand or 8.0%. Such decrease is mainly attributable to the effects of the change in the location of the procurement area of some of the Group's major customers from America to Asia. As a percentage of revenue, revenue generated in America decreased from 42.6% for the year ended December 31, 2021 to 28.0% for the year ended December 31, 2022.

Revenue generated in Europe (excluding Italy), amounting to €28,724 thousand and €33,049 thousand for the year ended December 31, 2022 and 2021, respectively, decreased by €4,325 thousand or 13.1%, mainly as a result of the effects of the change in the procurement area of one of the Group's major customers from Europe (excluding Italy) to Asia. As a percentage of revenue, revenue generated in Europe (excluding Italy) decreased from 8.4% for the year ended December 31, 2021 to 5.2% for the year ended December 31, 2022.

Revenue generated in Italy amounted to €9,814 thousand and €9,616 thousand for the year ended December 31, 2022 and 2021, respectively, remaining substantially in line in the two years. As a percentage of revenue, revenue generated in Italy decreased from 2.4% for the year ended December 31, 2021 to 1.8% for the year ended December 31, 2022.

Cost of revenue

Cost of revenue amounted to €216,149 thousand for the year ended December 31, 2022 and €157,016 thousand for the year ended December 31, 2021, with an increase of €59,133 thousand or 37.7%. As a percentage of revenue, cost of revenue is equal to 39.4% for the year ended December 31, 2022 and to 40.1% for the year ended December 31, 2021, decreasing 0.7% compared to the previous period.

Research and development

Research and development expenses amounted to €56,419 thousand for the year ended December 31, 2022 and €33,706 thousand for the year ended December 31, 2021, with an increase of €22,713 thousand or 67.4%. As a percentage of revenue, research and development expenses increased from 8.6% for the year ended December 31, 2021 to 10.3% for the year ended December 31, 2022. Such increase is mainly attributable to new R&D projects carried out in the year ended December 31, 2022, primarily in the new R&D center in Agrate (operating for the entire 2022 compared with only six months in 2021); in the new design center in Catania opened in September 2022 and in the other R&D centers of the Group in the United States and in Taiwan.

Selling, general and administrative

Selling, general and administrative expenses amounted to €67,737 thousand for the year ended December 31, 2022 and €51,359 thousand for the year ended December 31, 2021, with an increase of €16,378 thousand or 31.9% mainly due to an increase in the personnel cost in administration, sales and distribution activities, sales commissions, and utility costs; only partially offset by a reduction in maintenance and repair costs. As a percentage of revenue, selling, general and administrative expenses increased from 13.1% for the year ended December 31, 2021 to 12.3% for the year ended December 31, 2022. In the year ended December 31, 2022, the Group also incurred non-recurring consulting costs of approximately €1.6 million related to the Listing. In the year ended December 31, 2021, the Group also incurred non-recurring costs of approximately €0.5 million related to the management of the vaccine hub for the Covid-19 emergency temporarily hosted, since April 2021, in the headquarters of Cernusco Lombardone.

EBITDA ed EBITDA Margin

The following table presents the calculation of EBITDA and the related reconciliation with net profit:

<i>(In thousands of Euro and as a percentage)</i>	Year ended December 31,	
	2022	2021
Net profit	148,215	119,347
Income tax expense	59,015	33,076
Foreign exchange gains (losses)	(1,915)	(7,107)
Net finance income (expense)	(1,024)	115
Other income, net	4,155	4,468
Depreciation, amortization and impairment ^(*)	36,736	25,042
Net impairment of financial assets	178	(243)
EBITDA	245,360	174,698
EBITDA Margin	44.7%	44.6%

(*) The Group prepares the income statement by destination, therefore depreciation, amortization and impairment do not represent a separate income statement line-item on our consolidated income statement. Depreciation and amortization, as presented in the table above, were determined as the sum of such expenses included in: (i) Cost of revenue, (ii) Research and development and (iii) Selling, general and administrative.

EBITDA amounted to €245,360 thousand and €174,698 thousand, for the year ended December 31, 2022 and 2021, respectively, with an increase of €70,662 thousand or 40.4%. As a percentage of revenue (*EBITDA Margin*), EBITDA amounted to 44.7% and 44.6% for the year ended December 31, 2022 and 2021, respectively, remaining substantially in line between the years under review.

Other income (expenses), net

Other income (expenses), net included expenses amounting to €4,155 thousand and €4,468 thousand for the year ended December 31, 2022 and 2021, respectively. As a percentage of revenue, other income (expenses), net decreased from negative 1.1% for the year ended December 31, 2021 to negative 0.8% for the year ended December 31, 2022. Such decrease is mainly attributable to *i*) provision for risks and charges amounting to €8,448 thousand for the year ended December 31, 2022 compared to €9,500 thousand for the year ended December 31, 2021 and *ii*) other operating income mainly attributable to tax benefits.

Net finance income (expenses)

Net finance income (expenses) amounted to income of €1,024 thousand and expense of €115 thousand for the year ended December 31, 2022 and 2021, respectively. This increase is mainly attributable to the increase in interest income earned from cash and cash equivalents due to part of the cash being held in term deposit accounts releasable on demand characterized by higher interest rates than those guaranteed by current accounts.

Foreign exchange gains (losses)

Foreign exchange gains (losses) consisted of gains amounting to €1,915 thousand and €7,107 thousand for the year ended December 31, 2022 and 2021, respectively. As a percentage of revenue, foreign exchange gains (losses) decreased from 1.8% for the year ended December 31, 2021 to 0.3% for the year ended December 31, 2022. Such decrease is mainly attributable to a less favorable Euro-U.S. dollar exchange rate trend for the year ended December 31, 2022 as compared to prior year.

Income tax expense

Income tax expense amounted to €59,015 thousand for the year ended December 31, 2022 and €33,076 thousand for the year ended December 31, 2021. As a percentage of profit, income taxes increased from 21.7% in the year ended December 31, 2021 to 28.5% in the year ended December 31, 2022. Such increase is mainly attributable to the fact that in fiscal year 2021 the Group benefited from revaluation-related tax benefits amounting to €7.9 million.

Net profit

As a result of the above, net profit amounted to €148,215 thousand and €119,347 thousand for the year ended December 31, 2022 and 2021, respectively.

7.2 GROUP'S FINANCIAL POSITION

The following table provides a reclassification of the statement of financial position by applications and sources for a better understanding of the Group's financial position:

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
Applications		
Net fixed capital (*)	229,709	186,801
Net working capital (*)	103,836	124,635

Net invested capital ^(*)	333,545	311,436
Sources		
Shareholders' equity	736,975	446,283
Net financial position (surplus) ^(*)	(403,430)	(134,847)
Total funding sources ^(*)	333,545	311,436

^(*)The item is not considered to be accounting measures under IFRS and, therefore, should not be considered as an alternative measure to those provided by the Group's Financial Statements for the assessment of the Group's economic performance.

Net fixed capital

The following table provides a breakdown of net fixed assets:

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
Property, plant and equipment	209,736	169,198
Intangible assets	10,742	6,673
Goodwill	10,351	9,757
Deferred tax assets	16,598	13,604
Non-current financial assets	1,021	835
Other non-current assets	1,987	1,383
Deferred tax liabilities	(320)	(335)
Employee benefits obligations	(297)	(2,665)
Provisions for risks and charges	(20,073)	(11,625)
Other non-current liabilities	(36)	(24)
Net fixed capital	229,709	186,801

Net fixed capital increased from €186,801 thousand as of December 31, 2021 to €229,709 thousand as of December 31, 2022, recording an increase equal to €42,908 thousand or 23.0%. Such increase is mainly attributable to the net effect of: (i) the increase equal to €44,607 thousand of property, plant and equipment and intangible assets mainly due to the effect of the investments described in the following paragraph 7.3, net of depreciation and amortization charge for the year; and (ii) the increase equal to €8.448 thousand of the provision for risk and charges, mainly related to tax risks.

Net working capital

The following tables provides a breakdown of net working capital:

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
Inventories	110,387	71,901
Trade receivables	75,418	102,848
Current tax receivables	363	1,898
Other current assets	16,884	12,365
Trade payables	(40,858)	(32,782)
Contract liabilities	-	(8)
Current tax payables	(21,756)	(1,130)
Other current liabilities	(38,304)	(30,321)
Derivative financial instruments	1,702	(136)
Net working capital	103,836	124,635

Net working capital decreased from €124,635 thousand as of December 31, 2021 to €103,836 thousand as of December 31, 2022, recording a decrease equal to €20,799 thousand or 16.7%. Such variation is mainly attributable to the decrease of trade receivables and to the increase of trade payables and current tax payables, only partially offset by the increase in inventories.

Shareholders' equity

Shareholders' equity increased from €446,283 thousand as of December 31, 2021 to €736,975 thousand as of December 31, 2022. The increase is mainly attributable to the Group's net profit and to the increase in share capital and share premium reserve as a consequence of the Listing.

Main indicators of financial position

Financial indicators	As of December 31,	
	2022	2021
R.O.E. (Return On Equity)	20.1%	26.7%
R.O.I. (Return On Investment)	24.0%	27.9%
R.O.S. (Return On Sales)	38.0%	38.3%

ROE, calculated as ratio between net profit to Group's shareholders' equity, summarizes the profitability and remuneration of the Group's equity.

ROI, calculated as ratio between operating income and total assets, represents the characteristic profitability of invested capital, excluding the effects of financial management, extraordinary items and the tax charge.

ROS, calculated as ratio between operating income and revenue, is used to analyze the Group's operations and shows the impact of the various production factors on revenue.

The decrease of the above indicators, although the increase of the economic results for the year ended December 31, 2022 compared to the year ended December 31, 2021, is affected by the above-mentioned increases of the fixed assets and net working capital, which were also achieved as a result of the Listing that took place in February 2022.

Financial position indicators	As of December 31,	
	2022	2021
Fixed assets coverage ratio	2.94	2.22
Shareholders' equity / Invested capital	0.85	0.83
Indebtedness ratio	0.15	0.17

Fixed asset coverage ratio, which represents the ratio between shareholders' equity (including net profit for the year) and total fixed assets, shows that non-current assets are fully funded by shareholders' equity, thus demonstrating the existence of a solid structural balance.

Shareholders' equity to invested capital ratio is the ratio of shareholders' equity to total assets and highlights the weight of capital contributed by shareholders in relation to the sources used to fund the statement of financial position assets.

Indebtedness ratio between capital raised from third parties and total assets expresses the percentage of debt which, for various reasons, the Group has contracted in order to raise the funds necessary to satisfy the items presented in total assets in the statement of financial position.

Liquidity test	As of December 31,	
	2022	2021
Acid test	4.90	3.72
Current ratio	5.97	4.74

Acid test is the ratio of current assets net of inventories to current liabilities and expresses the company's ability to carry out its operations under conditions of adequate liquidity.

Current ratio is the ratio between current assets and current liabilities and represents the company's ability to meet future outflows deriving from the settlement of current liabilities with cash and cash equivalents and with future inflows deriving from the collection of current assets.

Net financial position

Group's net financial position prepared in accordance with the ESMA 32-382-1138 Recommendation of March 4, 2021 is presented below:

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
A. Cash	411,031	146,754
B. Cash and cash equivalents	-	-
C. Other current financial asset	598	42
D. Liquidity (A+B+C)	411,629	146,796
E. Current financial debt	-	(4,420)
F. Current portion of non-current financial debt	(2,352)	(2,013)
G. Current financial indebtedness (E+F)	(2,352)	(6,433)
- of which guaranteed	-	-
- of which not guaranteed	(2,352)	(6,433)
H. Net current financial indebtedness	409,277	140,363
I. Non-current financial debt	(5,847)	(5,516)
J. Debt instruments	-	-
K. Non-current trade and other payables	-	-
L. Non-current financial indebtedness (I+J+K)	(5,847)	(5,516)
- of which guaranteed	-	-
- of which not guaranteed	(5,847)	(5,516)
M. Net financial position (surplus) (*) (H+L)	403,430	134,847

(*) As of December 31, 2022, Euro 8,199 thousand refer to the lease liability relating to IFRS 16 (Euro 7,529 thousand as of December 31, 2021).

Net financial position increased from €134,847 thousand as of December 31, 2021 to €403,430 thousand as of December 31, 2022, recording an increase equal to €268,583 thousand. Such increase is mainly attributable to the net effect of: (i) liquidity generated from operating activity amounting to €207,236 thousand; (ii) liquidity generated from the capital increase undertaken as part of the Listing amounting to €139,366 thousand; and (iii) liquidity used in investing activity amounting to €78,317 thousand.

7.3 GROUP'S CASH FLOWS

The following tables provides cash flow details for the year ended December 31, 2022 and 2021:

<i>(In thousands of Euro)</i>	Year ended December 31,	
	2022	2021
Cash flow generated from operating activities	207,236	81,261
Cash flow used in investing activities	(78,317)	(58,924)
Cash flow generated from / (used in) financing activities	130,294	(37,641)
Increase/(Decrease) in cash and cash equivalents	259,213	(15,304)
Cash and cash equivalents at the beginning of the year	146,754	158,296
Foreign exchange differences from translation of cash and cash equivalents	5,064	3,762
Cash and cash equivalents at the end of the year	411,031	146,754

Cash flow from operating activities

Cash flow generated by operating activities amounted to €207,236 thousand for the year ended December 31, 2022, an increase from the net cash flow generated by operating activities for the year ended December 31, 2021 amounting to €81,261 thousand. Such increase, equal to €125,975 thousand, is mainly due to the net effect of: (i) the increase in the cash flow generated by operating activities before changes in net working capital, equal to €68,554 thousand, in line with the EBITDA trend considering the effects of the extraordinary and foreign exchange operations; (ii) the decrease of the liquidity absorbed by changes in net working capital in the year ended December 31, 2022 compared to the year ended December 31, 2021, mainly due to the different dynamics of collection of trade receivables and payment of trade payables; (iii) the decrease of €25,530 thousand in taxes paid, from €63,448 thousand in the year ended December 31, 2021 to €37,918 thousand in the year ended December 31, 2022, influenced by the dynamics of payment of tax balances and tax advances that affected previous years.

Cash flow from investing activities

Cash flow used in investing activities amounted to €78,317 thousand for the year ended December, 31, 2022 and €58,924 thousand for the year ended December 31, 2021.

