

INFORMATION MEMORANDUM

document provided pursuant to Annex A of the Rules for the Operation of the Vienna MTF

May 2020

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1. WARNING

This document is not an approved prospectus pursuant to the Capital Market Act in conjunction with Regulation (EU) 2017/1129 or otherwise pursuant to Regulation (EU) 2017/1129. The information memorandum has been prepared for the purpose of inclusion in trading in the Vienna MTF, which is a multilateral trading facility and not a regulated market. It is not permitted to use the information memorandum for a public offering; it is not updated, amended or supplemented after the time of inclusion. The information included in this document has been made available by the applicant for inclusion in the Vienna MTF. The applicant is responsible for this document and hereby declares that it has exercised the due care and diligence required to ensure that to the best of its knowledge the information given in the document is correct and no facts have been left out that in all likelihood would cause the statements in the document to change. The Vienna Stock Exchange has not checked the information memorandum as to its accuracy.

2. GENERAL INFORMATION ON THE ISSUER

Company	CREACTIVES GROUP S.P.A.
Venue of registered office	BOLOGNA
Company address	Via Alberto Calda, 10 40135 Bologna, Italy
Telephone number	+39 045 6261357
Website	www.creativesgroup.com
Date of establishment	2020
VAT Code	IT 03853971202
Fiscal code	03853971202
Registration number in Companies Register	BO - 551299
Share capital Euro	259,896
Legal form	SOCIETA' PER AZIONI - Limited company
Activity Code (ATECO)	620909
ISIN codes	IT0005408593 * - ordinary shares

Ownership structure

	No. of shares	% of share capital
Mr. GIANDOMENICO SICA	1,050,000	9.62%
Mrs. MISHA GROSSO	1,050,000	9.62%
Mr. PAOLO GAMBERONI	2,135,136	19.55%
Mr. ADRIANO GARIBOTTO	2,135,136	19.55%
Mr. FRANCESCO BELLOMI	1,409,190	12.90%
Mr. STEFANO LUZI CRIVELLINI	256,206	2.35%
ADD VALUE S.P.A.	1,964,332	17.99%
Free float	920,000	8.42%
TOTAL	10,920,000	100.00%

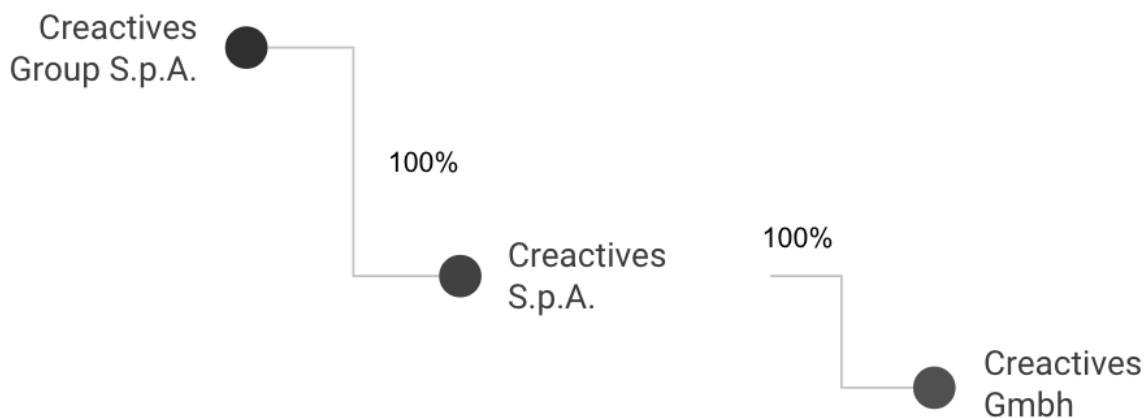
* **WARNING:** ordinary shares representing the free float (TOT: 920,000 shares), at listing date, will be identified by the ISIN code IT0005408601 as they will give the right to have 1 further ordinary share every share hold for 36 months after the listing. If transferred before this period, the ISIN code IT0005408601 will be changed into the ISIN code IT0005408593 and the shares will lose the right to obtain further shares.

Creactives Group S.p.A. is the result of the business combination between Balaban Technology S.p.A. and Creactives S.p.A., an Italian scaleup created on June 7, 2000 and focused on developing Artificial Intelligence solutions for the procurement industry. The business combination has been made on April 24, 2020.

3. COMPANY STRUCTURE

Creactives Group S.p.A. is the result of the business combination between Balaban Technology S.p.A., an Italian startup company created on February 13, 2020 with the goal of developing innovative ICT solutions. On April 24, 2020 (date of the business combination - notary act) Creactives S.p.A. has been fully contributed in kind into Balaban Technology S.p.A., the shareholders of Creactives S.p.A. became major shareholders of Balaban Technology S.p.A. (see "section 2" of this document for additional details) and Balaban Technology S.p.A. has been renamed into Creactives Group S.p.A. Creactives Group S.p.A. operates on the market through its fully controlled subsidiaries.

The following is the "group structure":



Board of Directors of Creactives Group S.p.A.

Paolo Gamberoni, President and CEO

Born in Verona (Italy) on 30/12/1956, Mr. Paolo Gamberoni is an Italian entrepreneur passionate about innovation. He is the co-founder of Creactives and he is the managing director since 2000, conducting the company through different business models, the adoption of the most innovative technology and the internationalization process. He was also serving as a senior manager in Accenture and as managing director of a BPO business unit in EDS Italy. He is a graduate in Electronic Engineer at the University of Padua.

Adriano Garibotto, Board Member

Born in Santiago del Cile (Cile) on 09/02/1957, Mr. Adriano Garibotto is an Italian entrepreneur and co-founder of Creactives with over 20 years of wide and international experience in the Procurement and Supply Chain business consultancy and services. Since 2000 he was dedicated to the sales and to the customer's management supporting the internationalization of the company. He was also serving as general manager of a major Construction Company and co-founder and managing director of Tralix SA, producing prefabricated earthquake-proof. He is a graduate in Civil Engineer with an MBA at the UAI in Santiago del Chile.

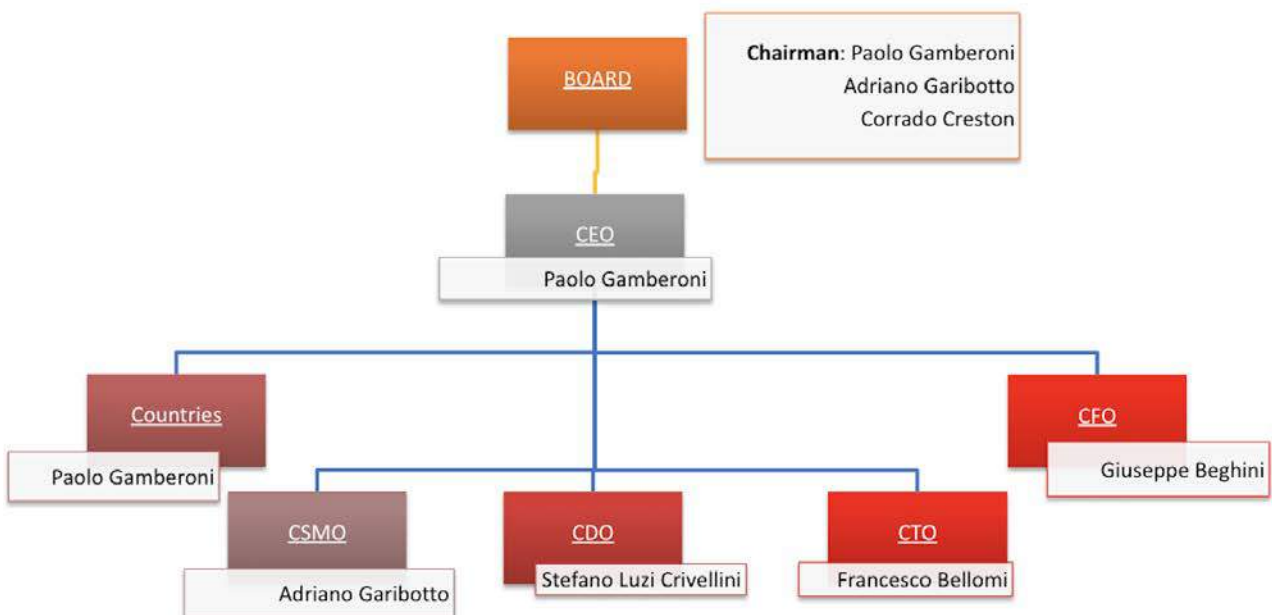
Giandomenico Sica, Board Member

Born in Codogno (Italy) on 26/06/1982, Mr. Giandomenico Sica is the founder of Grafoventures, his own investment company focused on Small Caps across Southeast Europe. He is co-founder and Executive President of DHH, cloud computing provider listed on the Italian Stock Exchange. He was investor and executive director of MailUp, marketing technology company listed on the Italian Stock Exchange, which he supported in scaling by M&A from 8M EUR to 27M EUR in 3 years. He was shareholder and partner of Digital Magics, startup incubator listed on the Italian Stock Exchange, where he originated the investment in Talent Garden (80% IRR). He is a graduate in Philosophy (hons) at the University of Milan.

Board of Auditors of Creactives Group S.p.A.

President of the Supervisory Board	Mr. PIERLUIGI PIPOLO Born in VILLARICCA (NA), Italy, on 24/06/1972
Auditor	Mr. GIULIO SAPORITO Born in COSENZA (CS), Italy, on 23/09/1985
Auditor	Mr. ALESSANDRO LAZZARINI Born in NAPOLI (NA), Italy, on 06/12/1975
Deputy auditor	Mr. MARCO LAZZARINI Born in NAPOLI (NA), Italy, on 04/10/1978
Deputy auditor	Mrs. VALENTINA PRISCO Born in NAPOLI (NA), Italy, on 21/01/1972

The following is the organizational chart of Creactives S.p.A.



Key people

Paolo Gamberoni. *Co-founder of Creactives S.p.A.* where he is the managing director since 2000, conducting the company through different business models, the adoption of the most innovative technology and the internationalization process.

Adriano Garibotto. *Co-founder and Chief Sales & Marketing Officer at Creactives S.p.A.*. During the last 20 years, he has accumulated a vast experience in large multinational companies, implementing Creactives' SW products focused on the Sourcing to Procure process and in Master Data Management.

Francesco Bellomi. *Co-founder and Chief Technical Officer at Creactives S.p.A.*, After the MS in Computer Science, and the experience as international graduate student at Université Paris XII, and as International Fellow at Stanford University, he spent the last 20 years designing AI-focused industrial solutions based on Natural Language Processing, Machine Learning (including Deep Learning) and Knowledge Engineering.

Stefano Luzi Crivellini. *Chief Delivery Officer at Creactives S.p.A.*, he has a strong IT international experience (Accenture, IBM, GSK) managing international large projects, delivering high quality software solutions and managing large IT international organization.

Giuseppe Beghini. *Chief Financial Officer at Creactives S.p.A.*, he is an entrepreneur with a long experience in financial accounting and administration and he was member of the Confindustria Verona board. In 2000 he contributed to the listing on the Milan stock exchange of a co-owned company. Since 2012 he is serving as CFO supporting the internationalization of the company.

Corrado Creston. *Board Member at Creactives S.p.A.*, entrepreneur, co-founder, and managing director since 1995 of Add Value. Corrado is a partner of IAG, a very active team of Business Angels in Italy, and he is also managing the Add Value initiative dedicated to the start-ups.

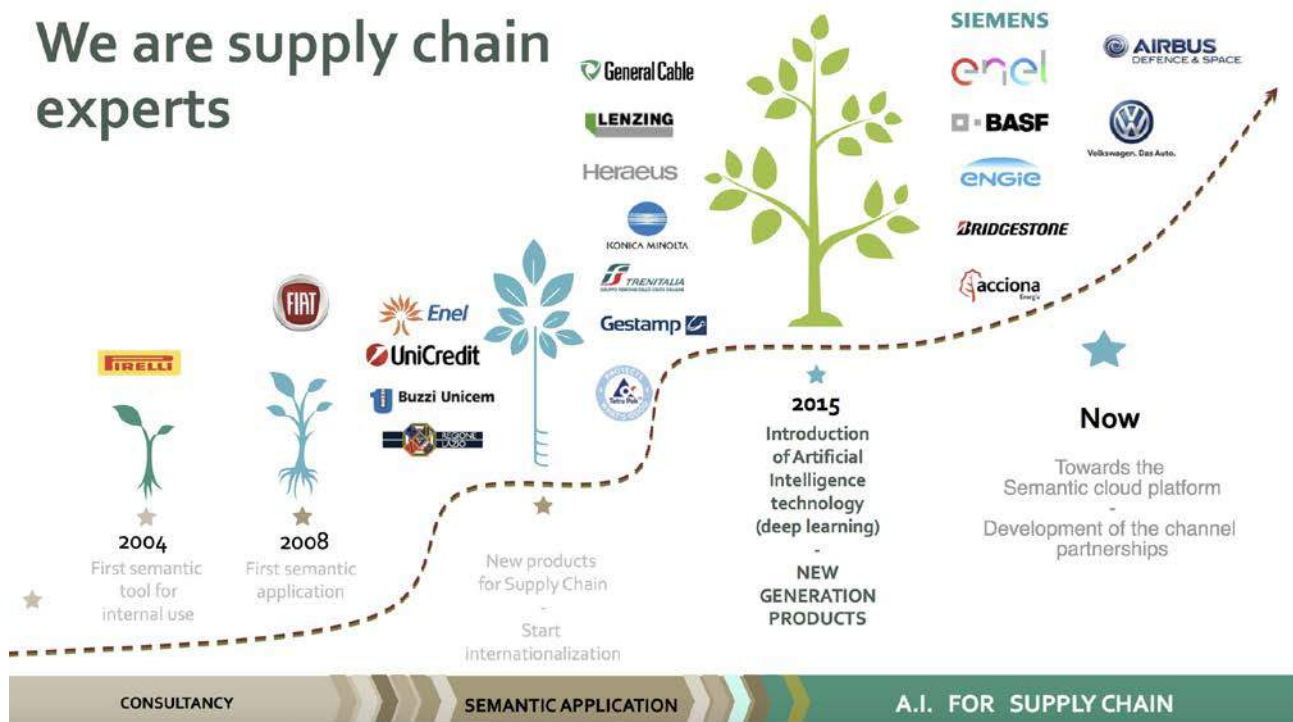
Creactives S.p.A.

Headquarters	Verona (Italy)
Subsidiary	Frankfurt am Main (Germany) Creactives GmbH
Sales office	Madrid (Spain)
Sales representative	Paris (France)
People (employees and collaborators)	65
Multidisciplinary skills	IT, SW Engineer, Business Intelligence, Big Data, AI, Deep Learning, Data Analysis in multiple domains, Linguistic, Business (procurement, supply chain, cost reduction)
Education	more than 80% has a bachelor degree or a doctorate, the non-graduated ones have deep multi-decennial experience in the domain
R&D	dedicated researchers and multidisciplinary teams are developing our technology and products

4. OBJECT OF BUSINESS

Creactives Group S.p.A. operates on the market through its fully controlled company Creactives S.p.A.

We are supply chain experts



CREACTIVES S.P.A. was founded in June 2000 as a cost reduction consulting company: company's main clients were manufacturing companies, utilities, oil and gas/mining companies and logistics companies. Indeed, supply chain opacity and ambiguity are problems that affects more than 100,000 companies in the world: the difficulty of implementing a common classification structure (taxonomy) leads to great inefficiencies, like over-dimensioning of inventories, with duplicates and obsolete spare parts. At the same time, the complexity of supply chain data is linked with multilanguage issues (a global multinational Company is typically present in more than 40 countries with more than 10 business languages). The CREATIVES S.P.A.'s supply is a comprehensive suite of applications for supply chain: cleansing and harmonizing existing data and creating a new precise and unique data.

In its twenty-year history, the Company has successfully completed several big projects, with a large amount of multilingual and cryptic data to be analyzed. In order to provide an effective cost-cutting strategy, the Company realized that granular categorization in a plurilingual environment is an enabling factor. Another key aspect is the management of part and services related to MRO (Maintenance, Repair, Operational), which make up far the vast majority of the so-called "Tail Spend": the hardest part of a company's expenditure to keep track of, mostly because it is extremely difficult to understand and monitor. Having to deal with so many projects, the Company proved that the MRO has a cross nature: in fact, the knowledge that Company gather from project is usually also exploitable for others.

The Company originates its operating revenues in Italy, in the most important European countries (Austria, Belgium, Germany, Portugal, Spain and Sweden) and in two important extra-EU countries, as China and United Arab Emirates. At the same time, Company has commercial negotiations in progress with important clients in Brazil, Denmark, Egypt, Japan, Netherland, Mexico, Peru, United Kingdom and United States.

CREACTIVES S.P.A. headquarter is in Verona and it is also present directly in Germany (Frankfurt am Main), Spain (Madrid) and France (Paris).

Investments FY 2018-19

- **AI - PROMPT for standard taxonomies UNSPSC and eCl@ss:** suggestion of Classification of textual entities generated by procurement processes (descriptions of purchase orders or material master data), based on the standard international taxonomies UNSPSC (United Nations Standard Products and Services Code) or eCl@ss. Those powerful tools can be offered as an almost standard tool to whatever company want to adopt internationally recognized standard taxonomies.
- **AI - HEURISTIC DUPLICATES ANALYSIS:** identifies potential duplicate entries within multi-language material master data, without any prior manual work to identify technical specifications of the object; the potential duplicates are used to feed differentiated analysis processes according to the confidence level established by the specific metrics making possible a very quick recognition of the duplicates.
- **TAM4 (rel1):** a brand new application for Material Master Data Management. Based on the most modern architectures that guarantee full horizontal scalability and no limitation to the number of the item master data to be managed (10+ Million). The TAM4 is equipped with the state-of-the-art technology in AI and Deep-learning providing powerful functions to discover duplicates within your historical master data and also avoiding, through the Smart Creation, to create new duplicates each time a user wants to create a new item, as TAM4 will suggest him if a duplicate already exists and guide the user to choose the already existing item master. TAM4 has been designed with an appealing look & feel and an easy to learn user interaction to provide users the best user experience to guide their daily work. TAM4 provides functionality for deep governance of item master data and provides open integration with ERPs system.

Investments FY 2019-20

- **TAM4 (Rel2):** a wide number of additional functionalities to cover the full Material Master Data Management, such as functionality for deep governance of item master data guiding the users to fill the right fields and supporting the proper workflows for collaborative enrichment or approval processes on item master data, bulk load feature that allows user to perform massive loads of new item master data from files with the automated classification of Material Group and with automated discovery of duplicates and full control of the process.
- **TAM4 for MDG:** a version of the TAM4 integrated with SAP MDG (Master Data Governance), the product of SAP dedicated to any type of Master Data. The application is an APP developed in the SCP (SAP Cloud Platform) that will be inserted in the SAP APP Catalog providing the full AI Multilanguage capability for the Material Master Data of the TAM4 to SAP MDG.
- **AI - SEMANTIC CLOUD PLATFORM:** the Creatives internal tools for data analysis, data processing, classification identification will be available in the cloud providing a collaborative environment where third-party partners as well clients could do the set-up even without the support of the Creatives data analysts. The first product delivered is the AI TRIVIAL, a collaborative classification tool, based on the Creatives AI concept of the "Human in the loop".

5. VALUATION NOTE



Valuation note

The valuation of Creatives Group S.p.A. - which is the result of the “business combination” between Creatives S.p.A. and Balaban Technology S.p.A. - can be viewed as the sum of the valuation of Creatives S.p.A. with the valuation of Balaban Technology S.p.A.

Valuation of Creatives S.p.A

The valuation of Creatives S.p.A. is defined as the average of the results of 2 methods: 1) the discounted cash flow, and; 2) the market multiples.

Discounted cash flow

As per the DCF, the value of any asset is equal to the present value of the future cash flows. This means that the valuation requires both an estimate of the free-cash flows to the firm and an assessment of a proper cost of capital to discount those cash flows. The DCF approach can be developed either following an “asset-” or an “equity-” side approach, which brings to an estimate of the Enterprise Value and of the Equity Value. The Equity Value can be obtained by subtracting from the Enterprise Value the Net Debt (or by adding to the Enterprise Value the Net Cash) and the possible liabilities.

The approach requires the estimation of the future free-cash flows to the firm (FCFF) and the firm weighted average cost of capital (WACC).

WAAC: WACC shows the average cost of the firm’s capital, balancing out the expected cost of equity and the after-tax cost of debt.