Cash flow used in investing activities amounted to €78,317 thousand for the year ended December 31, 2022, is mainly attributable to: (i) investments in property, plant and equipment, equal to €74,642 thousand, mainly attributable to property, plant and equipment in progress and advances, amounting to €36,376 thousand, plant and machinery, amounting to €24,316 thousand, and industrial and commercial equipment, amounting to €7,642 thousand; and (ii) investments in intangible assets equal to €5,073 thousand, mainly attributable to software purchases.

Cash flow used in investing activities amounted to €58,924 thousand for the year ended December 31, 2021, is mainly attributable to: (i) investments in property, plant and equipment, equal to €58,705 thousand, mainly due to the costs incurred for the completion of the plants in Agrate (Monza) and Cernusco Lombardone (Lecco), as well as to machinery and equipment for clean rooms and to upgrade and modernize production facilities; and (ii) investments in intangible assets equal to €987 thousand, mainly attributable to software purchases.

Cash flow from financing activities

Cash flow generated by financing activities amounted to €130,294 thousand for the year ended December 31, 2022, an increase compared to cash flow absorbed by financing activities for the year ended December 31, 2021 amounting to €37,641 thousand. Such increase is mainly due to the net effect of: (i) liquidity generated from the capital increase undertaken as part of the Listing amounting to €139,366 thousand for the year ended December 31, 2022; the decrease equal to €25,761 thousand of the liquidity absorbed by financial liability reimbursements, from €30,407 thousand for the year ended December 31, 2021 to €4,646 thousand for the year ended December 31, 2022; (iii) dividends paid amounting to €1,129 thousand for the year ended December 31, 2022 and €4,604 thousand for the year ended December 31, 2021.

8 MANAGEMENT OF THE RISKS TO WHICH THE GROUP IS EXPOSED

Operating risks

Risk factors are primarily linked to fierce competition. The trend of recent years towards market consolidation is confirmed, with smaller companies struggling more and more due to their inability to raise the necessary financial resources to keep up with technological development and renewal. The effects on the semiconductor market could be negative if, as a result of duties or import blocks, there is a slowdown in global demand for electronic devices.

However, the partnership established with the leading manufacturers in the market allows the Technoprobe Group to have a privileged perspective of the technological trends, thus allowing it to correctly address the investments in R&D.

Financial risks

The main financial risks identified, monitored and, to the extent specified below, actively managed by the Group, are as follows:

- market risk, deriving from fluctuations in exchange rates between the euro and the other currencies in which the Group operates, especially the US dollar;
- credit risk, deriving from the possibility of counterparty default;
- liquidity risk, deriving from a lack of financial resources to meet financial commitments.

The Group's aim is to maintain balanced management of its financial exposure over time, ensuring that its liabilities are in balance with the composition of its assets and providing the necessary operational flexibility through the use of the liquidity generated by current operations and bank loans.

The Group's financial policy and the management of related financial risks are centrally directed and monitored. Moreover, credit risk is at present considered negligible for the Group, given the size and creditworthiness of its main customers. Further details are provided in Note 5 of the notes to the Consolidated Financial Statements.

9 OUTLOOK AND SIGNIFICANT EVENTS AFTER DECEMBER 31, 2022

The relevant market in which the Group operates currently shows a widespread downturn, which is considered temporary and limited to the first half of fiscal year 2023: this trend should then reverse in the second half of fiscal year 2023, thus enabling a return to usual performance levels.

The difficult macroeconomic environment, significantly affected by the consequences of international geopolitical tensions, including the continuation of the Russian-Ukrainian conflict, continues to keep high some factors of uncertainty and criticality that concern the generalized increase in the prices of the main raw materials and their availability, as well as transportation logistics. Geopolitical tensions between the United States and China regarding the limits imposed on technology exports to Asia, represent an additional factor of instability in the semiconductor sector on which will continue to weigh, especially in the first part of the current year, both a general contraction in consumer demand for devices such as smartphones and computers, and high inventory levels at the main players in the sector. In contrast, the automotive and industrial applications segment is expected to grow. Taking into account the results achieved for the year ended December 31, 2022, the order backlog, and assuming an unchanged geopolitical and pandemic situation, the Group expects its volumes to contract in the first half of 2023 compared to the same period in the previous year; the recovery of the entire semiconductor supply chain is then expected in the second half of 2023, driven by a general recovery in consumption and the conclusion of the aforementioned de-stocking processes currently underway.

The same applies to the uncertainty about the evolution of the Dollar/Euro exchange rate: at present our activities are proceeding as planned and financial instruments have already been activated to hedge against fluctuations in the exchange rate itself.

Significant events after the end of the fiscal year include the fact that on January 27, 2023, the Board of Directors confirmed its intention to start the process of listing the Company's shares on Euronext Milan in a timeframe that would allow its conclusion by the end of 2023.

Finally, it should be noted that in February 2023, a plan was launched to make production capacity more efficient, particularly at the subsidiary Microfabrica Inc. also in accordance with the expected market contraction in 2023: the plan, which has already been communicated to the parties in accordance with current local legislation, envisages a downsizing of about 100 units starting from the second quarter of 2023, both at the production and administrative/commercial levels. According to the company's estimates, this plan will not result in a contraction of production capacity or market response as the same capacity can be absorbed by other production sites thanks in part to the increasing automation of certain processes.

10 GROUP STRATEGY AND FUTURE ORGANIZATIONAL MODEL

The strategy of concentrating the entire know-how in Italy and the realization of the parts with high technological content in the plants of Cernusco Lombardone is confirmed, strengthened by the opening of the already mentioned plant in Agrate Brianza, and by the acquisition of the site in Osnago which is currently being prepared. The "engineering support" departments are present in the foreign plants in

order to provide assistance to customers during the installation and customization of products manufactured in Italy.

11 RELATIONSHIPS WITH SUBSIDIARIES, ASSOCIATES AND PARENT COMPANIES

Pursuant to article 2428 of the Italian Civil Code, Note 9 of the notes to the Consolidated Financial Statements provides a summary of payables due, and receivables from, as well as costs and revenues with related parties.

12 PERSONNEL

During the year there were no deaths at work or serious accidents involving serious or very serious injuries to staff. Also during the year there were no charges relating to occupational illnesses affecting employees or former employees, or cases of mobbing for which the company has been declared definitively liable.

13 ENVIRONMENT

The Company constantly monitors, based on an internal plan, the quality of emissions and discharges produced at each of its production sites in Italy. All values have always been found to comply with the requirements of current permits.

The management of environmental aspects is ensured by an audit plan, using internal resources and specialized external consultants, aimed at identifying intervention actions and possible opportunities for improvement.

In the year 2022, more than 300 hours of training were provided on the behaviors to be adopted for carrying out work processes in compliance with environmental regulations.

In July 2022, the first analysis report of environmental performance indicators was published and an improvement plan was defined that has as its cornerstone:

- the implementation of actions to improve efficiency and reduce energy consumption;
- the installation of photovoltaic systems at the Osnago and Cernusco Lombardone sites.

14 MANAGEMENT AND COORDINATION

At the date of this report, the Company is not subject to management and coordination activities by T-Plus, pursuant to art. 2497 et seq. of the Italian Civil Code. The Company believes, in fact, that none of the activities typically entailing management and coordination pursuant to Article 2497 et seq. of the Italian Civil Code exist.

15 RESEARCH AND DEVELOPMENT

Research and development continued to be significant also in the year ended December 31, 2022. It is testified both by the entry into full operation of the new production plant in Agrate and the opening of a new research center in Catania and the filing of numerous new international patent applications.

Our research and development is focused on the needs of individual customers in order to (i) understand the specific technological requirements of each project, (ii) develop innovative solutions and (iii) anticipate technological trends in the market.

In particular, we have teams dedicated to: (i) the development of probe cards; (ii) the robotic component and machinery for the production of probe cards; and (iii) the artificial intelligence aspects (with the aim

of developing projects and solutions capable of making the production process more efficient and effective).

With respect to our probe card operations, there are several teams that deal with the different phases of production. Two teams are dedicated to the design of probes with TPEG™ MEMS technology and those manufactured by Microfabrica, while another team is dedicated to the development and design phases.

With respect to the robotics and the machinery component of our products, the teams dedicated to the software and the design phase work simultaneously for the development of machines and other equipment used in the probe card production process (e.g., lasers, automatic assembly machines and probe card analyzers).

We routinely implement innovative solutions through our research and development initiatives, including but not limited to high-power architecture (“**HiP**”) technology, the patent for which has recently filed and obtained, which allows for the minimization of needle burning events during testing (especially for mobile/data center applications).

Furthermore, since September the activities of the new design center located in Catania have been started.

16 OTHER INFORMATION

Pursuant to article 2428 of the Italian Civil Code, points 3) and 4), it is hereby declared that the Company does not hold shares or quotas of parent companies, either directly or indirectly, nor shares or quotas of parent companies purchased or sold by the Company during the year, either directly or indirectly.

17 PRIVACY

The Privacy Document, "Privacy Document - Data Protection Impact Assessment 2019" updated on 22.02.2019 has been prepared pursuant to GDPR 2016/679, Legislative Decree 196/2003 and Legislative Decree 101/2018 taking into account the provisions of the "Italian Privacy Guarantor".

18 QUALITY MANAGEMENT SYSTEM

The quality certification has been conferred by IMQ S.p.A., based in Milan, via Quintiliano 43, in relation to all our products.

Thanking you for the trust you have placed in us, we remain at your complete disposal to integrate, during the meeting, this information with any further information you may require.

Cernusco Lombardone, February 27, 2023

On behalf of the Board of Directors

The Chairman

Crippa Cristiano Alessandro

Technoprobe S.p.A.

**Consolidated Financial Statements
as of and for the year ended December 31, 2022**

Consolidated Statement of Financial Position	2
Consolidated Income Statement	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Cash Flows	5
Explanatory Notes to the Consolidated Financial Statements as of December 31, 2022	6
1. General Information	6
2. Summary of accounting policies and criteria used in preparing the Consolidated Financial Statements	6
3. Recently issued accounting standards	19
4. Estimates and assumptions	20
5. Management of financial risks	21
6. Notes to the consolidated statement of financial position	26
7. Notes to the consolidated income statement	37
8. Segment information	40
9. Related party transactions	41
10. Commitments, guarantees and contingent liabilities	42
11. Compensation to directors and statutory auditors	42
12. Fees due to independent auditors	42
13. Significant events occurring after the end of the period	42

Consolidated statement of financial position

<i>(In thousands of Euro)</i>	Notes	As of December 31,	
		2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	6.1	209,736	169,198
Intangible assets	6.2	10,742	6,673
Goodwill	6.2	10,351	9,757
Deferred tax assets	6.3	16,598	13,604
Non-current financial assets	6.4	1,021	835
Other non-current assets	6.5	1,987	1,383
Total non-current assets		250,435	201,450
Current assets			
Inventories	6.6	110,387	71,901
Trade receivables	6.7	75,418	102,848
Current financial assets	6.8	2,300	132
Current tax receivables	6.9	363	1,898
Other current assets	6.10	16,884	12,365
Cash and cash equivalents	6.11	411,031	146,754
Total current assets		616,383	335,898
Total Assets		866,818	537,348
EQUITY AND LIABILITIES			
Equity			
Share capital	6.12	6,010	5,760
Reserves	6.12	582,022	319,669
Net profit attributable to the owners of the Parent	6.12	147,904	118,321
Total shareholders' equity attributable to the owners of the Parent		735,936	443,750
Equity attributable to non-controlling interests	6.12	1,039	2,533
Total equity		736,975	446,283
Non-current liabilities			
Non-current lease liabilities	6.1	5,847	5,516
Deferred tax liabilities	6.3	320	335
Employee benefits obligations	6.13	297	2,665
Provision for risks and charges	6.14	20,073	11,625
Other non-current liabilities		36	24
Total non-current liabilities		26,573	20,165
Current liabilities			
Trade payables	6.15	40,858	32,782
Contract liabilities	6.16	-	8
Current financial liabilities	6.17	-	4,646
Current lease liabilities	6.1	2,352	2,013
Current tax payables	6.9	21,756	1,130
Other current liabilities	6.18	38,304	30,321
Total current liabilities		103,270	70,900
Total liabilities		129,843	91,065
Total equity and liabilities		866,818	537,348

Consolidated income statement

<i>(In thousands of Euro)</i>	Notes	Year ended December 31,	
		2022	2021
Revenue	7.1	548,929	391,737
Cost of revenue	7.2	(216,149)	(157,016)
Gross profit		332,780	234,721
Operating expenses			
Research and development	7.3	(56,419)	(33,706)
Selling, general and administrative	7.4	(67,737)	(51,359)
Net impairment of financial assets	7.5	(178)	243
Total operating expenses		(124,334)	(84,822)
Operating profit		208,446	149,899
Other income, net	7.6	(4,155)	(4,468)
Net finance income (expenses)	7.7	1,024	(115)
Foreign exchange gains (losses)	7.8	1,915	7,107
Profit before tax		207,230	152,423
Income tax expense	7.9	(59,015)	(33,076)
Net profit		148,215	119,347
Of which:			
<i>attributable to the owners of the Parent</i>		147,904	118,321
<i>attributable to non-controlling interests</i>		311	1,026
<i>Basic and diluted net profit per share (In Euro)</i>	7.10	0.25	0.21

Consolidated statement of comprehensive income

<i>(In thousands of Euro)</i>	Notes	Year ended December 31,	
		2022	2021
Net profit		148,215	119,347
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences from translation of foreign financial statements	6.12	4,240	7,316
Total other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax		4,240	7,316
Total other comprehensive income		152,455	126,663
Of which:			
<i>attributable to the owners of the Parent</i>		151,991	125,411
<i>attributable to non-controlling interests</i>		464	1,252

Consolidated statement of changes in equity

(In thousands of Euro)

	Notes	Share capital	Reserves				Retained earnings	Net profit attributable to the owners of the Parent	Total shareholders' equity attributable to the owners of the Parent	Equity attributable to non-controlling interests	Total equity
			Legal reserve	Share premium reserve	Other reserves	Translation reserve					
As of December 31, 2020	6.12	5,760	1,000	-	30,908	(3,818)	191,582	96,607	322,039	2,185	324,224
Net profit		-	-	-	-	-	-	118,321	118,321	1,026	119,347
Total other comprehensive income		-	-	-	-	7,090	-	-	7,090	226	7,316
Total comprehensive income		-	-	-	-	7,090	-	118,321	125,411	1,252	126,663
Allocation of prior year profit		-	152	-	196	-	96,259	(96,607)	-	-	-
Distribution of dividends		-	-	-	-	-	(3,700)	-	(3,700)	(904)	(4,604)
As of December 31, 2021	6.12	5,760	1,152	-	31,104	3,272	284,141	118,321	443,750	2,533	446,283
Net profit		-	-	-	-	-	-	147,904	147,904	311	148,215
Total other comprehensive income		-	-	-	-	4,087	-	-	4,087	153	4,240
Total comprehensive income		-	-	-	-	4,087	-	147,904	151,991	464	152,455
Allocation of prior year profit		-	-	-	-	-	118,321	(118,321)	-	-	-
Capital increase		250	-	139,116	-	-	-	-	139,366	-	139,366
Distribution of dividends		-	-	-	-	-	-	-	-	(1,129)	(1,129)
Other changes		-	-	-	829	-	-	-	829	(829)	-
As of December 31, 2022	6.12	6,010	1,152	139,116	31,933	7,359	402,462	147,904	735,936	1,039	736,975

Consolidated Statement of Cash Flows

<i>(In thousands of Euro)</i>	<i>Notes</i>	Year ended December	
		2022	2021
Profit before tax		207,230	152,423
<i>Adjustments for:</i>			
Amortization, depreciation and impairment	7.2 7.3 7.4	36,736	25,042
Gains (losses) on disposals	7.6	(235)	(243)
Net Finance (income) expenses	7.7	(1,024)	115
Other non-cash adjustments		16,928	13,744
Cash flow generated by operating activities before changes in net working capital		259,635	191,081
Change in inventories	6.6	(45,382)	(38,094)
Change in trade receivables	6.7	27,250	(22,084)
Change in trade payables	6.15	8,225	5,392
Changes in other assets/ liabilities	6.5 6.10 6.18	765	10,155
Uses of provisions for risks and charges and employee benefits obligations	6.13	(5,339)	(1,741)
Income taxes paid	7.9	(37,918)	(63,448)
Net cash flow generated by operating activities		207,236	81,261
Purchase of property, plant and equipment (excluding right of use assets)	6.1	(74,642)	(58,705)
Purchase of intangible assets	6.2	(5,073)	(987)
Disposal of property, plant and equipment	6.1	1,297	795
Net investments in financial assets	6.4 - 6.8	(97)	(108)
Finance income received		198	81
Net cash flow used in investing activities		(78,317)	(58,924)
Financial liabilities reimbursement	6.17	(4,646)	(30,407)
Repayment of lease liabilities	6.1	(3,084)	(2,478)
Finance expenses paid	7.7	(213)	(152)
Capital increase	6.12	139,366	-
Dividend paid	6.12	(1,129)	(4,604)
Net cash flow generated by / (used in) financing activities		130,294	(37,641)
Total cash flow generated by / (used in) during the year		259,213	(15,304)
Cash and cash equivalents at the beginning of the year	6.11	146,754	158,296
Total changes in cash and cash equivalents		259,213	(15,304)
Exchange differences from translation of cash and cash equivalents		5,064	3,762
Cash and cash equivalents at the end of the year	6.11	411,031	146,754

Explanatory notes to the Consolidated Financial Statements as of and for the year ended December 31, 2022

1. General Information

Technoprobe S.p.A. (hereafter “**Technoprobe**”, the “**Company**” or the “**Parent**” and, together with its subsidiaries, the “**Technoprobe Group**” or the “**Group**”) is a company incorporated and domiciled in Italy, with its registered offices in Cernusco Lombardone (LC), Via Cavalieri di Vittorio Veneto, 2, organized under Italian law.

As of December 31, 2022 Technoprobe is controlled by T-PLUS S.p.A. (hereinafter, “**T-PLUS**”), which holds a stake in the Company's share capital of 67.90%.

The Technoprobe Group operates in the production of electronic circuits, mechanical interfaces for electrical contacting of hybrid circuits and semiconductor devices and it is specialized in the design, development and production of probe cards used to test the operation of chips.

2. Summary of accounting policies and criteria used in preparing the Consolidated Financial Statements

2.1 Basis of preparation

This consolidated financial statements as of and for the year December 31, 2022 (hereafter, the “**Consolidated Financial Statements**”) were approved by the Company’s Board of Directors on February 27, 2023 and were audited by PricewaterhouseCoopers S.p.A.

2.2 Statement of compliance with International Financial Reporting Standards

The Consolidated Financial Statements have been prepared in compliance with the International Financial Reporting Standards as adopted by the European Union and effective on December 31, 2022 (“**IFRS**”). IFRS means all “International Financial Reporting Standards”, all “International Accounting Standards” (“**IAS**”) and all interpretation documents of the “International Financial Reporting Interpretations Committee” (“**IFRIC**”), formerly the “Standing Interpretations Committee” (“**SIC**”).

2.3 Criteria used in the preparation of the Consolidated Financial Statements

The Consolidated Financial Statements comprise the statements required by the accounting standard IAS 1, i.e. consolidated statement of financial position, a consolidated income statement, a consolidated statement of comprehensive income, a consolidated statement of changes in equity and a consolidated statement of cash flows, and the related explanatory notes.

The Group has elected to present the consolidated income statement by classifying costs by destination, while assets and liabilities presented in the consolidated statement of financial position are classified separately as either current or non-current. The consolidated statement of cash flows is prepared using the indirect method. The statements used are those that best represent the Group's economic and financial situation.

An asset is classified as current when:

- it is expected to be realized, or it is intended for sale or consumption, in the Group’s normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within twelve months from the end of the reporting period; or
- it is cash or a cash equivalent (unless it is restricted from being exchanged or used to settle a liability for at least twelve months from the end of the reporting period).

All other assets are classified as non-current. Specifically, IAS 1 uses the term “non-current” to include property plant and equipment, intangible assets and financial assets of a long-term nature.

A liability is classified as current when:

- it is expected to be settled in the Group’s normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months from the end of the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months from the end of the reporting period. Terms of the liability that could, at the option of the counterparty, result in its settlement by issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time that elapses between the acquisition of goods for the production process and their realization in cash or cash equivalents. When the normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

The Consolidated Financial Statements have been prepared in Euro, the Company’s functional currency. Unless otherwise stated, all financial amounts, explanatory notes and tables are presented in thousands of Euro.

The Consolidated Financial Statements have been prepared:

- on a going concern basis;
- using the accrual basis of accounting, respecting the principle of materiality and significance, ensuring the prevalence of substance over form and with a view to facilitating consistency with future financial statements. Neither assets and liabilities nor income and expenses are offset, unless required or allowed by IFRS;
- on a historical cost basis, except for financial assets and liabilities required to be measured at fair value.

2.3 Criteria and basis of consolidation

The Consolidated Financial Statements include the equity, economic and financial situation of the Company and its subsidiaries, prepared on the basis of the related accounting situations, where applicable, appropriately adjusted to make them compliant with IFRS.

The following table provides the list of companies included in the scope of consolidation of the Consolidated Financial Statements together with details of the country, the functional currency, the share capital, and the percentage of ownership held directly or indirectly by the Company.

	Country	Functional currency	Share capital as of December 31, 2022	Percentage of ownership held by the Parent as of December 31, 2022 and 2021
PARENT COMPANY				
Technoprobe S.p.A.	Italy	EUR	6,010,000	
SUBSIDIARIES				
Technoprobe France S.a.s.	France	EUR	500,000	100%
Technoprobe Wuxi Co. Ltd.	China	RMB	24,515,750	100%
Technoprobe Asia Pte Ltd.	Singapore	USD	60	85%
Technoprobe Korea Co Ltd.	South Korea	KRW	2,000,010,000	100%
Technoprobe Japan KK	Japan	JPY	22,500,000	100%
Technoprobe America Inc.	United States of America	USD	1,250,000	100%

Microfabrica Inc.	United States of America	USD	10,000,000	100%
Technoprobe Taiwan Co. Ltd.	Taiwan	TWD	46,500,000	100%
Technoprobe Germany GmbH	Germany	EUR	300,000	100%
GeniusPack Holding AG	Switzerland	USD	247,549	100%
Yee Wei Inc. (*)	Taiwan	TWD	79,250,000	85%

(*) Yee Wei Inc. was controlled indirectly through GeniusPack Holding AG until September 22, 2022, when the stake was transferred directly under the control of the Company.

All of the companies included within the scope of the consolidation are consolidated on a line-by-line basis.

On September 22, 2022, the investment in Yee Wei, Inc. was transferred from GeniusPack Holding AG to the Company, which assumed direct control, without changes in the percentage of ownership. There were no other changes in the scope of consolidation in the year ended December 31, 2022.

The year-end reporting date of the consolidated entities is December 31, the same as that of the Company.

This section describes the criteria followed to define the basis of consolidation and the related consolidation principles adopted.

Subsidiaries

Subsidiaries are those companies over which the Group exercises control. The Group controls a subsidiary when: i) it is exposed, or has rights, to variable returns from its involvement with the investee, and ii) it has the ability to affect those returns through its control over the investee.

The existence of control is verified each time that facts or circumstances indicate a change in one of the aforementioned control criteria. Subsidiaries are consolidated using the line-by-line method, from the date that control is obtained until the date that such control ceases when it is transferred to third parties. The criteria adopted for the line-by-line consolidation method are the following:

- Assets, liabilities, expenses and revenues of the subsidiaries are consolidated on a line-by-line basis in the Consolidated Financial Statements;
- the carrying amount of equity investments included in the scope of consolidation is eliminated against the corresponding share of equity, as a result of the recognition of assets and liabilities of the associated companies, while any share of equity and net profit attributable to minority interests is recorded separately.
- gains and losses including any tax effects resulting from transactions between fully consolidated Group companies, which have not been realized with third parties at the end of the reporting period, are eliminated, other than losses resulting from transactions involving a reduction in value of the asset transferred. Receivables and payables, costs and revenues and finance income and expenses among companies included in the scope of consolidation are also eliminated.

Business combinations

Business combinations in which control is acquired are recorded as set out in IFRS 3, applying the acquisition method of accounting.

Specifically, at the acquisition date, that is the date in which control is obtained (the “**Acquisition Date**”), identifiable assets acquired and liabilities assumed are recognized at their fair value, except for deferred tax assets and liabilities, assets and liabilities relating to employee benefits, and the assets held for sale, which are instead recognized on the basis of the relevant accounting standard.

If positive, the difference between the amount of the consideration transferred in the business combination and the fair value of the assets and liabilities acquired is recognized in intangible assets as goodwill; if negative, after reviewing the fair value measurements of the assets and liabilities acquired, it is recognized directly in the consolidated income statement as a gain.

Non-controlling interests in the acquiree, at the acquisition date, can be measured at fair value or on a pro-quota basis of the value of the net assets recognized for the acquired company. The choice of the method is made transaction by transaction.

When the fair value of the assets acquired and liabilities assumed is estimated on a provisional basis, it shall be determined within twelve months from the date of acquisition, taking into account only information relating to facts and circumstances existing at the Acquisition Date. In the period when such values are finally determined, the provisional values are adjusted retrospectively. Transaction costs are recognized in the consolidated income statement income when incurred.

In addition to the fair value at the Acquisition Date of the assets transferred, the liabilities assumed and of any capital instruments issued for the purposes of the acquisition, the consideration for the acquisition also includes contingent consideration, or that share of the consideration, whose amount and timing are contingent on future events. Contingent consideration is measured at fair value at the Acquisition Date and subsequent changes in fair value are recognized in the consolidated income statement if the contingent consideration is a financial asset or liability while, if the contingent consideration is classified as equity, the original amount is not remeasured, and it is recognized directly in equity when settled.

Business combinations under common control

The Demerger completed in 2020 represents a business combination under common control (hereinafter also "BCUCC").

The accounting treatment of BCUCC is not directly addressed by IFRS and does not fall within the scope of IFRS 3 - Business Combinations.

IAS 8 states that, in the absence of a standard or interpretation that specifically applies to such transactions, management shall use its judgement in developing and applying an accounting treatment to provide information that is:

- (a) relevant to the economic decisions of users; and
- (b) reliable, so that the financial statements:
 - faithfully represents the entity's financial position, financial performance and cash flows;
 - reflects the economic substance of transactions, other events and circumstances, and not merely the legal form;
 - is neutral;
 - is prudent; and
 - is complete in all material respects.

In exercising that judgement, management shall refer to and consider the applicability of the following sources in descending order:

- (a) the requirements of IFRS that address similar and related issues; and
- (b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Conceptual Framework for Financial Reporting (Conceptual Framework).

In addition, management may consider more recent pronouncements by other accounting bodies that use a conceptually similar framework to develop accounting policies, other accounting literature, and established industry practices, to the extent that they do not conflict with the aforementioned sources.

In this regard, the document issued by Assirevi, OPI 1 R - Accounting treatment of "business combinations under common control" in the separate and consolidated financial statements, regulates the accounting treatment of such transactions by distinguishing between transactions that have not economic substance and transactions that have economic substance, and therefore generate added value in terms of significant changes in cash flows as a result of the operation.

The Demerger was implemented with a different purpose from the transfer of control and represents in substance a simple corporate reorganization. In this perspective, since the above-mentioned transaction does not have a significant influence on cash flows, the net assets acquired were recognized at their previous carrying amount with a corresponding increase in equity.

Translation of foreign companies' financial statements

The financial statements of foreign subsidiaries are prepared using the currency of the main economic environment in which they operate.

The rules for translating the financial statements of companies expressed in currencies other than the Euro are as follows:

- assets and liabilities are translated using the exchange rates effective on the closing date;
- costs and revenues are translated at the average exchange rate for the year;
- the currency translation reserve, included in the comprehensive income statement, includes both the exchange differences generated by the translation of the economic amounts at a different exchange rate from the closing rate and those generated by the translation of the opening net assets at the historical exchange rate;
- any goodwill arising from the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation and shall be translated at the closing rate.

The following table provides the exchange rates used for the translation of the financial statements of Group companies expressed in currencies other than the Euro for the periods indicated.

Currency	As of December 31,		Year ended December 31,	
	2022	2021	2022	2021
Philippine Peso	59.32	57.6	57.31	58.3
U.S. dollar	1.07	1.13	1.05	1.18
Japanese Yen	140.66	130.38	138.03	129.88
Korean Won	1,344.09	1,346.38	1,358.07	1,354.06
Chinese Renminbi	7.36	7.19	7.08	7.63
New Taiwan Dollar	32.76	31.37	31.32	33.04

2.5 Accounting policies and measurement criteria

The following paragraphs describe the criteria adopted with respect to the classification, recognition, measurement and derecognition of assets and liabilities as well as the criteria used to recognize income statement items.