Cost of Equity		Notes
Component		
Risk-free rate	1,61%	10y Italian Govt Rate
Market Risk Premium	6,00%	Industry standard
Stock beta	0,97	Relevered beta from comparable firms
Cost of Equity	7,44%	
Cost of Debt		
Cost of Debt	5,82%	Estimated Credit spread + risk-free rate



Tax Rate	24,00%	Country corporate tax rate
After tax cost of debt	4,42%	
Target financial structure		
% of Debt over Asset (market value)	20,00%	From comparable firms
% of Equity over Asset (market value)	80,00%	From comparable firms
Debt over Equity	25,00%	
WACC	6,84%	

(Creatives S.p.A. WACC)

FCFF: the official business plan approved by the Board of Directors of Creatives S.p.A. on February 3 2020 is used as the basis to estimate the FCFF.

Creatives S.p.A.	2020	2021	2022	2023	2024	2025
REVENUES	5.000,00	6.000,00	7.200,00	8.640,00	10.400,00	12.500,00
EBITDA	1.100,00	1.320,00	1.800,00	2.160,00	2.600,00	3.125,00
D&A	756,00	863,00	811,00	752,00	724,00	640,00
EBIT	344,00	457,00	989,00	1.408,00	1.876,00	2.485,00
Fin. income (expense)	(124,00)	(170,00)	(204,00)	(204,00)	(204,00)	(204,00)
EBT	220,00	287,00	785,00	1.204,00	1.672,00	2.281,00
Income taxes	153,00	188,00	347,00	491,00	650,00	853,00
NET PROFIT/(LOSS) FOR THE YEAR	67,00	99,00	438,00	713,00	1.022,00	1.428,00

EBIT	344,00	457,00	989,00	1.408,00	1.876,00	2.485,00
Taxes (24%)	(82,56)	(109,68)	(237,36)	(337,92)	(450,24)	(596,40)
NOPAT	261,44	347,32	751,64	1.070,08	1.425,76	1.888,60
D&A	756,00	863,00	811,00	752,00	724,00	640,00
CF before NWC changes	1.017,44	1.210,32	1.562,64	1.822,08	2.149,76	2.528,60
- NWC	36,00	(337,00)	(361,00)	(443,00)	(524,00)	(101,00)
- CAPEX	(900,00)	(700,00)	(700,00)	(700,00)	(600,00)	(500,00)
FCFF	153,44	173,32	501,64	679,08	1.025,76	1.927,60

WACC	6,84%	6,84%	6,84%	6,84%	6,84%	6,84%
PV(FCFF)	143,62	151,84	411,33	521,18	736,85	1.296,03

Sum PV(FCFF)	3.260,83
Perpetual annuity	26.377,09
Enterprise Value	29.637,93
Net Debt	(1.731,00)

12



Pension liabilities	(436,00)
Equity Value	27.470,93

As a result of the assumptions discussed above, the Enterprise Value is equal to EUR 29,6 million and the Equity Value is equal to EUR 27,5 million after taking out the Net Debt and Pension liabilities.

Despite the fact that DCF is the most common financial valuation method used in the financial industry as well as the most accredited in the scientific literature, it has several limitations. The most evident one is that it is based on the estimate of the future free-cash flows to the firm that are by their own nature uncertain and exposed to several variables depending on the future business and market scenarios.

For this reason, the result found out through DCF has been weighted with the result found out through another standard valuation method, the one of market multiples.

Market multiples

A multiple is a ratio that is calculated by dividing the market or estimated value of an asset by a specific item on the financial statements. The multiples approach is a comparables analysis method that seeks to value similar companies using the same financial metrics. The selection of the comparable listed firms is crucial in defining the company value since it embeds the risk of an improper attribution that in turn may affect the correct value assessment. For the purpose of this analysis, the “*The BVP Nasdaq Emerging Cloud Comp Index Constituents*” has been taken as a reference.

The BVP Nasdaq Emerging Cloud Index is designed to track the performance of emerging public companies primarily involved in providing cloud software and services to their customers and it can be seen as a benchmark to define the valuation of Creactives S.p.A., since Creactives S.p.A. is a AI multinational company focused on providing enterprises with cloud solutions in the supply chain industry.

Since the majority of companies in this index are accounting a negative EBITDA or a loss, the EV/Revenue can be considered as the standard metric to evaluate the companies in this segment. Therefore, for this set of companies, the EV/Revenue multiple has been considered as the reference metric.

BVP Nasdaq Emerging Cloud Index	
EV/Forward revenue (MEAN)	8,2
EV/Forward revenue (MEDIAN)	6,2
Creactives	

✓



Creactives / forward revenue (BP2020)	€ 5.000,00
EV/Forward revenue (MEAN)	€ 41.000,00
EV/Forward revenue (MEDIAN)	€ 31.000,00

(ref. <https://www.bvp.com/bvp-nasdaq-emerging-cloud-index> - April 3, 2020)

It is important to point out that the current analysis is based on data extracted on April 3 2020. This means that they incorporates the drop down in the multiples caused by the start of the COVID-19 pandemic and the market expectations about how COVID-19 pandemic could affect the results of the companies in this index.

For sake of caution, the average value between MEAN and MEDIAN has been considered. This leads to an Enterprise Value of EUR 36M and an Equity Value of EUR 33,8M after taking out the Net Debt and Pension liabilities.

Conclusion

Taking into account the 2 methods - DCF and market multiples - the resulting average Equity Value is equal to **EUR 30,65M**.

Valuation of Balaban Technology S.p.A.

Balaban Technology S.p.A. is a pre-revenue startup, and this leads to the fact that because of the lack of historical data (on top of which to build a reliable business plan) the DCF method - as well as the multiple method - is not the best one to understand the business intrinsic value of the company. Several methods are available in the scientific literature to evaluate a startup. The most notable are:

1. *Venture Capital* - valuation is based on the ROI expected by the investor;
2. *Scorecard* - valuation is based on a weighted average value adjusted for a similar company;
3. *Berkus* - valuation is based on the assesement of 5 key success factors;
4. *Risk factor summation* - valuation is based on a base value adjusted for 12 standard risk factors;
5. *First Chicago* - valuation is based on the ROI expected by the investor.

Each one of this method has PROs and CONs and the choice should be based on the characteristics of the startup company. In this regards, considering that Balaban Technology S.p.A. is a "search company", a kind of business well studied in the scientific literature (ref. "a search company is a entity, conceived in 1984, through which investors financially support an entrepreneur's efforts to locate, invest in, manage, and grow a privately held business"), it is possible to compare Balaban Technology S.p.A. to a set of peers and therefore the application of the Scorecard method may be regarded as the most coherent choice.

Scorecard method

DC



This method was first described by Bill Payne in an article titled “SCORECARD VALUATION METHODOLOGY: Establishing the Valuation of Pre-revenue, Start-up Companies”. The article was originally written in May 2001 and extensively revised in January 2011. Others have referred to this and similar methods as the Benchmark Method.

This method compares the company to be evaluated - a pre-revenue startup - to similar companies with known valuations.

Accordingly to the scientific literature, the entrepreneurs of the search company have between 20% and 30% of the equity of the resulting company after the investment (source: “Stanford Graduate School of Business: search fund primer, 2013”). This means that the business intrinsic value of the search company depends on the value of the target company (it is a function of the value of the target company) and is typically in between 25% and 43% of the target company’s value. This value represents the expected business acceleration that the entrepreneurs of the search company are supposed to bring to the original plans of the target company, thanks to their management skills, know-how, and experience.

Taking into account Creative S.p.A.’s value as described in the abovementioned section this leads to a base valuation range of Balaban Technology S.p.A. between EUR 7,6M and EUR 13,1M of Equity Value.

Starting from these assumptions, the Scorecard Method has been applied.

Company	Valuation		
Benchmark - low end	7,625,000.00		
Benchmark - high end	13,115,000.00		
Average of Comparables:	10,370,000.00		
Value Driver	Weight	Balaban Tech's Score	Factor
Business strategy	20%	125%	0.25
M&A	30%	125%	0.38
Capital raising	20%	125%	0.25
Investor relations	20%	100%	0.20
Compliance	10%	100%	0.10
			1.18
		VALUATION	12,184,750.00

Venture's Score: if the company’s performance for one of the Value Drivers is about average, 100% is inserted as score for that Value Driver. If it is stronger than average, a number greater than 100% is inserted. If the company is weaker, a score less than 100% is inserted. The above-mentioned Venture’s Score has been defined taking into account the track record of the entrepreneurs of Balaban Technology S.p.A..

VC



Business strategy	3 IPOs as entrepreneurs so far
M&A	more than 10 cross border acquisitions executed in the last years. Built a company by M&A from zero to 7M of revenue in 5 years, scaled a business by M&A from 8M to 27M in 3 years
Capital raising	raised more than 20M EUR in the different companies
Investor relations	managed IR activities of 3 publicly traded companies plus various VC-backed private businesses
Compliance	managed compliance of 2 publicly traded companies

Balaban Technology S.p.A. entrepreneurial team - Track record

The application of the Scorecard Method leads to a pre-money valuation of EUR 12,2M.

Analyzing the business combination between Creactives S.p.A. and Balaban Technology S.p.A. it is possible to observe that after the execution of the deal the entrepreneurs of Balaban Technology own 21% of Creactives Group S.p.A., which implies that the entrepreneurs of Creactives S.p.A. valued the intrinsic business value of Balaban Technologies S.p.A. 27% of their own company.

Assuming an Equity Value of Creactives S.p.A. equal to EUR 30,65M, this leads to an Equity Value of Balaban Technology S.p.A. equal to EUR 8,3M, which is on the low end of the benchmark value resulting from the Scorecard Method.

Conclusion

For sake of caution, in order to define the Equity Value of Creactives Group S.p.A., on one hand it is taken into account the sum of the Equity Value of Creactives S.p.A. as resulting from the above-mentioned analysis (equal to EUR 30,65M) and on the other the Equity Value of Balaban Technology S.p.A., as resulting from the business combination with Creactives S.p.A. (equal to EUR 8,3M).

This result in an **Equity Value of EUR 38,95M** for Creactives Group S.p.A. on top of which the Net Cash/Debt position of Creactives Group S.p.A. at the most recent date should be added.

Yours Faithfully, done in Milan on April 6, 2020

Kreston GV Italy Audit srl

Claudio Fontana
Head of Capital Markets and Corporate Finance

About Claudio Fontana

Claudio Fontana is the Head of Corporate Finance and Capital Markets at Kreston GV Italy Audit Srl. Former Head of Equity Capital Markets at Société Générale in Italy, Associate Director Equity Capital Markets at Schroders in UK.

About Kreston GV Italy Audit Srl

Kreston GV Italy Audit Srl (registered to "Albo Speciale CONSOB") is a member firm of Kreston International, a network of independent audit and advisory firms, operating in the audit and accounting services, fiscal, tax and financial advisory.

Equity value and reference price

The proposed Equity Value of Creactives Group S.p.A. is € 33,945,570.00 which results from the above-mentioned value discounted by 18.75% (from € 38,950,000 to € 31,645,570.00 - ref. liquidity discount) plus the capital raised in the pre-IPO round (€ 2,300,000.00).

The reference price per share is proposed by dividing the Equity Value per the total number of shares of the company. The result is 3.11 Euros/share.

6. FINANCIAL FIGURES

In this section we present the financial figures of Creactives S.p.A. Creactives Group S.p.A. (formerly Balaban Technology S.p.A.) is a newco created on February 2020, therefore there are no official financial figures to show. Current cash availabilities in Creactives Group S.p.A. following the capital increase issued on March 11, 2020 amount approx 2M with no debt (as of May 8, 2020).

Company Financial Analysis

	30/06/2019	30/06/2018	30/06/2017
Solvency ratios			
Leverage ratio	1.79	1.57	2.28
Financial leverage	0.95	0.97	1.27
Total assets / Total liabilities	1.56	1.64	1.44
Liquidity ratios			
Current ratio	1.25	1.22	1.11
Quick ratio	1.25	1.22	1.11
Cash cycle ratio	96.00	82.00	145.00
Profitability ratios			
Return on investment ROI (%)	3.71	9.45	1.94
Return on equity ROE (%)	3.34	13.86	2.22
Asset turnover	0.76	0.69	0.60
EBITDA / Sales	0.26	0.40	0.32
Interest coverage ratios			
EBIT Interest coverage ratio	2.17	3.46	1.01
EBITDA Interest coverage ratio	10.18	8.49	9.97

Company's three-year Balance Sheets and Income Statements are as follows:

Balance sheet (th €)

	30/06/2019	30/06/2018	30/06/2017
Accounting practice	Local GAAP	Local GAAP	Local GAAP
Exchange EUR-EUR	1	1	1
Number of months	12	12	12
Total Assets	4,838	4,318	4,026
Fixed assets	2,091	1,991	1,572
Intangible fixed assets	1,657	1,590	1,310
Tangible fixed assets	56	65	51
Other fixed assets	377	337	210
Current assets	2,747	2,326	2,455
Stocks	0	0	0
Debtors	2,112	1,769	2,097
Other current assets	636	558	358
Cash & cash equivalent	191	21	8
Shareholder funds	1,735	1,677	1,229
Capital	388	388	388
Other shareholder funds	1,348	1,290	842
Total liabilities	3,103	2,641	2,797
Non-current liabilities	912	726	576
Long term debt	557	454	336
Other non-current liabilities	355	272	240
Current liabilities	2,191	1,914	2,221
Loans	1,089	1,171	1,224
Creditors	689	448	703

Other current liabilities	413	296	293
Total Shareh. & liabilities	4,838	4,318	4,026

Net debt (th €)

	30/06/2019	30/06/2018	30/06/2017
Loans	1,089	1,171	1,224
Long term debt	557	454	336
Cash & cash equivalent	191	21	8
Net debt	1,454	1,605	1,553

Income statement (th €)

	30/06/2019	30/06/2018	30/06/2017
Accounting practice	Local GAAP	Local GAAP	Local GAAP
Exchange EUR-EUR	1	1	1
Number of months	12	12	12
Sales	3,669	2,999	2,430
Revenue growth (%)	+22	+23	-
Other revenues +/- variation in inventories and contract in progress + fixed assets own construction	975	1,242	1,036
Operating revenues / turnover	4,644	4,241	3,467
Total costs	3,706	3,037	2,697
Costs growth (%)	+22	+12	-
Service costs	1,746	1,331	1,262
Material costs	7	3	10
Costs of employees	1,953	1,703	1,425
EBITDA	938	1,204	770

Depreciation and amortization	738	713	692
EBIT	200	491	78
Financial P/L	-113	-225	-77
Financial revenues	0	0	0
Financial expenses	113	225	77
Interest paid	92	142	77
P/L before tax	87	266	1
Extr. & other P/L	0	0	0
Extr. & other revenues	0	0	0
Extr. & other expenses	0	0	0
P/L before tax + extr. & other P/L	87	266	1
Taxation	29	34	-26
Profit/Loss for period	58	232	27

Cash flow analysis (th €)

	31/12/2016	31/12/2015
Initial cash	20,629	7,846
Free cash flow	179,592	407,933
Self-financing	748,655	686.468
Resources freed/(absorbed) by working capital	78,885	(162,629)
A-Operating cash flow	1,007,132	931,722
B-Investing cash flow	(856,881)	(1,198,855)
C-Financing cash flow	20,471	279,866
Change in cash (A+B+C)	170,722	12,783
Ending cash	191,351	20,629

7. PURPOSE OF THE USE OF THE ISSUING PROCEEDS

The listing is a “direct listing” without any issuing of new shares.

Nevertheless, on March 11, 2020 Balaban Technology S.p.A. (then renamed into Creactives Group S.p.A. after the business combination) approved a capital increase reserved for institutional and professional investors. The capital increase has been completed on May 7, 2020 with the raising of 2,300,000.00 Euros and the placement of 920,000.00 shares to the subscribers (see "Section 2 - General Information on the issuer" for further details).

The proceeds of this capital increase were and will be mostly used:

- To finance the business combination and, later on, the listing process on the Vienna Stock Exchange;
- To develop the potential of the AI technology and to expand the target market;
- To have the ability to retain additional resources to attract senior management and experienced professionals;
- To face the unforeseen challenges related to the COVID-19 pandemic;
- To explore possible M&A opportunities.

Among others, Creactives Group S.p.A. sees the following possible benefits from listing on the Vienna Stock Exchange:

- To create additional value for the Company's shareholders through a potential valuation uplift from increasing market coverage directly and through partners;
- To expand the reach beyond the current market and bolster the Company's reputation. In addition, a potential inclusion in financial indices which can appeal to benchmark investors;
- To allow the Company to gain further access equity and debt markets to support the capital needs without losing control of the Company itself;
- To have listed shares to be used for possible M&A deals.

8. DESCRIPTION OF THE RISK

1. Company-specific risks

Our sales and revenue conditions are subject to market fluctuations and our forecasts might not be accurate.

Our revenue and operating results can vary and have varied in the past, sometimes substantially, from year to year. Our revenue in general, and our software revenue in particular, is difficult to forecast for a number of reasons, and could lead to risks related to the following, among others:

- Challenges in pipeline development and realization.
- Long sales cycles for many of our products.
- Timing issues with respect to the introduction of new products and services or product and service enhancements by us or our competitors.
- Introduction/adaptation of licensing and deployment models such as cloud subscription models.
- Adoption of, and conversion to, new business models, leading from upfront payment models to an increase in pay-per-use or subscription-based payment models, thus the respective service period typically ranges from one to three years, and goes up to five years.
- Changes in customer budgets or seasonality of technology purchases by customers, or customer solvency challenges due for example to political instability.
- Decreased software sales that could have an adverse effect on related maintenance and services revenue growth.
- Shortfall in anticipated revenue or delay in revenue recognition or deployment models that require revenue to be recognized over an extended period of time.
- Inability of acquired companies to accurately predict their sales pipelines.

The loss or delay of one or a few large opportunities could have an adverse effect on our business, financial position, profit, and cash flows.

Our market share and profit could decline due to increased competition, market consolidation, technological innovation, and new business models in the software industry.

The market for cloud computing is increasing and shows strong growth relative to the market for on-premise solutions. To maintain or improve our operating results in the cloud business, it is important that our customers renew their agreements with us when the initial contract term expires and purchase additional modules or additional capacity, as well as for us to attract new customers.

Factoring in the aforementioned, this could lead to risks in the following areas, among others:

- Inability to successfully engage with on-premise customers on their cloud transformation journey with fully suitable solutions and transformation services.
- Adverse revenue effects due to increasing cloud business and conversions from on-premise licenses to cloud subscriptions from existing customers, which could have an adverse effect on related maintenance and services revenue.
- Customers and partners might be reluctant or unwilling to migrate and adapt to the cloud, or they might consider cloud offerings from our competitors.

- Existing customers might cancel or not renew their contracts (such as maintenance or cloud subscriptions) or decide not to buy additional products and services.
- The market for cloud business might not develop further, or it might develop more slowly than anticipated.
- Strategic alliances among competitors and/or their growth-related efficiency gains in the cloud area could lead to significantly increased competition in the market with regards to pricing and ability to integrate solutions.
- Price pressure, cost increases, and loss of market share.
- Inability to achieve the planned margin increase in time as planned.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.

Sales and implementation of our software and services, including cloud, are subject to a number of significant risks sometimes beyond our direct control.

A core element of our business is the successful implementation of software and service solutions. The implementation of our software and cloud-based service deliveries is led by us, by partners, by customers, or by a combination thereof.

However, we might encounter risks in the following areas, among others:

- Implementation risks, if, for example, implementations take longer than planned, or fail to generate the profit originally expected, scope deviations, solution complexity, individual integration and migration needs or functional requirement changes, or insufficient milestone management and tracking leading to delays in timeline, maybe even exceeding maintenance cycles of solutions in scope.
- Insufficient or incorrect information provided by the customer, subsequently leading to requirement or technology mismatches.
- Insufficient customer expectation management, including scope, integration capabilities and aspects, as well as lack in purposeful selection, implementation, and utilization of our solutions.
- Lack of customer commitments and respective engagements, including lack of commitment of resources, leading to delays or deviations from recommended best practices.
- Challenges to effectively implement acquired technologies.
- Challenges to achieve a seamlessly integrated and aligned service delivery in complex deliveries or implementations, for example due to lack of insights especially in the event of limited project involvement of our Group.
- Protracted installation or significant third-party consulting costs.
- Improper calculations or estimates leading to costs exceeding the fees agreed in fixed-price contracts.
- Unrenderable services committed during the sales stage.
- Delayed customer payments due to differing perception on project outcome/results or customer solvency challenges.
- Inadequate contracting and consumption models based on subscription models for services, support, and application management.
- Deviations from standard terms and conditions, which may lead to an increased risk exposure.
- Statements on solution developments might be misperceived by customers as commitments on future software functionalities.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.