Property, plant and equipment

Items of property, plant and equipment are accounted for only when both the following conditions are satisfied:

- it is likely that the future economic benefits relating to the asset will flow to the company; and
- the cost of the asset can be determined reliably.

Items of property, plant and equipment are originally measured at cost, defined as the cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or substitution. Subsequently, property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes amounts directly attributable to enabling the asset to be used as well as any expected costs of dismantling and removing the asset and restoring it to its original condition if a contractual obligation exists.

Expenses incurred for ordinary and/or cyclical maintenance and repairs are charged directly to profit or loss when incurred. The capitalization of costs inherent to the expansion, modernization or improvement of facilities owned or used by third parties is recorded solely to the extent that they meet the conditions for being classified separately as an asset or part of an asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the individual assets.

The Group's estimated expected useful life by class of property, plant and equipment is as follows.

Property, plant and equipment class	Expected useful life (in years)
Buildings	33-39
Plants and machinery	3-13
Industrial and commercial equipment	3-7
Other assets	3-7

The depreciation period of leasehold improvements and right of use assets is the lower of the residual useful life of the asset and the residual duration of the lease, considering any renewal period, if dependent on the lessee. Land held by the Group is not depreciated.

At each year end, the Group determines whether there have been any significant changes in the expected economic benefits to be derived from capitalized property, plant and equipment and, in such case, makes appropriate changes to the relevant depreciation rate, which is considered a change in accounting estimate in accordance with IAS 8.

Property, plant and equipment amount is derecognized when it is sold or otherwise disposed of or when no economic benefit can be derived from its sale.

Intangible asset

An intangible asset is an asset that meets all the following conditions:

- it can be identified;
- it is non-monetary;
- it is without physical substance;
- it is under the control of the company that prepares the financial statements; and
- it is expected to produce future economic benefits for the company.

If an asset does not meet all of the above requirements to be considered an intangible asset, the amount incurred to acquire or produce that asset internally is expensed when it is incurred.

Intangible assets are initially recognized at cost. The cost of intangible assets acquired externally includes both the purchase price and any cost that may be directly attributed.

Intangible assets of the Group comprise the followings:

(a) Intangible assets with definite useful life

Intangible assets with definite useful life are recognized at cost, as previously described, less any accumulated amortization and any accumulated impairment losses.

Amortization starts when the asset is available for use and is calculated on a straight-line basis over the asset's estimated useful life.

The Group's estimated expected useful life by class of intangible assets with definitive useful life is as follows.

Intangible asset class	Expected useful life (in years)
<i>Software</i>	3-5
<i>Patents and intellectual property rights</i>	8-9
<i>Know-how</i>	15

(b) Intangible assets with indefinite useful life - Goodwill

Goodwill represents the residual amount of the acquisition cost, as it is the excess of the cost of the business combination over the fair value of the assets, liabilities and contingent liabilities identified (including intangible assets and potential liabilities that meet the requirements for recognition in the financial statements).

It represents the consideration paid by the buyer in anticipation of future economic benefits deriving from assets that cannot be identified individually and recognized separately, effectively incorporating the value of the expected synergies, the brand of the acquired company, the know-how, the professional skills, procedures and other indistinct factors. Specifically, at the acquisition date, goodwill is measured as the difference between the fair value of the identifiable net assets of the acquired company and the sum of the following components:

- the consideration transferred, generally measured at fair value;
- the amount relating to non-controlling interests;
- the fair value at the acquisition date of the interests already held by the buyer prior to the business combination.

Goodwill acquired in a business combination is not amortized. Each year, or more frequently, whenever events or changes in circumstances indicate that goodwill may be impaired, the Group performs impairments tests to ensure that the value of goodwill recognized in the consolidated financial statements has not been impaired.

Right of use assets and lease liabilities

In accordance with IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The contract is then reassessed to determine whether it is, or contains, a lease only if the terms and conditions of the contract are changed.

For a contract that is, or contains, a lease, each lease component within the contract is accounted for as a lease separately from non-lease components of the contract, unless the Group applies the practical expedient of IFRS 16. Under such practical expedient, the Group may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead to account for each lease component and any associated non-lease components as a single lease component. The Group has chosen to apply such practical expedient.

The lease term is the non-cancellable period of a lease, together with both:

- the periods covered by an option to extend the lease, if the Group is reasonably certain to exercise that option; and
- the periods covered by an option to terminate the lease, if the Group is reasonably certain not to exercise that option.

In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group shall consider all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group shall re-assess the lease term if there is a change in the non-cancellable period of a lease.

At the contract commencement date, the Group recognizes the right of use asset and the related lease liability.

At the commencement date, the right of use asset is measured at cost, which comprises:

- a) the amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the lessee; and
- d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid as of that date. The lease payments included in the measurement of the lease liability comprise the following:

- a) fixed payments, less any lease incentives receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- c) amounts expected to be payable by the lessee under residual value guarantees;
- d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments are discounted to their present value using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group is required to use its incremental borrowing rate, which is the rate of interest it would have to pay to borrow a similar amount over a similar term as the lease contract.

Following initial recognition, the right of use asset is measured at cost:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any remeasurement of the lease liability.

Following initial recognition, the lease liability is measured by:

- a) increasing the carrying amount to reflect interest on the lease liability;
- b) reducing the carrying amount to reflect the lease payments made; and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

For a lease modification that is not accounted for as a separate lease, the right of use asset is remeasured (up or down) in line with the change in the lease liability at the modification date. The lease liability is remeasured based on the new contract conditions, using the discount date at the effective date of the modification.

The Group has elected to exploit two exceptions permitted by IFRS 16, regarding short-term leases (leases that, at the commencement date, have lease terms of 12 months or less) and leases for which the underlying asset is of low value (leases for which the underlying asset value, when new, is less than USD 5,000). In such cases the right of use assets and related lease liabilities are not recognized, and lease payments are charged directly to profit or loss.

Right of use assets are classified under “Property, plant and equipment”.

Impairment of property, plant and equipment, intangible assets and right of use assets

At each reporting date, the Group assesses whether there are any indications of impairment of property, plant and equipment, intangible assets and right of use assets not fully depreciated or amortized.

When indicators of impairment exist, the recoverable amount is estimated and the carrying amount of the asset reduced accordingly, with the impairment loss being charged to profit or loss. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use, where value in use is determined by discounting the asset’s estimated future cash flows including, if materially significant and reasonably certain, those relating to disposal of the asset at the end of its useful economic life, less any costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the Group estimates the recoverable amount of the Cash-Generating Unit (“CGU”) to which the asset belongs.

If the carrying amount of an asset or the CGU to which it belongs exceeds the recoverable amount, an impairment loss is charged to profit or loss. Such impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to other assets of the unit pro-rata on the basis of their carrying amounts. The carrying amounts of other assets of the unit may not be reduced below their recoverable amounts. If the conditions that gave rise to an impairment loss no longer exist, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, up to the carrying amount that would have been recorded had no impairment loss been recognized, with the increase being reflected in the consolidated income statement.

Financial assets

On initial recognition, financial assets are measured at fair value and are subsequently classified in one of the three categories specified below based on the following elements:

- the entity’s business model for managing the financial assets; and
- the contractual cash flows characteristics of the financial asset.

Financial assets are derecognized from the consolidated statement of financial position when the Group has substantially transferred all the risks and rewards of ownership of the financial asset.

a) Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a “Hold to collect” business model, the objective of which is to hold financial assets in order to collect contractual cash flows (Business model “Hold to Collect”); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (that pass the SPPI test).

At initial recognition, such assets are measured at fair value including directly attributable transaction costs or income. After initial recognition, such financial assets are measured at amortized cost, calculated using the effective interest method. The amortized cost method is not used for those assets (measured at historical cost) whose short-term nature means there is no requirement to discount to present value, assets with no set maturity date or revocable credit lines.

b) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a “Hold to collect and sell” business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e., that pass the SPPI test).

c) Financial assets at fair value through profit or loss

This category includes all financial assets other than those classified as “Financial assets at fair value through other comprehensive income” or “Financial assets at amortized cost”.

Specifically, the category includes financial assets held for trading and derivatives not eligible as hedging instruments (which are represented as assets if their fair value is positive or liabilities if their fair value is negative).

At initial recognition, financial assets at fair value through profit or loss are measured at fair value, not including directly attributable transaction costs or income. After initial recognition, such financial assets are measured at fair value and the changes in fair value recorded in profit or loss.

Inventories

Inventories are assets:

- held for sale in the ordinary course of business;
- in the process of production for such sale; or
- in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are recognized and measured at the lower of cost and net realizable value.

The cost of inventories includes all purchase costs, transformation costs, and other costs incurred to bring the inventories to their current location and condition.

In accordance with the provisions of IAS 2, the Group calculates the cost of inventories using the weighted average cost method.

If net realizable value is lower than cost, the difference is immediately recognized in the consolidated income statement.

Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost, net of the allowance for doubtful accounts estimated according to the expect credit losses model as set out in IFRS 9.

As trade receivables are typically short-term in nature and do not involve payment of interest, amortized cost is not calculated and they are accounted for at the nominal value stated on the invoice or in the customer contract: such arrangement is followed even for those receivables due after more than 12 months, unless the effect is particularly significant. This is due to the fact that the value of short-term receivables is very similar whether the historical cost method or amortized cost method is adopted, and the impact of discounting is insignificant.

Trade receivables are tested for impairment in accordance with the requirements of IFRS 9. For measurement purposes, trade receivables are categorized by due date. Performing

Cash and cash equivalents

Cash and cash equivalents are recognized, depending on their nature, at nominal value or at amortized cost. Other cash equivalents represent highly liquid short-term financial assets that can be easily converted to known cash amounts and are subject to negligible risk of change in their value, and which have an original maturity, on purchase, of less than 3 months.

Payables

Trade payables and other payables are initially recognized at fair value and subsequently measured using the amortized cost method. However, short-term trade payables, whose maturity falls within the normal commercial terms, are not discounted since the effect of the discounting of financial flows is irrelevant.

Financial liabilities are initially recognized at fair value, net of directly attributable accessory costs, and subsequently measured at amortized cost, using the effective interest rate method. In the event of a change in the estimated expected cash flows, the value of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and the effective internal rate initially determined. Financial liabilities are classified under current liabilities, unless the Group has an unconditional right to defer their payment for at least twelve months after the reporting date.

Payables are derecognized when settled and when the Group has transferred all risks and the charges related to the instrument.

Provisions for employee benefits

Employee benefits include benefits granted to employees or their dependents, settled through cash payments (or through the supply of goods and services) directly to employees, their spouses, children or other dependents or to third parties, such as insurance companies. They include short-term benefits, benefits payable to employees on termination of employment and post-employment benefits.

Short-term employee benefit obligations include incentive schemes such as annual bonuses, the MBO and the one-off renewals of the national collective labor agreements and are recognized as liabilities (accrued expenses) after deducting any advances paid, and costs, unless a given IFRS requires or allows the inclusion of such benefits in the cost of a capitalized asset.

Benefits relating to the termination of employment include voluntary redundancy incentive schemes, which in the case of voluntary redundancy provide for the employee or group of employees taking part in trade union agreements involving the use of so-called solidarity funds, and (non-voluntary) redundancy arrangements, which apply in the case of termination of employment as a result of a unilateral decision by the company. The Group recognizes the cost of such benefits as a liability on the earliest date between:

- the time at which the Group may no longer withdraw the offer of such benefits;
- the time at which the Group recognizes the costs of a restructuring that falls within the scope of IAS 37 and involves the payment of termination benefits.

Post-employment benefits for employees are divided in two categories: defined contribution plans and defined benefit plans.

For defined benefit plans, which also include the severance indemnity due to employees pursuant to article 2120 of the Italian Civil Code, the amount of the benefit to be paid to employees can be determined only after termination of employment, and is linked to one or more factors such as age, years of service and remuneration. Therefore, the related cost is charged to the income statement on an

actuarial basis. The liability recognized in the statement of financial position for defined benefit plans is equal to the present value of the obligation at the reporting date.

Starting from January 1, 2007, the so-called “2007 Finance Law” and the related implementing decrees introduced significant changes to the rules governing severance indemnities, including the choice left to workers regarding the destination of their accruing severance indemnities. Specifically, employees may now allocate new provision flows to alternative external pension plans or elect for them to be retained by the employer. If an external pension plan is chosen, the Group is only obliged to make defined contributions to such plan and, accordingly, from the aforementioned date, the related new provision flows are deemed to be payments to a defined contribution plan not subject to actuarial valuation.

Provisions for risks and charges

Provisions for risks and charges are recognized in respect of costs or losses of a known nature, the occurrence of which is certain or likely, but in respect of which the amount and timing are not known.

Provisions are only recognized when there is a current obligation (legal or constructive) for a future outflow of economic resources as a result of past events and it is likely that such outflow is required to settle the obligation. This provision represents the best estimate of the charge to settle the obligation. The rate used to determine the present value of the liability reflects current market values and takes into account the specific risk associated with each liability.

Where the effect of the time value of money is material and the payment dates relating to the obligations can be reliably estimated, provisions are measured at the present value of the expected outflow using a rate that reflects market conditions, the change in the time value of money and the specific risk associated with the obligation. The increase in the value of the provision determined by changes in the time value of money is accounted for as a financial expense.

Risks, in relation to which the occurrence of a liability is only possible are reported as contingent liabilities and no provision is made in respect of them.

Revenue

Revenue is recognized when the following conditions are met:

- the contract with a customer has been identified;
- the performance obligations in the contract have been identified;
- the transaction price has been determined;
- the transaction price has been allocated to the performance obligations in the contract; and
- the related performance obligation contained in the contract is satisfied.

The Group recognizes revenue at a given time or when it satisfies its performance obligations, by transferring the promised goods (*i.e.*, an asset), typically probe cards, to the customer. An asset is transferred when the customer obtains control of that asset. Transfer of control depends on the terms of sale and related Incoterms, which may vary from customer to customer.

The contractual consideration included in a contract with a customer may include fixed amounts, variable amounts, or both. If the contractual consideration includes a variable amount (e.g., discounts, price concessions, incentives, penalties or other similar items), the Group estimates the amount of consideration to which it is entitled in exchange for transferring the promised goods or services to a customer. The Group includes a variable consideration in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

With reference to sales with right of return, and in compliance with the provisions of IFRS 15, the Group recognizes as a reduction in revenues the amount of returns expected from the sale of products against "Other current liabilities" and recognizes an asset in "Other current assets" with a corresponding

adjustment to the cost of revenue representing the right to recover the products from the customer upon exercise of the right of return.