We currently generate significant revenue from our largest customers, and the loss or decline in revenue from any of these customers could harm our business, results of operations and financial condition.

In 2019 our 5 largest customers generated an aggregate of 55% of our revenue. We are making a continuous effort to increase and diversify our customer base, so to reduce the impact of the largest customers on our business and revenue.

In the event that any of our largest customers do not continue to use our products and services, use fewer of our products and services, or use our products and services in a more limited capacity, or not at all, our business, results of operations and financial condition could be adversely affected.

If we are unable to scale, maintain, and enhance an effective partner ecosystem, revenue might not increase as expected.

An open and vibrant partner ecosystem is a fundamental pillar of our success and growth strategy. Partners play a key role in driving market adoption of our entire solutions portfolio, by co-innovating on our platforms, embedding our technology, and reselling and/or implementing our software.

These partnerships could lead to risks in the following areas, among others:

- Failure to establish and enable a network of qualified partners supporting our scalability needs.
- Failure to get the full commitment of our partners, which might reduce speed and impact in market reach.
- Products or services model being less strategic and/or attractive compared to our competition.
- Partners might not renew agreements with us, or not enter into new agreements on terms acceptable to us or at all or start competing with us.
- Failure to enable or train sufficient partner resources to promote, sell, and support to scale to targeted markets.
- Partners might not develop a sufficient number of new solutions and content on our platforms or might not provide high-quality products or services to meet customer expectations.
- Partners might not embed our solutions sufficiently enough to profitably drive product adoption.
- Partners might not adhere to applicable legal and compliance regulations.
- Partners and their products might not meet quality requirements expected by our customers or us.
- Partners might not transform their business model in accordance with the transformation of our business model in a timely manner.
- Partners might not be able or might not have capacity to meet customer expectations in terms of service provisioning.
- Partners might fail to comply with contract terms in embargoed or high-risk countries.

If one or more of these risks materialize, this might have an adverse effect on the demand for our products and services as well as the partner's loyalty and ability to deliver. As a result, we might not be able to scale our business to compete successfully with other vendors, which could have an adverse effect on our reputation, business, financial position, profit, and cash flows.

Our future success depends in part on our ability to drive the adoption of our products by international customers.

We are deriving approximately 70% of our revenue from customer accounts located outside the Italy. The future success of our business will depend, in part, on our ability to expand our customer base worldwide. While we have been rapidly expanding our sales efforts internationally, our experience in selling our products

outside of Italy is limited. As a result, our investment in marketing our products to these potential customers may not be successful. If we are unable to increase the revenue that we derive from international customers, then our business, results of operations and financial condition may be adversely affected.

We may not be able to properly protect and safeguard our critical information and assets, business operations, cloud offerings and portfolio presentation, and related infrastructure against disruption or poor performance.

We are highly dependent on the availability of our infrastructure, and the software used in our cloud portfolio is inherently complex.

This could lead to risks impacting successful cloud operations, such as:

- Capacity shortage and our inability to deliver and operate cloud services in a timely and efficient manner as expected by or committed to our customers.
- Customer concerns about the ability to scale operations for large enterprise customers.
- Incomplete cloud portfolio representation or strategic directions of cloud operations that may not fully meet customer demands and potentially lead to a disconnected customer orientation.
- Lack of hyperscaler availability and/or infrastructure stability, which may lead to challenges in meeting Service Level Agreement (SLA) commitments.
- Lack of sufficient 'future skills' for delivering and operating hybrid environments.
- Lack of tools to manage and optimize operations while providing a seamless end-to-end experience to customers.
- Local legal requirements or changes to data sovereignty may lead to customers considering a reallocation of their primary or disaster recovery landscapes to a different data center.
- Defects or disruption to data center operations or system stability and availability.
- Interruptions in the availability of our cloud applications portfolio could potentially impact customer service level agreements.
- System outages or downtimes, failure of the our network due to human or other errors, security breaches, or variability in user traffic for cloud applications.
- Hardware failures or system errors resulting in data loss, corruption, or incompleteness of the collected information.
- Loss of the right to use hardware purchased or leased from third parties could result in delays in our ability to provide our cloud applications.
- Scalability demands on infrastructure and operation could lead to cost increase and margin impacts.
- Non-adherence to our quality standards in the context of partner co-location of data centers.
- Increased Total Cost of Ownership (TCO).
- Customers' cloud service demands might not match our data center capacity investments.
- Non-compliance with applicable certification requirements.

Any one or more of these events could have a material adverse effect on our business, financial position, profit, and cash flows.

Our reliance on SaaS technologies from third parties may adversely affect our business, results of operations and financial condition.

We rely heavily on hosted SaaS technologies from third parties in order to operate critical internal functions of our business, including enterprise resource planning, customer support and customer relations management services. If these services become unavailable due to extended outages or interruptions, or because they are no longer available on commercially reasonable terms or prices, our expenses could increase. As a result, our ability to manage our operations could be interrupted and our processes for managing our sales process and

supporting our customers could be impaired until equivalent services, if available, are identified, obtained and implemented, all of which could adversely affect our business, results of operations and financial condition.

If we are unable to attract new customers in a cost-effective manner, then our business, results of operations and financial condition would be adversely affected.

In order to grow our business, we must continue to attract new customers in a cost-effective manner. We use a variety of marketing channels to promote our products and platform, such as events and trade shows. We periodically adjust the mix of our other marketing programs. If the costs of the marketing channels we use increase dramatically, then we may choose to use alternative and less expensive channels, which may not be as effective as the channels we currently use. As we add to or change the mix of our marketing strategies, we may need to expand into more expensive channels than those we are currently in, which could adversely affect our business, results of operations and financial condition. We will incur marketing expenses before we are able to recognize any revenue that the marketing initiatives may generate, and these expenses may not result in increased revenue or brand awareness. We may make in the future significant expenditures and investments in new marketing campaigns, and we cannot guarantee that any such investments will lead to the cost-effective acquisition of additional customers.

If we are unable to maintain effective marketing programs, then our ability to attract new customers could be materially and adversely affected, our advertising and marketing expenses could increase substantially and our results of operations may suffer.

Our technology and/or products may experience undetected defects, coding or configuration errors, may not integrate as expected, or may not meet customer expectations.

Our product strategy and development investment, including new product launches and enhancements, are subject to risks in the following areas, among others:

- Software products and services might not fully meet market needs or customer expectations.
- Software products and services from future acquired companies might not fully comply with our quality standards.
- New products, services, and cloud offerings, including third-party technologies, might not comply with local standards and requirements or might contain defects or might not be mature enough from the customer's point of view for business-critical solutions after shipment despite all the due diligence we put into quality.
- Inability to define and provide adequate solution packages and scope for all customer segments.
- Inability of algorithms to correctly adapt to evolving circumstances may lead to adverse decision-making processes in the context of artificial intelligence related technologies.
- Inability to fulfil expectations of customers regarding time and quality in the defect resolution process.
- Lack of customer references for new products and solutions.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.

If we are unable to attract, develop, retain, and effectively manage our workforce, we might not be able to run our business and operations efficiently and successfully, or develop successful new solutions and services.

Our success is dependent on appropriate alignment of our planning processes for our highly skilled and specialized workforce and leaders. It depends also to a large extent on the abilities of our senior executives and of the other components of the management team to manage efficiently our company.

Successful retention and expansion of our highly skilled and specialized workforce in identified strategic areas, are key success factors for us. The availability of such personnel as well as business experts is limited and, as a result, competition in our industry is intense.

We could face risks in the following areas, among others:

- Failure to identify, attract, develop, motivate, adequately compensate, and retain well-qualified and engaged personnel to scale to targeted markets.
- Failure to successfully maintain, upskill, and expand our highly skilled and specialized workforce.
- Poor succession management or failure to find adequate replacements.
- Loss of key personnel.
- Failure to meet short-term and long-term workforce and skill requirements including achievement of internal gender diversity objectives.
- Lack of appropriate or inadequately executed benefit and compensation programs.
- Lack of availability and scalability of business experts and consultants.
- Mismatch of expenses and revenue due to changes in headcount and infrastructure needs, as well as local legal or tax regulations.

Any one or more of these events could reduce our ability to attract, develop, retain, and effectively manage our workforce, which in turn could have an adverse effect on our business, financial position, profit, and cash flows.

Any failure to offer high quality customer support may adversely affect our relationships with our customers and prospective customers, and adversely affect our business, results of operations and financial condition.

Many of our customers depend on our customer support team to assist them in deploying our products effectively to help them to resolve post-deployment issues quickly and to provide ongoing support. If we do not devote sufficient resources or are otherwise unsuccessful in assisting our customers effectively, it could adversely affect our ability to retain existing customers and could prevent prospective customers from adopting our products. We may be unable to respond quickly enough to accommodate short-term increases in demand for customer support. We also may be unable to modify the nature, scope and delivery of our customer support to compete with changes in the support services provided by our competitors. Increased demand for customer support, without corresponding revenue, could increase costs and adversely affect our business, results of operations and financial condition. Our sales are highly dependent on our business reputation and on positive recommendations from developers. Any failure to maintain high quality customer support, or a market perception that we do not maintain high quality customer support, could adversely affect our reputation, business, results of operations and financial condition.

Our controls and efforts to prevent the unauthorized disclosure of confidential information might not be effective.

Confidential information and internal information related to topics such as our strategy, new technologies, mergers and acquisitions, unpublished financial results, customer data, or personal data, could be disclosed prematurely or inadvertently and subsequently lead to market misperception and volatility.

Such disclosure could lead to risks in the following areas, among others:

- Disclosure of confidential information and intellectual property, compromised data (including personal data) through , for example, inappropriate usage of social media by employees.
- Requirement to notify multiple regulatory agencies and comply with applicable regulatory requirements and, where appropriate, the data owner.

Any one or more of these events could have an adverse effect on our market position and lead to fines and penalties. In addition, this could have an adverse effect on our business, reputation, financial position, profit, and cash flows.

Claims and lawsuits against us, such as for IP infringements, or our inability to obtain or maintain adequate licenses for third-party technology, could have an adverse effect on our business, financial position, profit, cash flows, and reputation. Moreover, similar adverse effects could result if we are unable to adequately protect or enforce our own intellectual property.

We believe that we could be subject to claims and lawsuits, including intellectual property infringement claims, as our solution portfolio grows; as we acquire companies with increased use of third-party code including open source code; as we expand into new industries with our offerings, resulting in greater overlap in the functional scope of offerings; and as non-practicing entities that do not design, manufacture, or distribute products assert intellectual property infringement claims. Moreover, protecting and defending our intellectual property is crucial to our success.

The outcome of litigation and other claims or lawsuits is intrinsically uncertain and could lead, for example, to the following risks:

- Claims and lawsuits might be brought against us, including claims and lawsuits involving customers or businesses we could acquire.
- We might be dependent in the aggregate on third-party technology, including cloud and Web services, that we embed in our products or that we resell to our customers.
- Third parties have claimed, and might claim in the future, that we infringe their intellectual property rights or that we are overusing or misusing licenses to these technologies.
- We integrate certain open source software components from third parties into our software. Open source licenses might require that the software code in those components or the software into which they are integrated be freely accessible under open source terms.
- Despite our efforts, we might not be able to prevent third parties from obtaining, using, or selling without authorization what we regard as our proprietary technology and information. In addition, proprietary rights could be challenged, invalidated, held unenforceable, or otherwise affected. Moreover, the laws and courts of certain countries might not offer effective means to enforce our legal or intellectual property rights. Finally, we may not be able to collect all judgments awarded to it in legal proceedings.
- Some intellectual property might be vulnerable to disclosure or misappropriation by employees, partners, or other third parties.

Third parties might reverse-engineer or otherwise obtain and use technology and information that we regard as proprietary. Accordingly, we might not be able to protect our proprietary rights against unauthorized third-party copying or utilization. Adverse outcomes to some or all of the claims and lawsuits pending against us might result in the award of significant damages or injunctive relief against us or brought against us in the future that could hinder our ability to conduct our business and could have an adverse effect on our reputation, business, financial position, profit, and cash flows. Third parties could require us to enter into royalty and licensing arrangements on terms that are not favorable to us, cause product shipment delays, subject our products to injunctions, require a complete or partial redesign of products, result in delays to our customers' investment decisions, and damage our reputation. Third-party claims might require us to make freely accessible under open source terms one of our products or third-party software upon which we depend.

Any legal action we bring to enforce our proprietary rights could also involve enforcement against a partner or other third party, which might have an adverse effect on our ability, and our customers' ability, to use that partner's or other third parties' products.

The outcome of litigation and other claims or lawsuits is intrinsically uncertain. Management's view of the litigation might also change in the future. Actual outcomes of litigation and other claims or lawsuits could differ from the assessments made by management in prior periods, which are the basis for our accounting for these litigations and claims under our accounting principles.

Our stock value may be negatively affected by bonus shares

The investors who subscribed the convertible loan issued by us on March 11, 2020 (ref. "Prestito Obbligazionario Convertibile Balaban Technology") and subsequently converted their bonds into shares (ref. "free float - TOT: 920.000 shares" in the table about the ownership structure at page. 3"), acquired the right to get one additional bonus share for each share they own as a result of the conversion of their bonds. In order to get these additional shares, investors must hold their investment for 36 months from the listing of the shares on a Stock Exchange or on a Multilateral Trading Facility.

As soon as the investors who acquired the right will get their bonus shares, the other shareholders who don't have bonus shares will be diluted accordingly.

Our stock value may be negatively affected by this event and its consequences.

In our accounting, management uses policies and applies estimates. This could negatively affect our business, financial position, profit, and cash flows.

To comply with our accounting principles, management is required to establish and apply accounting policies as well as to apply judgment, including but not limited to making and using estimates and assumptions. The policies and judgment affect our reported financial figures.

This use of policies and judgment could lead to risks in the following areas, among others:

- New pronouncements by standard setters and regulators as well as changes in common practice or common interpretations of existing standards might force us to change existing policies. Where such changes trigger significant changes to our processes, we might struggle to implement the changes in a timely manner.
- The facts and circumstances, as well as the assumptions on which our management bases its judgment might change over time, requiring us to change the judgment previously applied.

Both of the above risks could result in significant changes to our reported financials, and could have an adverse effect on our business, financial position, profit, and cash flows.

We might not acquire and integrate companies effectively or successfully.

To expand our business, we plan to acquire businesses, products, and technologies, and we expect to continue doing so in the future.

Acquiring businesses, products, and technologies may present risks to us, including risks related to the following areas, among others:

- Incorrect information or assumptions during the due diligence process for the acquisition (including information or assumptions related to the business environment and/or business and licensing models).
- Failure to integrate acquired technologies or solutions successfully and profitably into our solution portfolio and strategy.
- Failure to successfully integrate acquired entities, operations, cultures, or languages, all within the constraints of applicable local laws.
- Unfulfilled needs of the acquired company's customers or partners.
- Material unidentified liabilities of acquired companies (including legal, tax, IP).

- Failure in implementing, restoring, or maintaining internal controls, disclosure controls and procedures, and policies within acquired companies.
- Incompatible practices or policies (compliance requirements).
- Insufficient integration of the acquired company's accounting, HR, and other administrative systems.
- Failure to coordinate or successfully integrate the acquired company's research and development (R&D), sales, marketing activities, and security and cybersecurity protocols.
- Debt incurrence or significant unexpected cash expenditures.
- Non-compliance with existing standards including applicable product standards such as our open source product standards.
- Impairment of goodwill and other intangible assets acquired in business combinations.
- Non-compliance of the acquired company with regulatory requirements, for example accounting standards, export control laws, and trade sanctions, for which we with and by the acquisition assumes responsibility and liability, including potential fines and the obligation to remedy the non-compliance.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.

We might not be able to compete effectively if we strategize our solution portfolio ineffectively or if we are unable to keep up with rapid technological and product innovations, enhancements, new business models, and changing market expectations.

Our future success depends on our ability to keep pace with technological and process innovations and new business models, as well as on our ability to develop new products and services, enhance and expand our existing products and services portfolio, and integrate products and services we obtain through acquisitions. To be successful, we are required to adapt our products and our go-to-market approach to a cloud-based delivery and consumption model to satisfy increasing customer demand and to ensure an appropriate level of adoption, customer satisfaction, and retention.

Considering preceding dependencies, this could lead to risks in the following areas, among others:

- Inability to bring new business models, solutions, solution enhancements, intelligent technologies, integrations and interfaces, and/or services to market before our competitors or at equally favorable terms.
- Inability to develop and sell new cloud products spanning various organizations on time and in line with market demands due to complexity in heterogeneous technical environments.
- Inability to anticipate and develop technological improvements or succeed in adapting our products, services, processes, and business models to technological change, changing regulatory requirements, emerging industry standards, and changing requirements of our customers and partners.
- Uncertainties regarding new solutions, technologies, and business models as well as delivery and consumption models might lead customers to wait for proofs of concept or holistic integration scenarios through reference customers or more mature versions.
- Lower level of adoption of our new solutions, technologies, business models, and flexible consumption models, or no adoption at all.
- Our product and technology strategy might not be successful, or our customers and partners might not adopt our technology platforms, applications, or cloud services quickly enough or they might consider other competing solutions in the market, or our strategy might not match customers' expectations, specifically in the context of expanding the product portfolio into additional markets.
- Increasing competition from open source software initiatives, or comparable models in which competitors might provide software and intellectual property free and/or at terms and conditions unfavorable for us.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.

We may have additional tax liabilities, which could harm our business, results of operations and financial condition.

Significant judgments and estimates are required in determining our provision for income taxes and other tax liabilities. Our tax expense may be impacted, for example, if tax laws change or are clarified to our detriment or if tax authorities successfully challenge the tax positions that we take (e.g. R&D incentives, transfer price policy). We are currently in discussions with tax authorities in regards to the tax benefits tied to our R&D investments and we estimate a risk of maximum 300,000 Euros in regards to these discussions.

The actual exposure could differ materially from our current estimates, and if the actual payments we make to these and other states exceed the accrual in our balance sheet, our results of operations would be harmed.

We may require additional capital to support our business, and this capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to support our business and may require additional funds. In particular, we may seek additional funds to develop new products and enhance our platform and existing products, expand our operations, including our sales and marketing organizations and our presence outside of Italy, improve our infrastructure or acquire complementary businesses, technologies, services, products and other assets. If we raise additional funds through future issuances of equity or convertible debt securities, our stockholders could suffer significant dilution.

Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, scale our infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired, and our business, results of operations and financial condition may be adversely affected.

If our goodwill or intangible assets become impaired, we may be required to record a significant charge to earnings.

We review our intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. As of June 30, 2019, we carried a net 1,657,369 Euros of goodwill and intangible assets. An adverse change in market conditions, particularly if such change has the effect of changing one of our critical assumptions or estimates, could result in a change to the estimation of fair value that could result in an impairment charge to our goodwill or intangible assets. Any such charges may adversely affect our results of operations.

If we lose our status of “startup innovativa” our investors may lose their tax incentive and our business may be negatively impacted

Decree-Law no. 179 of October 18, 2012, approved with amendments by Law no. 221 of December 17, 2012, also known as the “decreto crescita-bis” (“growth decree bis”), introduced an organic framework of rules concerning the setup and development of innovative startup companies. These provisions, aimed at creating favourable conditions and tools for the setup and development of innovative startups, were thought to introduce, as indicated in the report accompanying the decreto crescita-bis, “for the first time in the Italian legislative scenario, a consistent national benchmark framework for startups”.

In order to promote investment in innovative startups, the DL introduced a reduction in income tax – resulting from tax credits or deductions – for those who invest in the capital of innovative startups. Subsequently, this reduction in income tax has been extended to another category of companies (the so-called “PMI innovative”).

Currently our company has the status of “startup innovativa”. If in the future we lose this status without being upgraded to the status of “PMI innovativa”, our investors may lose the eventual tax incentive tied to their investment.

This event could have a negative effect on our business, financial position, profit, and cash flows.

Our status of “startup innovativa” prevents us from distributing dividends and our stock value may be negatively impacted

The distribution of dividends by us and the amount of such dividends depend on our future profits which in turn depend on the dividends distributed by our subsidiaries.

Despite this fact, accordingly to Decree-Law no. 179 of October 18, 2012, approved with amendments by Law no. 221 of December 17, 2012, also known as the “decreto crescita-bis” (“growth decree bis”) our status of “startup innovativa” prevents us from distributing dividends. This situation may change if in the future we upgrade our status from “startup innovativa” to “PMI innovativa”.