Cost recognition

Costs are recognized in profit or loss on an accrual basis.

Income tax expenses

Current income tax expenses are calculated based on taxable income for the year, applying tax rates in effect at the reporting date. Taxes due for the current and previous years are recognized as liabilities to the extent they are still unpaid. Income tax receivables and payables, for the current and previous years, represent the amounts that are likely to be recovered from/paid to the tax authorities, applying the tax rates and the tax laws in effect, or effectively issued, at the reporting date.

Deferred taxes are divided into:

- deferred tax liabilities, are the amounts of income taxes payable in future periods in relation to taxable temporary differences;
- deferred tax assets, are the amounts of income taxes that may be recovered in future years in respect of deductible temporary differences, carry forward of unused tax losses, and carry forward of unused tax credits.

Deferred tax liabilities and assets are calculated by applying the relevant tax rate to the temporary differences identified, whether taxable or deductible, unused tax losses or unused tax credits.

At each reporting date, both unrecognized and recognized deferred tax assets are remeasured to confirm the likelihood of recovering such deferred tax assets.

Moreover, in the event of uncertainties over income tax treatments, the Group proceeds as follows: (i) if it considers it likely that the tax authorities will accept an uncertain tax treatment, it determines the (current and/or deferred) income taxes to be reported in the financial statements based on the tax treatment that it has applied or expects to apply when filing its returns; (ii) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment, it reflects the effect of uncertainty in determining the related (current and/or deferred) income taxes to be reported in the financial statements.

Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the owners of the Parent by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares.

Diluted earnings per share are calculated by dividing the profit attributable to the owners of the Parent by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares. For the purpose of the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming that rights having potential dilutive effects are exercised by all the grantees of such rights, and the result attributable to the owners of the Parent is adjusted to take into account any effects, net of tax, of the exercise of those rights.

Operating segments

The operating segment is a component of the Group that:

- engages in business activities from which it may earn revenues and incur expenses (including costs and revenues relating to transactions with other components of the same group);
- whose operating results are periodically reviewed by the top management for the purpose of taking decisions on the resources to be allocated to the sector and assess its performance; and
- for which discrete financial information is available.

Translation of transaction in other currencies

Transactions in currencies other than the functional currency are translated using the exchange rate applicable at the transaction date. Assets and liabilities denominated in currencies other than Euro are translated at the closing exchange rate. Foreign currency exchange gains and losses are recognized in the profit or loss line-item "Foreign currency gains (losses)".

3. Recently issued accounting standards

Accounting standards not yet applicable as not yet endorsed by the European Union (EU)

At the date of approval of the Consolidated Financial Statements, the following standards and amendments had not yet been endorsed by the EU:

Accounting standard/amendment	Endorsed by the EU	Effective date
<i>Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; non-current Liabilities with Covenants</i>	NO	January 1, 2024
<i>Amendments to IFRS 16 Leases: Lease Liability in a "Sale and Leaseback"</i>	NO	January 1, 2024

It should be noted that the adoption of the above-mentioned standards and amendments, based on the information available to date, will not have any impact on the Group's Consolidated Financial Statements.

Accounting standards, amendments and interpretations endorsed by the EU but not yet adopted by the Group

At the date of approval of this Consolidated Financial Statements, the following standards and amendments had been endorsed by the EU, but not yet adopted by the Group.

Accounting standard/amendment	Endorsed by the EU	Effective date
<i>Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies</i>	YES	January 1, 2023
<i>Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	YES	January 1, 2023
<i>IFRS 17 Insurance Contracts, including Amendments to IFRS 17</i>	YES	January 1, 2023

<i>Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	YES	January 1, 2023
<i>Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i>	YES	January 1, 2023

No impacts are expected on the Group’s Consolidated Financial Statements deriving from the future application of these accounting standards or amendments.

The Group has not adopted in advance any new standard, interpretation or amendment issued but not yet in force.

New accounting standards, interpretations and amendments adopted by the Group

The following amendments and interpretations which apply from 1 January 2022 have not had any significant effects on the Consolidated Financial Statements from the adoption of these amendments.

- On 14 May 2020, the IASB issued the document "Annual improvements to IFRS Cycle 2018-2020" and published the amendments to IAS 16 "Property, plant and equipment", to IAS 37 "Provisions, contingent liabilities and contingent assets", and to IFRS 3 “Business combinations”.

4. Estimates and assumptions

The preparation of financial statements in conformity with relevant accounting standards and methods in certain cases requires management to make estimates and assumptions based on difficult and subjective judgments, in turn based on past experience and hypotheses considered reasonable and realistic, given the information known at the time.

Such estimates have an effect on the amounts reported in the financial statements, including the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes. Actual results may then differ, even significantly, from those reported in the consolidated financial statements due to changes in the factors considered in determining the estimates, given the uncertainties that characterize the assumptions and conditions on which estimates are based.

The accounting estimates that more than others involve a high degree of subjectivity and judgement on the part of management, and where a change in the conditions underlying the assumptions could have a significant effect on the Group’s financial results, are detailed below:

- Useful life of property, plant and equipment and intangible assets:* useful life is determined when the asset is first recognized in the financial statements. Considerations regarding an asset’s useful life are based on historical experience, market conditions and expected future events that may affect them, such as technological changes. An asset’s actual useful life may, therefore, differ from its estimated useful life.
- Inventories:* final inventories of products that are obsolete or slow-moving are periodically tested for impairment and written down if their recoverable amount is lower than their carrying amount. The write-downs made are based on assumptions and estimates made by management based on their experience and historical results.

- c) *Sales with right of return*: the accounting of assets for sales with right of return and liabilities for sales with right of return is based on assumptions regarding the quantity of products expected to be returned and the estimated realizable value of these returned products.
- d) *Provision for risks and charges*: identification of the existence of a current (legal or constructive) obligation is in certain cases not a simple matter. Management reviews such matters on a case-by-case basis, together with estimates of the outflow of resources required to satisfy the obligation. When managers believe the likelihood of a liability occurring to be only possible, the relevant risks are disclosed in the note on risks and charges, but no provision is made.

5. Management of financial risks

In terms of business-related risks faced, the main risks identified, monitored and actively managed by the Group as described below, are the following:

- market risk, deriving from fluctuations in exchange rates between the Euro and other currencies in which the Group operates, and in particular USD;
- credit risk, relating to the risk of default on the part of a counterpart;
- liquidity risk, relating to a lack of financial resources to meet financial obligations.

The Group aims at maintaining a balanced approach in managing its financial exposure by matching assets and liabilities and achieving operational flexibility through the use of liquidity generated by current operating activities and bank loans.

The Group's ability to generate liquidity from operations together with its borrowing capacity enable it to satisfy its operational requirements to fund working capital, invest and meet its financial obligations.

The Group's financial policy and the management of related financial risks are centrally managed and monitored.

The following paragraphs provide qualitative and quantitative information relating to the Group's exposure to the aforementioned financial risks.

5.1 Market risk

Exchange rate risk

Exposure to the risk of fluctuations in exchange rates derives from the Group's commercial activities, which are also denominated in currencies other than the Euro. Revenues and costs denominated in foreign currency may be influenced by fluctuations in exchange rates, with impacts commercial margins (business risk); similarly, trade and financial payables and receivables denominated in foreign currency may be affected by the translation rates used, with an impact on profit and loss (transaction risk).

Revenue is generally denominated in Euro and USD. The Group sometimes uses derivative financial instruments for the purpose of hedging foreign exchange risk on transactions in foreign currency. For the years ended December 31, 2022 and 2021, the Group recorded an exchange gain amounting to Euro 1,915 thousand and Euro 7,107 thousand, respectively.

The Group has subsidiaries that prepare their financial statements in currencies other than the Euro, which is the currency used for the presentation of the Consolidated Financial Statements. This exposes the Group to translation exchange rate risk, generated by the conversion of the subsidiaries assets and liabilities into Euro.

The main exposures to translation exchange rate risk relate to the U.S. currency (U.S. Dollar - USD), the Korean currency (South Korean Won - KRW), the Japanese currency (Japanese Yen - JPY) and the Taiwanese currency (New Taiwanese Dollar - TWD).

Sensitivity analysis related to exchange rate risk

For the purposes of the sensitivity analysis on the exchange rate, statement of financial position items as of December 31, 2022 and 2021 (financial assets and liabilities) denominated in currencies other than the functional currency of each Group company were identified. In assessing the potential effects on net income deriving from changes in exchange rates, intercompany payables and receivables denominated in currencies other than the functional currency were also taken into account.

For the purpose of this analysis, two scenarios were considered, which are affected respectively by an appreciation and a depreciation of 5% of the exchange rate between the currency in which the statement of financial position item is denominated and the reporting currency.

The following table sets forth the results of the analysis conducted.

<i>(In thousands of Euro)</i>	As of December 31, 2022		As of December 31, 2021	
	Positive currency exchange rate of 5%	Negative currency exchange rate of 5%	Positive currency exchange rate of 5%	Negative currency exchange rate of 5%
USD	(3,728)	4,121	(5,732)	5,732
KRW	-	-	-	-
TWD	-	-	-	-
JPY	51	(57)	69	(69)
EUR	128	(142)	(31)	31
SGD	(52)	57	4	(4)
PHP	(14)	16	-	-
Total	(3,615)	3,995	(5,690)	5,690

Interest rate risk

As of December 31, 2022 and 2021, the Group has available liquidity that marginally invests in market instruments based on market conditions and according to its own interest. In fact, the Group's liquidity is mainly deposited in primary credit institutions. Interest rates changes have an impact on the cost and yield of the various forms of funding and investment, thus affecting net finance income (expenses). During the financial years under review the Group did not have a significant amount in floating-rate financial liabilities and, therefore, did not enter into derivative financial instruments designed to hedge the risk of fluctuations in interest rates.

Sensitivity analysis related to interest rate risk

With reference to interest rate risk, a sensitivity analysis was carried out to determine the effect on the consolidated income statement and the consolidated statement of changes in equity that would result from a hypothetical positive and negative change of 50 bps in interest rates compared with those recorded in each period.

The analysis was carried out having regard primarily to the following items:

- Cash and cash equivalents;
- Current and non-current financial liabilities.

In relation to cash and cash equivalents, the average amount and the average rate of return for the period were considered, whilst regarding current and non-current financial liabilities, the impact was calculated precisely.

The following table sets forth the results of the analysis.

<i>(In thousands of Euro)</i>	Effect on profit and equity (net of tax)	
	- 50 bps	+ 50 bps
Year ended December 31, 2022	(1,665)	1,665
Year ended December 31, 2021	(534)	534

A positive sign indicates a higher profit and an increase in equity; a negative sign indicates a lower profit and a decrease in equity.

5.2 Credit risk

The Group faces its exposure to credit risk inherent in the possibility of default and/or impairment in the creditworthiness of customers by means of instruments to assess each individual counterparty through a dedicated organizational structure, equipped with the appropriate tools to constantly monitor customers' behavior and creditworthiness.

The Group is currently structured to perform a continuous monitoring process for receivables, with different collection levels, which vary based on specific knowledge of the customer and past due days, to optimize working capital and minimize the aforementioned risk.

As of December 31, 2022 and 2021 the group's trade receivables presented a significant concentration towards the main customers, in particular as of December 31, 2022 approximately 30% of the trade receivables referred to a single counterparty. This concentration of receivables is attributable to the fact that the Group generates a significant part of its revenue from a limited number of customers, which coincide with the main semiconductor manufacturers worldwide. This also depends on the structure of the market in which the Group operates, characterized by a few large customers, which represent almost all of the demand for the Group's products and services. In this regard, the incidence of the top 5 customers on the total of the Group's trade receivables as of December 31, 2022 and 2021 was 76.3% and 83.7%, respectively.

The following table sets forth the breakdown of trade receivables as of December 31, 2022 and 2021, grouped by past due period, net of allowance for doubtful receivables.

<i>(In thousands of Euro)</i>	Current	1-90 days past due	91-180 days past due	Over 181 days past due	Total
Trade receivables (gross) as of December 31, 2022	57,663	18,272	151	377	76,463
Allowance for doubtful receivables	(122)	(635)	(126)	(162)	(1,045)
Trade receivables as of December 31, 2022	57,541	17,637	25	215	75,418
Trade receivables (gross) as of December 31, 2021	80,736	22,252	339	441	103,768
Allowance for doubtful receivables	-	(140)	(339)	(441)	(920)
Trade receivables as of December 31, 2021	80,736	22,112	-	-	102,848

Net trade receivables as of December 31, 2022 include Euro 17,877 thousand referring to past due positions (Euro 22,112 thousand as of December 31, 2021), of which Euro 240 thousand (Euro null value thousand as of December 31, 2021) related to positions past due by more than 90 days.

5.3 Liquidity risk

Liquidity risk is represented by the possibility that the Group's financial resources may not be sufficient to ensure current operations and the fulfilment of obligations falling due, or that these resources may be available at a high cost.

In order to mitigate this risk, the Group: (i) periodically verifies forecast financial requirements on the basis of management needs, in order to act promptly to find any additional resources needed, (ii) implements all the actions for such finding, (iii) manages an adequate composition in terms of deadlines, tools and level of availability.

Cash and cash equivalents as of December 31, 2022 amounted to Euro 411,031 thousand (Euro 146,754 thousand as of December 31, 2021) and consisted of balances in current accounts with primary banking institutions mainly in Italy and Asia. Additionally, the Group holds investment securities amounting to Euro 113 thousand and Euro 123 thousand as of December 31, 2022 and 2021, respectively.

The Group believes that the cash flows that will be generated by operating activities will be sufficient to meet its financial requirements in terms of capital expenditure, working capital management and the repayment of financial liabilities when due.

The following tables set forth a maturity analysis, based on contractual repayment obligations, outstanding as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	As of December 31, 2022					
	Within 1 year	1 to 2 years	3 to 5 years	Over 5 years	Contractual amount	Carrying amount
Financial liabilities	-	-	-	-	-	-
Lease liabilities	2,352	1,792	2,578	1,696	8,418	8,199
Other non-current liabilities	17	19	-	-	36	36
Trade payables	40,858	-	-	-	40,858	40,858
Other current liabilities	38,304	-	-	-	38,304	38,304

<i>(In thousands of Euro)</i>	As of December 31, 2021					
	Within 1 year	1 to 2 years	3 to 5 years	Over 5 years	Contractual amount	Carrying amount
Financial liabilities	4,649	-	-	-	4,649	4,646
Lease liabilities	2,126	1,635	2,720	1,351	7,832	7,529
Other non-current liabilities	5	19	-	-	24	24
Trade payables	32,782	-	-	-	32,782	32,782
Other current liabilities	30,321	-	-	-	30,321	30,321

The amounts shown in the above tables represent non-discounted nominal values, determined with reference to the remaining contractual due dates, for both principal and interest portion.

5.4 Capital management

The Group's capital management is aimed at guaranteeing solid credit ratings and adequate capital indicators to support its investment plans, while meeting contractual obligations with lenders.

5.5 Financial assets and liabilities by category and information on fair value

Financial assets and liabilities by category

The following table provides the breakdown, in accordance with IFRS 9, of financial assets by category as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
FINANCIAL ASSETS:		
Financial assets at amortized cost		
Non-current financial assets	908	712
Other non-current assets	1,987	1,383
Trade receivables	75,418	102,848
Other receivables (*)	212	183
Current financial assets	598	42
Cash and cash equivalents	411,031	146,754
Financial assets at fair value through profit and loss		
Non-current financial assets	113	123
Derivative financial assets (**)	1,702	90
TOTAL FINANCIAL ASSETS	491,969	252,135

(*) Other receivables are included in the line-item Other current assets

(**) Derivative financial assets are included in the line-item Current financial assets.

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
FINANCIAL LIABILITIES:		
Financial liabilities at amortized cost		
Non-current lease liabilities	5,847	5,516
Current financial liabilities	-	4,420
Current lease liabilities	2,352	2,013

Trade payables	40,858	32,782
Other current liabilities (*)	28,279	20,388

Financial liabilities at fair value through profit and loss:

Derivative financial liabilities (**)	-	226
TOTAL FINANCIAL LIABILITIES	77,336	65,345

(*) Other current liabilities include payables to employees, social security institutions, directors and others recorded under other current liabilities.

(**) Derivative financial liabilities are included in the line-item Current financial liabilities.

In view of the nature of current financial assets and liabilities, for most of them the carrying amounts are deemed to be reasonable approximations of their fair value.

Non-current financial assets and liabilities are settled or measured at market rates, consequently, their fair values are deemed to be substantially in line with their carrying amounts.

Information on fair value

For assets and liabilities recognized at fair value in the statement of financial position, IFRS 13 requires that such values be classified according to a hierarchy of levels that reflects the significance of the inputs used in the calculation of fair value. The fair value hierarchy classifies the inputs to valuation techniques used to measure fair value as follows:

- **Level 1:** fair value is calculated with reference to (unadjusted) prices quoted in active markets for identical financial instruments. Accordingly, the emphasis within Level 1 is on determining both of the following: (a) the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and (b) whether the entity can enter into a transaction for the asset or liability at the price in that market at the measurement date.
- **Level 2:** fair value is calculated using valuation techniques based on observable inputs in active markets. Level 2 inputs include the following: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active; (c) inputs other than quoted prices that are observable for the asset or liability, for example: interest rates and yield curves observable commonly quoted intervals, implied volatilities and credit spreads and market-corroborated inputs.
- **Level 3:** fair value is calculated using valuation techniques based on unobservable market inputs.

The following tables provide the breakdown of financial assets and liabilities at fair value, split by fair value hierarchy level, as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	As of December 31, 2022		
	Level 1	Level 2	Level 3
Non-current financial assets	113	-	-
Derivative financial assets ^(*)	-	1,702	-
Total assets at fair value	113	1,702	-

^(*) Derivative financial assets are included in the line-item Current financial assets.

<i>(In thousands of Euro)</i>	As of December 31, 2021		
	Level 1	Level 2	Level 3
Non-current financial assets	123	-	-
Derivative financial assets ^(*)	-	90	-
Total assets at fair value	123	90	-
Derivative financial liabilities ^(**)	-	226	-
Total liabilities at fair value	-	226	-

^(*) Derivative financial assets are included in the line-item Current financial assets.

^(**) Derivative financial liabilities are included in the line-item, Current financial liabilities.

There were no transfers between fair value hierarchy levels during the periods under review.

Russian – Ukrainian conflict

In February 2022, tension between Russia and Ukraine intensified, resulting in the following weeks in the military invasion of Ukraine by the Russian army. The impact of the conflict led to an immediate and sharp increase in the price of fuel and electricity and a generalized increase in inflation. Although the Technoprobe Group is not present in Russia and the Russian market does not represent a reference market, it cannot be excluded that the uncertain developments of the conflict and its global repercussions, also on the supply chain of raw materials, could determine future exceptional circumstances, difficult to predict, likely to have an impact also on the Group's ability to operate also in its reference markets and/or to purchase the raw materials necessary for carrying out its business or to purchase the same at prices suitable for maintaining the expected margins.

6. Notes to the consolidated statement of financial position

6.1 Property, plant and equipment

The following table provides the breakdown and movements of property, plant and equipment for the years ended December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	Land and building	Plant and machinery	Industrial and commercial equipment	Right of use assets	Leasehold improvement	Other assets	Property, plant and equipment in progress and advances	Total
Historical cost as of December 31, 2020	29,717	109,634	16,950	3,529	1,022	9,120	17,470	187,442
Additions	5,929	35,332	3,589	5,914	309	5,875	7,671	64,619
Disposals	-	(520)	(48)	-	-	(13)	-	(581)
Reclassifications	5,164	209	(5,102)	1,320	167	63	(1,821)	-
Exchange differences	359	806	728	478	119	90	54	2,634
Historical cost as of December 31, 2021	41,169	145,461	16,117	11,241	1,617	15,135	23,374	254,114
Additions	1,280	24,316	7,642	3,812	2,418	2,610	36,376	78,454
Disposals	(113)	(720)	(96)	(976)	-	(317)	(109)	(2,331)
Reclassifications	2,791	13,757	2,605	-	493	2,341	(21,987)	-
Exchange differences	(242)	(802)	(239)	106	2	273	(162)	(1,064)
Historical cost as of December 31, 2022	44,885	182,012	26,029	14,183	4,530	20,042	37,492	329,173
Accumulated depreciation as of December 31, 2020	(4,312)	(43,079)	(6,389)	(936)	(548)	(4,928)	-	(60,192)
Depreciation	(1,626)	(16,969)	(1,676)	(2,001)	(365)	(1,581)	-	(24,218)
Disposals	-	29	-	-	-	-	-	29
Exchange differences	(47)	(165)	(153)	(93)	(40)	(37)	-	(535)
Accumulated depreciation as of December 31, 2021	(5,985)	(60,184)	(8,218)	(3,030)	(953)	(6,546)	-	(84,916)
Depreciation	(1,540)	(24,112)	(2,999)	(3,554)	(436)	(2,754)	-	(35,395)
Disposals	4	18	1	918	-	270	-	1,211
Exchange differences	97	(410)	54	194	(18)	(254)	-	(337)
Accumulated depreciation as of December 31, 2022	(7,424)	(84,688)	(11,162)	(5,472)	(1,407)	(9,284)	-	(119,437)
Net book value as of December 31, 2021	35,184	85,277	7,899	8,211	664	8,589	23,374	169,198
Net book value as of December 31, 2022	37,461	97,324	14,867	8,711	3,123	10,758	37,492	209,736

Property, plant and equipment mainly includes land and buildings and plant and machinery used in the production process. Property, plant and equipment in progress and advances as of December 31, 2022 and 2021 mainly include plant and machinery that will be used in the production process.

Investments in property, plant and equipment for the year ended December 31, 2022 amounted to Euro 78,454 thousand (Euro 64,619 thousand for the year ended December 31, 2021), of which Euro 3,812 thousand (Euro 5,914 for the year ended December 31, 2021) relate to right of use assets.

Investments in property, plant and equipment made in the year ended December 31, 2022 and 2021 were mainly attributable to modernization and upgrading of production lines at the production facilities in Agrate (MB) and Cernusco Lombardone (LC).

As of December 31, 2022 and 2021, there were no indicators of possible impairment with respect to property, plant and equipment.

As of December 31, 2022 and 2021, there were no property, plant and equipment encumbered by any type of guarantee provided in favor of third parties.

Right of use assets and lease liabilities

The following table sets forth the main financial information for the lease contracts of the Group, that mainly operates as lessee.

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
Net book value of right of use assets (buildings)	8,497	7,961
Net book value of right of use assets (industrial and commercial equipment)	97	123
Net book value of right of use assets (other assets)	117	127
Net book value of right of use assets	8,711	8,211
Current lease liabilities	2,352	2,013
Non-current lease liabilities	5,847	5,516
Total lease liabilities	8,199	7,529

The following table sets forth the main income statement information for the lease contracts of the Group, that mainly operates as lessee.

<i>(In thousands of Euro)</i>	Year ended December 31,	
	2022	2021
Depreciation of right of use assets (buildings)	2,109	1,186
Depreciation of right of use assets (industrial and commercial equipment)	318	210
Depreciation of right of use assets (other assets)	1,127	605
Total depreciation of right of use assets	3,554	2,001
Lease interest expenses	213	152
Low value assets and short-term leases	547	63
Cash outflow for leasing	3,084	2,478

Right of use assets related to buildings mainly relate to the lease of offices and production facilities in which certain Group companies operate, as well as the lease of a warehouse used by Technoprobe.

As of December 31, 2022 and 2021, the Group has not identified any indicators of impairment with respect to right of use assets.

The following table sets forth the undiscounted contractual flows of the Group's lease liabilities as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	Within 1 year	1 to 2 years	3 to 5 years	After 5 years	Contractual amount	Carrying amount
Lease liabilities as of December 31, 2022	2,352	1,792	2,578	1,696	8,418	8,199
Lease liabilities as of December 31, 2021	2,126	1,635	2,720	1,351	7,832	7,529

Lease payments due are discounted using the incremental borrowing rate, which is the rate of interest that the Company would have to pay to borrow a similar sum over a similar term as the lease contract.

6.2 Intangible assets and goodwill

The following table provides the breakdown and movements of intangible assets including goodwill for the years ended December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	Goodwill	Know-how	Software	Patents and intellectual property rights	Other intangible assets	Intangible assets in progress and advances	Total
Historical cost as of December 31, 2020	9,017	6,108	3,061	86	477	15	18,764
Additions	-	-	724	11	-	252	987
Reclassifications	-	-	15	-	-	(15)	-
Exchange differences	740	506	31	-	-	-	1,277
Historical cost as of December 31, 2021	9,757	6,614	3,831	97	477	252	21,028
Additions	-	-	4,638	66	-	369	5,073
Reclassifications	-	-	206	-	-	(206)	-
Exchange differences	594	414	(14)	-	-	-	994
Historical cost as of December 31, 2022	10,351	7,028	8,661	163	477	415	27,095
Accumulated amortization as of December 31, 2020	-	(642)	(2,503)	(76)	(477)	-	(3,698)
Amortization	-	(419)	(393)	(12)	-	-	(824)
Exchange differences	-	(72)	(4)	-	-	-	(76)
Accumulated amortization as of December 31, 2021	-	(1,133)	(2,900)	(88)	(477)	-	(4,598)
Amortization	-	(475)	(856)	(10)	-	-	(1,341)
Exchange differences	-	(68)	5	-	-	-	(63)
Accumulated amortization as of December 31, 2022	-	(1,676)	(3,751)	(98)	(477)	-	(6,002)
Net book value as of December 31, 2021	9,757	5,481	931	9	-	252	16,430
Net book value as of December 31, 2022	10,351	5,352	4,910	65	-	415	21,093

As of December 31, 2022 and 2021, the Group has not identified any indicators of impairment with respect to intangible assets.

Intangible assets with a finite useful life

Investments in intangible assets with a finite useful life for the year ended December 31, 2022 and 2021, amounted to Euro 5,073 thousand and Euro 987 thousand respectively, and they were primarily attributable to software purchases.

The know-how was recognized as a result of the Purchase Price Allocation (PPA) exercise relating to the acquisition of the subsidiary Microfabrica Inc. which took place on 20 May 2019.

Intangible assets with an indefinite useful life

Goodwill

As of December 31, 2022, goodwill amounted to Euro 10,351 thousand (Euro 9,757 thousand as of December 31, 2021) and mainly refers to goodwill recognized as part of the acquisition of

Microfabrica in 2020.

The value of goodwill, in line with IFRS's requirements, has to be assessed through an "impairment test" as of December 31, 2022 and 2021. To this extent, it should be noted that, for the purpose of the impairment test of goodwill, a single Cash Generating Unit ("CGU") was identified, consisting of the Group's operating activities as a whole. In order to identify the CGU, the elements provided by IAS 36 were taken into account, including the fact that the management monitors the Group's operations on a consolidated basis and the fact that the management makes strategic decisions, with particular reference to the product range and investment decisions, at Group level.

According to IFRS, the "recoverable amount" of the CGUs or group of CGUs to be considered for the purposes of the impairment test is equal to the higher of the "fair value less costs of disposal" and the "Value in use".

The value configuration used to determine the recoverable amount of the Group's assets (including goodwill) as of December 31, 2022 is the fair value determined using the Parent Company's market capitalization as of the impairment test date (December 31, 2022), as adjusted for the fair value of items in the financial statements not included in the book value of the CGU, mainly the net financial position. For further information on the Group's net financial position, please refer to Note 6.17.

The impairment test as of December 31, 2022 did not reveal any loss in value, as the fair value of the Group's assets including goodwill is significantly higher than the related carrying amount.

The difference between the recoverable amount and the carrying amount of the Group's assets would be zeroed against a potential decrease of more than 90% in the market prices of ordinary shares.

6.3 Deferred tax asset and deferred tax liabilities

The following tables provide breakdown and movements of deferred tax assets for the years ended December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	As of December 31, 2021	Provisions/releases to income statement	Exchange differences	As of December 31, 2022
Impairment of raw materials	2,154	1,920	(3)	4,071
Other costs	826	3,097	(40)	3,883
Property, plant and equipment	6,511	(1,186)	-	5,325
Tax loss carryforwards	4,798	(1,980)	316	3,134
Unrealized intra-group margin	1,006	1,627	-	2,633
Right of use assets	18	32	-	50
Total deferred tax assets (gross)	15,313	3,510	273	19,096
Offsetting with deferred tax liabilities	(1,709)	-	-	(2,498)
Total deferred tax assets	13,604	3,510	273	16,598

<i>(In thousands of Euro)</i>	As of December 31, 2020	Provisions/releases to income statement	Reclassifications	Exchange differences	As of December 31, 2021
Impairment of raw materials	1,855	299	-	-	2,154
Other costs	1,071	(278)	14	19	826
Property, plant and equipment	-	6,511	-	-	6,511
Tax loss carryforwards	3,640	837	(14)	335	4,798
Unrealized intra-group margin	439	567	-	-	1,006
Right of use assets	6	12	-	-	18
Total deferred tax assets (gross)	7,011	7,948	-	354	15,313
Offsetting with deferred tax liabilities	(568)	-	-	-	(1,709)
Total deferred tax assets	6,443	7,948	-	354	13,604

Deferred tax assets are recognized to the extent to which it is probable that future taxable profit will be available against which they can be utilized.