Until we don’t make the upgrade, this event could have a negative effect on our stock value.

Our debt service obligations may adversely affect our financial condition and cash flows from operations.

We have a substantial level of debt (1,924 Million Euros as of March 31, 2020) detailed as follow:

- chirographary debt - fixed rate (April 20, 2018) between Creactives Spa and Banco Popolare. Total amount: 500,000.00 Euros (it remains 333,213.00 Euros, backed by MCC SpA);
- chirographary debt - fixed rate (September 10, 2018) between Creactives Spa and Volksbank. Total amount: 300,000.00 Euros (it remains 211,959.00 Euros, backed by MCC SpA / Cofidi Venezia);
- chirographary debt - fixed rate (December 2, 2019) between Creactives Spa and Banca IFIS. Total amount: 250,000.00 Euros (it remains 238,665.00 Euros backed by MCC SpA);
- chirographary debt - fixed rate (June 17, 2019) between Creactives Spa and BNL. Total amount: 200,000.00 Euros (it remains 71,731.00 Euros backed by MCC SpA);
- chirographary debt - fixed rate (January 13, 2020) between Creactives Spa and CREDEM. Total amount: 500,000.00 Euros (it remains 500,000.00 Euros, backed by SACE SpA);
- chirographary debt - fixed rate (February 29, 2020) between Creactives Spa and UNICREDIT. Total amount: 300,000.00 Euros (it remains 295,241.00 Euros, backed by MCC SpA);
- chirographary debt - fixed rate (March 29, 2020) between Creactives Spa and Banca Intesa. Total amount: 250,000.00 Euros (it remains 250,000.00 Euros, backed by MCC SpA);

Maintenance of our indebtedness and contractual commitments and any additional issuances of indebtedness could:

- impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate or other purposes;
- cause us to dedicate a substantial portion of our cash flows from operations towards debt service obligations and principal repayments; and
- make us more vulnerable to downturns in our business, our industry or the economy in general.

Our ability to meet our expenses and debt obligations will depend on our future performance, which will be affected by financial, business, economic, regulatory and other factors. We will not be able to control many of these factors, such as economic conditions and governmental regulations. Further, our operations may not generate sufficient cash to enable us to service our debt or contractual obligations resulting from our leases. If we fail to make a payment on our debt, we could be in default on such debt. If we are at any time unable to generate sufficient cash flows from operations to service our indebtedness when payment is due, we may be

required to attempt to renegotiate the terms of the instruments relating to the indebtedness, seek to refinance all or a portion of the indebtedness or obtain additional financing. There can be no assurance that we would be able to successfully renegotiate such terms, that any such refinancing would be possible or that any additional financing could be obtained on terms that are favorable or acceptable to us. Any new or refinanced debt may be subject to substantially higher interest rates, which could adversely affect our financial condition and impact our business.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.

We may have potential conflicts of interest with Add Value SpA

Questions relating to conflicts of interest may arise between us and Add Value SpA, one of our relevant shareholders, in a number of areas relating to the management our company, as well as our past and ongoing relationships.

These ownership interests could create actual, perceived or potential conflicts of interest when these parties or our common directors and officers are faced with decisions that could have different implications for us.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.

Risks related to the missing adoption of the organization model as per the Decree-Law no. 231/2001

As of today, we have not aligned our internal procedures to the provisions included in the Decree-Law no. 231/2001. In the case of violations performed by our board members, managers or employees (or board members, managers or employees of our controlled and/or affiliated companies), we may get penalties tied to the rules about the responsibilities of companies and institutions.

This event could have a negative effect on our business, financial position, profit, and cash flows.

2. Market-specific risks

Uncertainty in the global economy, financial markets, social and political instability caused by state-based conflicts, terrorist attacks, civil unrest, war, or international hostilities could lead to disruptions of our business operations or have a negative impact on our business, financial position, profit, and cash flows.

We are influenced by multiple external factors that are difficult to predict and beyond our influence and control. Any of these factors could have a significant adverse effect on the overall economy as well as on our business.

The following potential events, among others, could bring risks to our business:

- The situation referred to “Coronavirus” and its economic effects can have an important economic repercussion on the operating turnover of our customers, which could impact negatively on our business.
- General economic, political, social, environmental, market conditions, and unrest (for example, United States–China supply chain restrictions, United States–North Korea conflicts, western pressure on Iran, UK/Brexit, unrest in Hong Kong, and so on).
- Continued deterioration in global economic conditions (impact on accurate forecast) or budgetary constraints of national governments.
- Confrontations, frictions, trade or tariff conflicts such as that between the United States and China, with potential global implications as indicated by signs of a widespread economic slowdown, maybe even leading to a recession.

- Financial market volatility episodes, global economic crises and chronic fiscal imbalances, slowing economic conditions, or disruptions in emerging markets.
- Higher credit barriers for customers, reducing their ability to finance software purchases.
- Increased number of bankruptcies among customers, business partners, and key suppliers.
- Terrorist attacks or other acts of violence, civil unrest, natural disasters, or pandemic diseases impacting our business.
- Regional conflicts, which may affect data centers as critical infrastructure assets.

Any of these events could limit our ability to reach our targets as they could have a negative effect on our business operations, financial position, profit, and cash flows.

External factors could impact our liquidity and increase the default risk associated with, and the valuation of, our financial assets.

Macroeconomic factors such as an economic downturn could have an adverse effect on our future liquidity. We use a globally centralized financial management approach to control financial risk, such as liquidity, exchange rate, interest rate, counterparty, and equity price risks. The primary aim is to maintain liquidity in the our Group at a level that is adequate to meet our obligations at any time.

However, adverse macroeconomic factors could increase the default risk associated with the investment of our total Group liquidity, and could lead to the following risks, among others:

- Group liquidity shortages.
- Inability to repay financial debt.
- Increased default risk of financial investments, which might lead to significant impairment charges in the future.
- Limitation of operating and/or strategic financial flexibility.

Any one or more of these events could have an impact on the value of our financial assets, which could have an adverse effect on our business, financial position, profit, and cash flows.

A cybersecurity attack or breach, or cybersecurity vulnerabilities in our products, infrastructure, or services, or economic espionage could result in significant legal and financial exposure and have a material adverse effect on our customers, partners, financial performance, profit, cash flows, operations, brand, reputation, competitive position, the perception of our products and services by current and prospective customers, and our business in general.

As we continue to grow organically and in the future also through acquisitions, deliver a full portfolio of solutions via the cloud, host or manage elements of our customers' businesses in the cloud, process large amounts of data and offer more mobile solutions to users, in each case either directly or through partners and other third parties, we face a progressively more complex and threatening cybersecurity environment. The severity of the challenges posed by this cybersecurity environment is amplified due to the increasingly sophisticated and malicious global cybersecurity threat landscape in which we operate, including third-party data, products, and services that we incorporate into our products and services, and the continually evolving and increasingly advanced techniques

employed by threat actors targeting IT products and businesses in general. Such threat actors include, but are not limited to, highly sophisticated parties such as nation-states and organized criminal syndicates. When we become aware of unauthorized access to our systems, we take steps intended to identify and remediate the source and impact of the incursions, and steps to comply with related necessary notification and disclosure obligations. To date, none of the incursions we have identified has had a material adverse effect on our business. However, we do not have visibility into all unauthorized incursions, and our systems may be

experiencing ongoing incursions of which we are not aware. In addition, while we are continually taking steps to enhance our cybersecurity defenses, increased investments, coordination, and resources are required to achieve our objective of ensuring over time that our cybersecurity infrastructure meets or exceeds evolving industry standards. Achieving this objective will require continued effort and vigilance, including sustained investment of money and management resources in order to support the ongoing development and maintenance of systems that meet these standards. As a result, we are subject to risks and associated consequences in the following areas, among others:

- Identified or undetected cybersecurity defects and vulnerabilities.
- Increased complexity and risk of exploitation due to utilization of open-source software components.
- Exposure of our business operations and service delivery due to a number of threats, including virtual attack, disruption, damage, and/or unauthorized access, theft, destruction, industrial and/or economic espionage, serious or organized crime, and other illegal activities, as well as violent extremism and terrorism.
- Abuse of data, social engineering, misuse, or trespassers in our facilities, or systems being rendered unusable.
- State-driven economic espionage or competitor-driven industrial espionage, and criminal activities including, but not limited to, cyberattacks and breaches against cloud services and hosted on-premise software, whether managed by us or our customers, partners, or other third parties.
- Disruptions to back-up, disaster recovery, or business continuity management processes.
- Disruptions due to exposure of our network systems to cybersecurity attacks via defects and vulnerabilities in the IT systems of our customers, or in the systems of third parties that facilitate our business activities such as cloud service providers, including those that are beyond our cybersecurity infrastructure and protocols.
- Failure to securely and successfully deliver cloud services by any cloud service provider could have a negative impact on customer trust in cloud solutions.
- Cybersecurity threats for us and our customers due to delayed or insufficient responses to identified cybersecurity issues attributable to complexity, interdependencies or other factors.
- Challenges in effectively synchronizing cybersecurity processes across our various lines of business in a heterogeneous environment.
- Insufficient or ineffective asset management potentially endangering secure operations.
- Customer systems or systems operated by us being compromised by vulnerabilities due to threat actor exploitation.
- Operational disruptions due to an increasing number of destructive malware, ransomware, or other cybersecurity attacks.
- Breach of cybersecurity measures due to, for example but not limited to, employee error or wrongdoing, system vulnerabilities, malfunctions, or attempts of third parties to fraudulently induce employees, users, partners, or customers to gain access to our systems, data, or customers' data.
- Failure to maintain a sufficient complement of personnel with sufficient levels of knowledge, experience, and training in cybersecurity matters necessary to support our evolving cybersecurity needs and commensurate with the increasingly complex and sophisticated threat landscape.
- Increased challenges due to an expanding and morphing cyberattack surface attributable to interconnected technologies such as Internet of Things (IoT) accompanied by an elevation of entry and endpoints.
- Expansion of cybersecurity attack surface due to increased connectivity of operational data.
- Material recovery costs as well as significant contractual and legal claims by customers, partners, authorities, and third-party service providers which could expose us to significant expense and liability and/or result in the issuance of orders, judgments, or consent decrees that could require us to modify our business practices.