The increase in deferred tax assets for the year ended December 31, 2021 is mainly due to the Revaluation Effects, as described below.

The following tables provide breakdown and movements of deferred tax liabilities for the years ended December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	As of December 31, 2021	Provisions/releases to income statement	Exchange differences	As of December 31, 2022
Intangible assets	650	(699)	49	-
Exchange differences	255	(194)	(3)	58
Property, plant and equipment	1,139	1,163	50	2,352
Derivative financial instruments	-	408	-	408
Total deferred tax liabilities (gross)	2,044	678	96	2,818
Offsetting with deferred tax assets	(1,709)	-	-	(2,498)
Total deferred tax liabilities	335	678	96	320

<i>(In thousands of Euro)</i>	As of December 31, 2020	Provisions/releases to income statement	Exchange differences	As of December 31, 2021
Severance indemnity	1	(1)	-	-
Intangible assets	312	299	39	650
Exchange differences	53	198	4	255
Property, plant and equipment	590	495	54	1,139
Total deferred tax liabilities (gross)	956	991	97	2,044
Offsetting with deferred tax assets	(568)	-	-	(1,709)
Total deferred tax liabilities	388	991	97	335

Article 110 of DL 104/2020

Technoprobe benefited the option granted by article 110 of Legislative Decree no. 104/2021 concerning the possibility of revaluing company assets by paying a 3% substitute tax regarding the tax recognition of the higher values recorded in its separate financial statements.

In particular, in its separate financial statements for the year ended December 31, 2020, prepared in accordance with Italian local accounting standards, Technoprobe revalued property, plant and equipment for approximately Euro 28.6 million, mainly attributable to plant and machinery and to a lesser extent to buildings.

The main effects on the Consolidated Financial Statements deriving from Company's decision to utilize of the option granted by article 110 of Law Decree no. 104/2021 are shown below:

- recognition, as of January 1, 2021, of deferred tax assets of approximately Euro 7.9 million due to the higher tax values relating to the revalued assets; and
- recognition in the consolidated income statement of the substitute tax amounting approximately to Euro 0.9 million, recognizing a current tax receivable as counterparty.

The main effects mentioned above are jointly referred to as the "**Revaluation Effects**".

6.4 Non-current financial assets

The following table provides the breakdown of non-current financial assets as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
Security deposits	880	689
Debt securities	113	123
Time deposits	28	23
Non-current financial assets	1,021	835

6.5 Other non-current assets

Other non-current assets, amounting to Euro 1,987 thousand and Euro 1,383 thousand as of December 31, 2022 and 2021, respectively, mainly refers to tax credits.

6.6 Inventories

The following table provides the breakdown of inventories as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
Raw materials, supplies and consumables	74,897	53,570
Work in progress and semi-finished goods	45,849	22,378
Finished products and goods	4,383	3,672
Inventories (gross)	125,129	79,620
Provisions for inventory write-downs	(14,742)	(7,719)
Inventories	110,387	71,901

Provisions for inventory write-downs amounted to Euro 7,023 thousand and Euro 1,358 thousand for the years ended December 31, 2022 and 2021, respectively.

The increase in inventories in the year ended December 31, 2022 is influenced both by the increase in turnover and by the dynamics of the procurement of raw materials and components.

6.7 Trade receivables

The following table provides the breakdown of trade receivables as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
Trade receivables (gross)	76,463	103,768
Allowance for doubtful receivables	(1,045)	(920)
Trade receivables	75,418	102,848

The following table provides the breakdown and movement of allowance for doubtful receivables as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	Allowance for doubtful receivables
As of December 31, 2020	1,150
Net provision	(243)
Utilization	(1)
Exchange differences	14
As of December 31, 2021	920
Net provision	178
Utilization	(55)
Exchange differences	2
As of December 31, 2022	1,045

Net provision for doubtful receivables is recognized in the income statement line-item "Net impairment of financial assets" (see Note 7.5 - "Net impairment of financial assets").

There are no trade receivables due beyond 5 years.

6.8 Current financial assets

The following table provides the breakdown of current financial assets as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
Security deposits	12	-
Derivative financial assets	1,702	90
Interest receivables from banks	577	12
Loans to employees	9	30
Current financial assets	2,300	132

Derivative financial instruments referred to the positive fair value of a derivative contract entered into by the Company, aimed at mitigating the risk of fluctuation in the EUR/USD exchange rate. The derivative contracts have not been designated as a hedging financial instruments, in accordance with the provision of IFRS. Consequently, changes in the fair value of the derivatives are recognized in income statement within “Foreign exchange gains (losses)”

6.9 Current tax receivables and current tax payables

Current tax receivables amounted to Euro 363 thousand and Euro 1,898 thousands as of December 31, 2022 and 2021, respectively.

Current tax payables amounted to Euro 21,756 thousand and Euro 1,130 thousand as of December 31, 2022 and 2021, respectively.

The increase in current tax payables as of December 31, 2022 compared to December 31, 2021 is mainly attributable to an increase in the results achieved by the Group in 2022.

6.10 Other current assets

The following table provides the breakdown of other current assets as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
Tax receivables	12,805	10,396
Prepaid expenses	3,299	1,759
Prepayments and advance	568	120
Other receivables	212	90
Other current assets	16,884	12,365

Tax receivables are mostly VAT receivables. As of December 31, 2022, prepaid expenses include, among others, the prepayment of a multi-year insurance policy signed at the time of the EGM Listing, as defined below.

6.11 Cash and cash equivalents

The following table provides the breakdown of cash and cash equivalents as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
Bank and postal deposits	411,020	146,748
Cash and cash on hand	11	6
Cash and cash equivalents	411,031	146,754

As of December 31, 2022 and 2021, bank and postal deposits are not subject to restrictions or limitations

and are held at banks and financial institutions primarily located in Italy and Asia. In order to optimize the return on liquidity held, during the financial year ended December 31, 2022, the Group used term deposit which can be released upon request.

Refer to the consolidated statement of cash flows for details on changes in cash and cash equivalents for the years ended December 31, 2022 and 2021.

6.12 Total equity

The following table provides the breakdown of total equity as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
Share capital	6,010	5,760
Legal reserve	1,152	1,152
Share premium reserve	139,116	-
Other reserves	31,933	31,104
Translation reserve	7,359	3,272
Retained earnings	402,462	284,141
Net profit attributable to the owners of the Parent	147,904	118,321
Equity attributable to non-controlling interests	1,039	2,533
Total equity	736,975	446,283

Share capital

The share capital of the Parent, fully subscribed and paid-up, amounted to Euro 6,010 thousand as of December 31, 2022 (Euro 5,760 thousands as of December 31, 2021), consisted of 125,000,000 ordinary shares and 476,000,000 multiple voting shares, the latter held by T-PLUS and the Crippa family. The Shares are registered, with no par value and are issued in dematerialized form.

The increase in share capital recognized at year ended December 31, 2022 amounted to Euro 250 thousand due to the effects of the quotation of the ordinary shares on the Euronext Growth Milan ("EGM"). Multilateral Trading System organized and managed by Borsa Italiana S.p.A. (the "EGM Listing"), with first day of trading on 15 February 2022. For the institutional placement of its ordinary shares, the Company has issued new no. 25,000,000 shares offered at the time of placement at the price of Euro 5.70 per share. The EGM Listing therefore led to an increase in total shareholders' equity of Euro 139,366 thousand, of which Euro 250 thousand as a share capital increase and Euro 139,116 thousand as share premium, net of the listing costs incurred.

Legal reserve

The legal reserve, amounted to Euro 1,152 thousand as of December 31, 2022 and 2021.

Share premium reserve

The share premium reserve amounted to Euro 139,116 thousand as of December 31, 2022 and to a null value as of December 31, 2021 and it was generated in the year ended December 31, 2022 in connection with the EGM Listing.

Translation reserve

The translation reserve includes all differences arising from the translation into Euro of the financial statements of the companies included in the scope of consolidation expressed in currencies other than Euro.

Other reserve

Other reserves amounted to Euro 31,933 thousand as of December 31, 2022 (Euro 31,104 thousand as of December 31, 2021) and include, among others, the effects of applying IFRS in the periods under review.

The movements that affected shareholders' equity for the year ended December 31, 2022 are related to:

- recognition of the total comprehensive income for the year of Euro 152,455 thousand;
- the increase in share capital and reserves as a result of the EGM Listing; and
- the distribution of dividends for Euro 1,129 thousand

The movements that affected shareholders' equity for the year ended December 31, 2021 are related to:

- recognition of the total comprehensive income for the year of Euro 126,663 thousand; and
- the distribution of dividends for Euro 4,604 thousand.

6.13 Employee benefits obligations

The item includes Technoprobe directors' end of mandate indemnity and employee severance indemnity.

The following table reports the movements in the employee benefit obligations as of and for the years ended December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	Employee severance indemnity	End of mandate indemnity	Employee benefits obligations
As of December 31, 2020	270	2,271	2,541
Provisions	1,821	118	1,939
Finance expenses	-	-	-
Benefits paid	(1,815)	-	(1,815)
As of December 31, 2021	276	2,389	2,665
Provisions	2,971	-	2,971
Finance expenses	-	-	-
Benefits paid	(2,950)	(2,389)	(5,339)
As of December 31, 2022	297	-	297

The average number of employees amounted to and 2,120 and 1,536 for the year ended December 31, 2022 and 2021, respectively.

6.14 Provision for risks and charges

As of December 31, 2022 the Group recorded a provision for risks and charges of Euro 20,073 thousands (Euro 11,625 thousand as of December 31, 2021), following the accrual made in relation to risk mainly of a fiscal nature. In fact, in its business operations, the Group puts in place several transactions with foreign third parties. The complexity of such transactions implies the risk that the relevant taxation authorities might provide for a treatment for these transactions different from that adopted by the Group.

6.15 Trade payables

Trade payables, amounting to Euro 40,858 thousand and Euro 32,782 thousand as of December 31, 2022 and 2021, respectively, are mainly attributable to transactions for the purchase of raw materials, components and services.

6.16 Contract liabilities

Contract liabilities, amounting to null value and Euro 8 thousand as of December 31, 2022 and 2021, respectively, are attributable to advances received from customers for services not yet rendered by the Group.

6.17 Current financial liabilities

The following table provides the breakdown of current and non-current financial liabilities as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
Intesa Sanpaolo loan	-	149
Total bank borrowings	-	149
T-PLUS loan	-	4,271
Total related party financial liabilities	-	4,271
Derivative financial liabilities	-	226
Total current financial liabilities	-	4,646

Derivative financial liabilities

Derivative financial liabilities amount to null value and Euro 226 thousand as of December 31, 2022 and 2021 and refer to contracts signed to mitigate the exchange rate risk on currency transactions.

T-PLUS loan

On 26 November 2020, T-PLUS entered into a loan agreement with the company GeniusPack Holding AG, one of the investments involved in the Demerger, for a notional value of Euro 4,250 thousand.. It should be noted that on November 12, 2021, the Company signed a contract with T-PLUS (the "**Receivables Transfer Agreement**") under which T-PLUS, as assignor, assigned without recourse to Technoprobe, as assignee, the receivable due from Genius Pack Holding AG, as assigned debtor, arising from the loan agreement signed on November 26, 2020. Pursuant to the Receivables Transfer Agreement, T-PLUS therefore assigned without recourse, pursuant to and for the purposes of Article 1260 et seq. of the Italian Civil Code, to Technoprobe total receivables of Euro 4,267 thousand, including interest accrued up to that date, it being understood that the receivables are subject to the terms and conditions of the original loan. The Company undertook to pay the amount of the receivable, plus interest accrued up to the date of repayment, within six months from the signing of the Receivables Transfer Agreement.

The original loan had a term of five years, at the end of which the loan had to be repaid in full. The applicable interest rate was fixed and equal to 0.5%.

It should be noted that on 29 June 2022, the Company reimbursed T-PLUS the value of the receivable claimed by the latter for an amount of Euro 4,282 thousand, of which Euro 4,250 thousand for the principal.

The table below shows for the years ended December 31, 2022 and 2021, in accordance with IAS 7, the changes in financial liabilities arising from cash flows generated and/or absorbed by financing activities, as well as arising from non-cash items.

<i>(In thousands of Euro)</i>	As of December 31, 2022	Reimbursements of financial liabilities	Change in fair value of derivative financial instruments	Exchange differences	Foreign exchange gains (losses)	Reclassification	As of December 31, 2022
Current financial liabilities	4,646	(4,646)	-	-	-	-	-
Non-current financial liabilities	-	-	-	-	-	-	-
Total financial liabilities	4,646	(4,646)	-	-	-	-	-

<i>(In thousands of Euro)</i>	As of December 31, 2020	Issuance of financial liabilities	Reimbursements of financial liabilities	Change in fair value of derivative financial instruments	Exchange differences	Foreign exchange gains (losses)	Reclassification	As of December 31, 2021
Current financial liabilities	30,558	-	(30,407)	226	392	(362)	4,239	4,646
Non-current financial liabilities	4,239	-	-	-	-	-	(4,239)	-
Total financial liabilities	34,797	-	(30,407)	226	392	(362)	-	4,646

Net Financial Position

The table below shows the composition of the Group's net financial position as of December 31, 2022 and 2021 determined in accordance with the provisions of CONSOB communication DEM/6064293 of 28 July 2006 as amended by CONSOB Attention Notice no. 5/21 of 29 April 2021 and in accordance with the ESMA Recommendations 32-382-1138 of March 4, 2021.