- Material costs to attempt to detect, prevent, and mitigate any successful attacks, including but not limited to the costs of third-party legal and cybersecurity experts and consultants, insurance costs, additional personnel and technologies, organizational changes, and incentives to customers and partners to compensate for any losses and/or retain their business.
- Increasing sophistication, proliferation, and escalation in frequency, severity, and impact of cybersecurity attacks.
- Inability to discover a cybersecurity breach or a loss of information either fully, in a timely manner, for a significant amount of time after the breach, or at all.
- Inability to anticipate attacks or implement sufficient mitigating measures.
- Insufficient investment, coordination, or resources to achieve our objective of ensuring over time that our cybersecurity infrastructure meets or exceeds evolving industry standards, and defending against the ever-evolving and emerging threat landscape.
- Material costs and time associated with enhancing our cybersecurity infrastructure, which may impact the ongoing pace of development and delivery of our products and services, and our financial performance.
- Failure to integrate our cybersecurity infrastructure and protocols with other network systems obtained through acquisition, including addressing cybersecurity defects and vulnerabilities in acquired systems.
- Failure to maintain our cybersecurity infrastructure and protocols in connection with the divestiture of businesses and network systems from us.
- Inaccurate or incomplete third-party or our audit results, certifications, or representations concerning the adequacy of our cybersecurity infrastructure and protocols.
- Customer concerns and loss of confidence in the current or future security and reliability of our products and services, including cloud solutions, and the resulting termination of key contracts by customers and partners.

Any one or more of these events could have a material adverse effect on our business, financial position, profit, and cash flows.

Non-compliance with increasingly complex and stringent, sometimes even conflicting, applicable data protection and privacy laws or failure to adequately meet the contractual requirements of our customers with respect to our products and services could lead to civil liabilities and fines, as well as loss of customers and damage to our reputation, and could have a material adverse effect on our financial performance and our business in general.

As a global software and service provider, we are required to comply with local laws wherever we do business. One of the latest major harmonizations of European data protection laws has been the General Data Protection Regulation (GDPR).

Furthermore, evolving regulations and new laws globally (such as the California Consumer Privacy Act and the EU's proposed e-Privacy Regulation) regarding data protection and privacy or other standards increasingly aimed at the use of personal information, such as for marketing purposes and the tracking of individuals' online activities, may impose additional burdens for us due to increasing compliance standards that could restrict the use and adoption of our products and services (in particular cloud services) and make it more challenging and complex to meet customer expectations.

This could lead to increased risks for us, which could harm our business and limit our growth.

Non-compliance with applicable data protection and privacy laws by us and/or any of the sub-processors engaged by us within the processing of personal data could lead, for example, to risks in the following areas:

- Mandatory disclosures of breaches to affected individuals, customers, and data protection supervisory authorities.

- Investigations and administrative measures by data protection supervisory authorities, such as the instruction to alter or stop non-compliant data processing activities, including the instruction to stop using non-compliant subcontractors.
- Fines of up to 4% of our annual Group turnover, or unlimited fines.
- Damage claims by customers.
- Harm to our reputation.
- Increased complexity in times of digitalization with regards to legal requirements in the context of cross-border data transfer.
- Lack of digital frameworks such as in the context of machine learning or artificial intelligence could lead to distortion of individual data or information.

Any one or more of these events could have a material adverse effect on our business, financial position, profit, and cash flows.

Changes in laws and regulations related to the Internet or changes in the Internet infrastructure itself may diminish the demand for our products, and could adversely affect our business, results of operations and financial condition.

The future success of our business depends upon the continued use of the Internet as a primary medium for commerce, communications and business applications. Government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the Internet as a commercial medium. Changes in these laws or regulations could require us to modify our products and platform in order to comply with these changes. In addition, government agencies or private organizations have imposed and may impose additional taxes, fees or other charges for accessing the Internet or commerce conducted via the Internet. These laws or charges could limit the growth of Internet-related commerce or communications generally, or result in reductions in the demand for Internet-based products and services such as our products and platform. In addition, the use of the Internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of Internet activity, security, reliability, cost, ease-of-use, accessibility and quality of service. The performance of the Internet and its acceptance as a business tool has been adversely affected by “viruses”, “worms”, and similar malicious programs. If the use of the Internet is reduced as a result of these or other issues, then demand for our products could decline, which could adversely affect our business, results of operations and financial condition.

As an international company, we may be subject in the future to various financial risks related to currencies, interest rates, and share price fluctuations, which could negatively impact our business, financial position, profit, and cash flows.

Because we operate throughout the world, a portion of our business is conducted in foreign currencies. In 2019, the portion of our business that was conducted in foreign currencies was not relevant, but in the future this situation may change and it may become more relevant for us. This foreign currency business therefore gets translated into our reporting currency, the Euro.

This could lead to the following risks, among others:

- Period-over-period fluctuations.
- Exchange rate risks with currency appreciation or depreciation, or risks related to currency devaluation (legal and/or administrative changes to currency regimes).
- Interest rate fluctuation.
- Share price fluctuation impacting cash outflows for share-based compensation payments.

Any one or more of these events could have an adverse effect on our business, financial position, profit, and cash flows.

The market price for ordinary shares may be volatile.

The market prices of our ordinary shares have experienced and may continue to experience significant volatility in response to various factors including, but not limited to:

- unauthorized or inadvertent premature disclosure of confidential information, including information concerning pending acquisition negotiations or acquisition rumors;
- fines, penalties or civil liabilities as a result of potential compliance violations in the context of alleged facts in ongoing or future investigations;
- proposed and completed acquisitions or other significant transactions by us or our competitors;
- the announcement of new products or product enhancements by us or our competitors;
- technological innovation by us or our competitors;
- variations in our results or our competitors' results of operations or results that fail to meet market expectations;
- changes in revenue and revenue growth rates on a consolidated basis or for specific geographic areas, business units, products or product categories;
- changes in our externally communicated outlook and our midterm ambitions;
- changes in our capital structure, for example due to the potential future issuance of additional debt instruments;
- general market conditions specific to particular industries;
- litigation to which we are a party;
- cybersecurity attacks and breaches;
- low volumes due to our market capitalization and connected to the market where we are listed;
- general and country specific economic or political conditions (particularly wars, terrorist attacks, etc.); and general market conditions.

Many of these factors are beyond our control. In the past, companies that have experienced volatility in the market price of their stock have been subject to shareholder lawsuits, including securities class action litigation. Any such lawsuits against us, with or without merit, could result in substantial costs and the diversion of management's attention and resources, resulting in a decline in our results of operations and our stock price.

9. BUSINESS PLANS FOR THE COMING YEARS

This is the official pre-money business plan of Creatives S.p.A. (business plan stand-alone). The acceleration brought by the business combination with Balaban Technology S.p.A. is not taken into account into this plan.

Profit and loss (th €)

	2020	2021	2022	2023	2024
Net sales	5,000	6,000	7,200	8,640	10,400
Internal projects	900	700	700	700	600
Turnover	5,900	6,700	7,900	9,340	11,000
Personnel costs	(2,509)	(2,865)	(3,248)	(3,823)	(4,471)
Service costs	(1,710)	(1,953)	(2,214)	(2,606)	(3,048)
Use of third party assets	(559)	(535)	(607)	(714)	(835)
Added value	1,122	1,346	1,831	2,198	2,645
Other expenses	(22)	(26)	(31)	(38)	(45)
EBITDA	1,100	1,320	1,800	2,160	2,600
Amortization and impairment	(756)	(863)	(811)	(752)	(724)
EBIT	344	457	989	1,408	1,876
Financial income (expenses)	(92)	(56)	(42)	(15)	(10)
EBT	252	401	947	1,393	1,867
Income taxes	(70)	(112)	(264)	(389)	(521)
Net result	182	289	683	1,005	1,346

Balance sheet (th €)

	2020	2021	2022	2023	2024
Trade receivables	2,878	3,454	4,145	4,974	5,200
Trade payables	(939)	(1,127)	(1,352)	(1,623)	(1,953)
Other receivables	375	450	450	450	450
Tax payables	(164)	(196)	(236)	(283)	(341)
Other payables	(360)	(360)	(360)	(360)	(360)
Net working capital	1,791	2,221	2,647	3,158	2,996
Intangible assets	2,235	2,072	1,961	1,909	1,785
Severance payables	(315)	(315)	(315)	(315)	(315)
Invested capital	3,711	3,978	4,293	4,752	4,466
Net equity	1,917	2,206	2,889	3,893	5,239
Financial debts	1.183	727	543	193	123
Cash and cash equivalent	611	1,045	862	666	(896)
Financial availabilitie	3,711	3,978	4,293	4,752	4,466
Net debt (cash)	1,794	1,772	1,405	859	(773)

Note about Coronavirus

At the end of February 2020 the health emergency related to Coronavirus (COVID-19 epidemic) started in Italy.

On March 22, 2020, the Italian government published a new Decree-Law named "Misure urgenti di contenimento del contagio sull'intero territorio nazionale". This Decree-Law – aimed at limiting the COVID-19 epidemic – stops all the activities that are considered "non-essential" by the government until April 3 (then prolonged to April 13).

As a software provider, Creactives Group is included in the list of companies that can continue to fully operate. Creactives Group is well-equipped to react to these new circumstances: our systems are in the cloud and we have advanced individual productivity tools that have allowed us to instantly reconfigure all our activities into "smart-working" mode. This guarantees the safety of our people as well as the continuity of our services. All the employees of our group are working remotely since the start of the emergency.

Regarding the COVID-19 epidemic (then declared as a pandemic), the New York Times recently (on March 23, 2020) published an article titled "Big Tech Could Emerge From Coronavirus Crisis Stronger Than Ever" where they point out the relevance of tech companies in the current situation. While this is certainly true, it is too soon to comment about how this new normal will affect our plans and results. Today we are experiencing a

situation heavily influenced by the effects of the global COVID-19 pandemic, causing upheavals in business operations, as well as sudden changes in people's everyday lives. The overall impact of this pandemic is not yet known, and the coming months will present us with unforeseen challenges.

In this framework, the AI market was on a strong growth trend, which could eventually be accelerated by this quickly imposed digital transformation. On the other hand, it is also true that our business - since our solutions are used mostly for cost reduction / optimization - is anticyclical. Nevertheless, we expect that our clients will be impacted by COVID-19 somehow and we are not yet able to predict the consequences and the implications of this event on the economy and on our activity.

We believe that no company will be called out from this situation.

That's why, leveraging on our know-how, IP and technologies, we are preparing our group to face all possible scenarios and to find opportunities in this fast changing landscape.