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
A. Cash	411,031	146,754
B. Cash equivalents	-	-
C. Other current financial assets	598	42
D. Liquidity (A+B+C)	411,629	146,796
E. Current financial debt	-	(4,420)
F. Current portion of non-current financial debt	(2,352)	(2,013)
G. Current financial indebtedness (E+F)	(2,352)	(6,433)
- of which guaranteed	-	-
- of which not guaranteed	(2,352)	(6,433)
H. Net current financial indebtedness (G-D)	409,277	140,363
I. Non-current financial debt	(5,847)	(5,516)
J. Debt instruments	-	-
K. Non-current trade and other payables	-	-
L. Non-current financial indebtedness (I+J+K)	(5,847)	(5,516)
- of which guaranteed	-	-
- of which not guaranteed	(5,847)	(5,516)
M. Net financial position (surplus) (*) (H+L)	403,430	134,847

(*) As of December 31, 2022, Euro 8,199 thousand refer to the financial liability relating to IFRS 16 (€7,529 thousand as of December 31, 2021), of which Euro 2,352 thousand current (Euro 2,013 thousand as of December 31, 2021) and Euro 5,847 thousand non-current current (Euro 5,516 thousand as of December 31, 2021).

6.18 Other current liabilities

The following table provides the breakdown of other current liabilities as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	As of December 31,	
	2022	2021
Payables due to employees	17,696	12,778
Payables due to social security institutions	7,378	5,149
Accrued expenses	3,237	4,536
Tax payables	3,708	3,853
Payables to directors	1,109	684
Deferred income	3,080	1,544
Other minor liabilities	2,096	1,777
Other current liabilities	38,304	30,321

Payables due to employees primarily refer to payroll, production bonuses, MBOs and deferred expenses, such as vacation, leave and additional monthly payments.

Payables due to social security institutions primarily refer to liabilities to pension and social security institutions for the payment of contributions.

Accrued expenses mainly relate to the provision for commission expenses on sales.

Tax payables primarily include amounts due to non-income taxes, primarily consisting of VAT payables, other indirect taxes and withholding taxes on employees.

7. Notes to the consolidated income statement

7.1 Revenue

The following table provides the breakdown of Revenue for the years ended December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	Year ended December 31,	
	2022	2021
Revenue from sales	548,927	391,716
Other revenue	2	21
Revenue	548,929	391,737

The following table provides the breakdown of Revenue by geographical area for the years ended December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	Year ended December 31, (*)	
	2022	2021
Asia	356,947	182,370
America	153,444	166,702
Europe (excluding Italy)	28,724	33,049
Italy	9,814	9,616
Revenue	548,929	391,737

(*) Data determined considering the location to which revenue is billed.

Almost all the contracts with customers entered into by the Group do not include variable consideration.

The Group considers that there is no contract containing a significant financial component, i.e. for which the period between the transfer to the customer of the promised good and the related payment exceeds twelve months. Therefore, the Group has not made any adjustment to the consideration received to take into account the time value of money.

7.2 Cost of revenue

The following table provides the breakdown of cost of revenue for the years ended December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	Year ended December 31,	
	2022	2021
Raw materials, supplies, consumables and goods	98,008	67,535
Personnel expenses	73,467	56,916
Depreciation, amortization and impairment	26,578	18,452
Outsourced services and industrial services	5,261	7,782
Maintenance and repairs	3,553	2,597
Utilities	5,864	1,832
Lease and rental costs	1,302	824
Other minor costs	2,116	1,078
Cost of revenue	216,149	157,016

7.3 Research and development

The following table provides the breakdown of research and development for the years ended December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	Year ended December 31,	
	2022	2021
Personnel expenses	34,471	19,712
Consultancy and professional services	8,036	6,717

Depreciation, amortization and impairment	6,285	2,525
Raw materials, supplies, consumables and goods	3,035	2,471
Software licenses	2,464	1,591
Maintenance and repairs	792	345
Utilities	453	70
Other minor costs	883	275
Research and development	56,419	33,076

The Group's research and development activities are aimed at both introducing new products and implementing new production processes. Raw materials, supplies, consumables and goods and the costs for the use of third-party assets are attributable to research and development centers entered into operation.

7.4 Selling, general and administrative

The following table provides the breakdown of selling, general and administrative for the years ended December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	Year ended December 31,	
	2022	2021
Personnel expenses	27,764	20,939
Sales commissions	11,309	5,951
Consultancy and professional services	9,804	7,812
Office costs	992	1,144
Depreciation, amortization and impairment	3,873	4,065
Transportation costs	1,569	1,828
Lease and rental costs	459	365
Maintenance and repairs	684	2,546
Travel costs	1,016	235
Utilities	2,589	1,540
Directors compensation	2,850	1,600
Other minor costs	4,828	3,334
Selling, general and administrative	67,737	51,359

7.5 Net impairment of financial assets

Net impairment of financial assets, recognized in accordance with the requirements of IFRS 9, amounting to Euro (178) thousand and Euro 243 thousand for the years ended December 31, 2022 and 2021, respectively, relate to the impairment of trade receivables.

Changes in the allowance for doubtful receivables for the years ended December 31, 2022 and 2021 are shown in Note 6.7 - "Trade Receivables".

7.6 Other income (expenses), net

Other income (expenses), net amounting to Euro (4,155) thousand and to Euro (4,468) thousand for the years ended December 31, 2022 and 2021, respectively.

Other income, net recorded in the year ended December 31, 2022 was mainly attributable to (i) provisions for risks and charges of Euro 8,448 thousand, mainly related to tax risks connected to the Group's numerous transactions with foreign counterparties, partially offset by (ii) other revenue deriving from the tax credit for research and development and interconnection activities.

Other income, net recorded in the year ended December 31, 2021 was mainly attributable to (i) provisions for risks and charges of Euro 9,500 thousand, mainly related to risks of fiscal nature connected to the Group's numerous transactions with foreign counterparties, partially offset by (ii) other non-operating income of Euro 2,673 thousand related to scrap sales and (iii) other income arising from the tax credit for research and development.

7.7 Net finance income (expenses)

The following table provides the breakdown of net finance income (expenses) for the years ended December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	Year ended December 31,	
	2022	2021
Interest income	1,174	32
Other minor income	63	49
Finance income	1,237	81
Interest costs on discounted employee benefits	-	44
Interests on lease and other minor liabilities	213	152
Finance expenses	213	196
Net finance income (expenses)	1,024	(115)

The increase in net finance income (expense) is mainly attributable to the increase in interest income, mainly attributable to the higher balance of cash and cash equivalents in bank current accounts and term deposit accounts which can be released upon request and, to a lesser extent, to interest income on other financial activities.

7.8 Foreign exchange gains (losses)

Exchange gains (losses) amounted to profits of Euro 1,915 thousand and Euro 7,107 thousand for the financial year ended December 31, 2022 and 2021, respectively.

7.9 Income tax expenses

The following table provides the breakdown of income tax expense for the years ended December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	Year ended December 31,	
	2022	2021
Current taxes	61,223	39,887
Prior periods taxes	624	(158)
Deferred taxes	(2,832)	(6,653)
Income tax expense	59,015	33,076

For details of the item "Deferred tax assets and liabilities", see Note 6.3 - "Deferred tax assets and deferred tax liabilities".

The increase in income tax expense that occurred during the year ended December 31, 2022 is mainly attributable to an increase in profit before tax.

The following table provides a reconciliation of the theoretical and the reported tax charge with respect to the Italian Corporate Income Tax (IRES) for the years ended December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	Year ended December 31,	
	2022	2021
Profit before tax	207,230	152,423
Theoretical tax rate (IRES)	24%	24%
Theoretical tax expense	49,735	36,582
Effects of revaluation	-	(7,980)
Foreign tax rate differences	(324)	110
Other (including IRAP)	9,604	4,364
Income tax expense	59,015	33,076

7.10 Earnings per share

The following table sets forth the calculation of net profit per share for the year ended December 31, 2022 and 2021.

	Year ended December 31,	
	2022	2021
Net profit attributable to the owners of the Parent (in Euro thousands)	147,904	118,321
Weighted average number of ordinary shares	597,917,808	576,000,000
Basic and diluted net profit per share (in Euro)	0.25	0.21

On 14 December 2021, the Shareholders' Meeting approved the split of the existing shares. As a result of such split, the Company's share capital of Euro 5,760,000 is divided into 576,000,000 shares with no par value.

Net profit per share was calculated by dividing: (i) the net profit attributable to the owner of the Parent by (ii) the number of ordinary shares, as changed retrospectively following the abovementioned Shareholders' Meeting resolution.

The shares composing the share capital are ordinary shares and there are no obligations relating to the distribution of privileged dividends or other privileged forms of allocation of results among the shares. Furthermore, there are no existing instruments with a potential diluting effect on the result attributable to the shareholders of the owners of the Parent.

8. Segment information

Segment information has been prepared in accordance with IFRS 8 – “Operating segments” (hereafter “IFRS 8”), which requires the presentation of disclosures consistent with how directors take operating decisions.

At the management level, the Group identifies a single strategic vision for its operating activities. In particular, top management reviews the economic results at Group level as a whole, and therefore no operating segments can be identified. Consequently, the Group's business has been represented as a single reportable segment in accordance with IFRS 8.

Revenue by geographical area is presented in Note 7.1 – “Revenue”

In accordance with the provisions of IFRS 8, paragraph 34, it should be noted that for the years ended December 31, 2022 and 2021, there were four and three individual customers that individually generated more than 10% of the Group's total revenue, respectively.

The following table provides the detail of revenue relating to customers that individually generated more than 10% of the Group's total revenue for the year ended December 31, 2021 and 2022.

<i>(In thousands of Euro and percentage)</i>	Year ended December 31,			
	2022		2021	
	Revenue	% on Revenue	Revenue	% on Revenue
First customer	140,041	25.5%	99,729	25.5%
Second customer	116,152	21.2%	71,834	18.3%
Third customer	61,695	11.2%	45,876	11.7%
Fourth customer	56,485	10.3%	n.a.	<10%

The table below provides non-current assets, other than financial assets and deferred tax assets, by geographical area as of December 31, 2022 and 2021, presented according to where the assets are located.

<i>(In thousands of Euro)</i>	Italy	Asia	Europe	America	Non-allocated	Total
Property, plant and equipment	163,112	29,098	2,095	15,431	-	209,736
Goodwill	-	-	-	-	10,351	10,351
Intangible assets	3,932	1,442	12	4	5,352	10,742
Other non-current assets	1,948	39	-	-	-	1,987
Total as of December 31, 2022	168,992	30,579	2,107	15,435	15,703	232,816
Property, plant and equipment	138,537	19,819	2,083	8,759	-	169,198
Goodwill	-	-	-	-	9,757	9,757
Intangible assets	529	393	22	248	5,481	6,673
Other non-current assets	1,335	48	-	-	-	1,383
Total as of December 31, 2021	140,401	20,260	2,105	9,007	15,238	187,011

Non-allocated assets are entirely attributable to goodwill and know-how.

9. Related party transactions

Related party transactions, identified on the basis of the IAS 24 criteria, are mainly of a financial nature and are carried out at normal market conditions. The following table provides details of the Group's statement of financial position transactions with related parties as of December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	T-PLUS	Total statement of financial position item	Incidence on statement of financial position item
Current financial liabilities			
As of December 31, 2022	-	-	-
As of December 31, 2021	4,271	4,646	91.9%

The following table provides details of the Group's income statement transactions with related party for the years ended December 31, 2022 and 2021.

<i>(In thousands of Euro)</i>	T-PLUS	Total income statement item	Incidence on income statement item
Net finance income (expenses)			
Year ended December 31, 2022	(11)	1,024	(1.1%)
Year ended December 31, 2021	(44)	(115)	38.3%

Non-current financial liabilities and finance expenses refer entirely to the loan granted on November 26, 2020 by T-PLUS (Parent of the Company) to GeniusPack Holding AG, transferred on November 12, 2021 to the Company in accordance with the Receivables Transfer Agreement. Financial expenses towards Parent Company are entirely attributable to interest expense accrued in relation to this loan. On 29 June 2022, the Company reimbursed T-PLUS the value of the credit claimed by the latter. For more details of the item, see note 6.17 - "Current and non-current financial liabilities".

Relation with the top management

In addition to the statement of financial position and income statement effects of transactions with related parties presented in the tables above, it is further noted that:

- other current liabilities as of December 31, 2022 and 2021 included amounts due to directors for fees not yet paid in the amounts of Euro 1,109 thousand and Euro 684 thousand respectively; and
- selling, general and administrative for the years ended December 31, 2022 and 2021 included directors' compensations in the amounts of Euro 2,850 thousands and Euro 1,600 thousand, respectively;
- In the financial year ended December 31, 2021, the Company recognized costs for indemnities to directors for Euro 118 thousand. As of December 31, 2021, the provision for indemnities amounted to Euro 2,389 thousand. In the year ended December 31, 2022, this provision was fully paid and no further provisions were recognized.

10. Commitments, guarantees and contingent liabilities

Securities and guarantees granted in favor of third parties and contingent liabilities

At the year ended December 31, 2022 and 2021, there are no commitments, guarantees and contingent liabilities that have not been recognized in the consolidated financial statements, except for commitments undertaken by suppliers of which amount to Euro 23.2 million at year ended December 31, 2022.

11. Compensation to directors and statutory auditors

Compensation due to directors and statutory auditors for the years ended December 31, 2022 and 2021 amounted to Euro 2,938 and 1,750 thousand, respectively

No loans or advances were granted to directors or shareholders during the year.

12. Fees due to independent auditors

Fees due to independent auditors for the years ended December 31, 2022 and 2021 amounted to Euro 260 and 366 thousand, respectively

13. Significant events occurring after the end of the period

On 27 January 2023, the Board of Directors confirmed its intention to start the process of listing the Company's shares on Euronext Milan in times that allow for its conclusion by the end of 2023.

Finally, it should be noted that in February 2023, a production capacity efficiency plan was launched, in particular at the subsidiary Microfabrica Inc., also in light of the expected market contraction in 2023: the plan, already communicated to the parties in accordance with the current local legislation, provides a downsizing of around 100 units starting from the second quarter of 2023, both at the production and administrative/commercial level. According to the Company's estimates, this plan will not lead to a contraction in production capacity nor in the ability to respond to the market as the same capacity can be absorbed by other production sites also thanks to the increasing automation of some processes.



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the shareholders of Technoprobe SpA

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Technoprobe SpA Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2022, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Technoprobe SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the directors and the board of statutory auditors for the consolidated financial statements

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

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311



The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Technoprobe SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, 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 the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

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



- We 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 communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on compliance with other laws and regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Technoprobe SpA are responsible for preparing a report on operations of the Technoprobe SpA Group as of 31 December 2022, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Technoprobe SpA Group as of 31 December 2022 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of Technoprobe SpA Group as of 31 December 2022 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 9 march 2023

PricewaterhouseCoopers SpA

Signed by

Francesco Ferrara
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers