Piteco

FINANCIAL SOFTWARE & CONSULTING

Financial report
as at 31 December 2020

Consolidated financial statements prepared in compliance with the IAS/IFRS standards

- Values in thousands of EUR –

CORPORATE BODIES

Board of Directors

(end of term of office - approval of financial statements as at 31 December 2020)

Name and Surname	Position
Marco Podini	Chairman
Paolo Virenti	Chief Executive Officer
Annamaria Di Ruscio (1), (2)	Director
Andrea Guido Guillermaz	Director
Riccardo Veneziani	Director
Maria Luisa Podini	Director
Mancini Francesco (1), (3)	Director
Rossi Mauro (4)	Director

(1) Member of the Remuneration Committee, the Risk Control Committee and the Related Parties Committee.
(2) Chairman of the Related Parties Committee.
(3) Chairman of the Risk Control Committee.
(4) Member of the Related Parties Committee.

Board of Statutory Auditors

(end of term of office - approval of financial statements as at 31 December 2020)

Name and Surname	Position
Luigi Salandin	Chairman of the Board of Statutory Auditors
Marcello Del Prete	Standing Auditor
Fabio Luigi Mascherpa	Standing Auditor

Independent Auditors

KPMG S.p.A.

The auditing assignment was granted by the shareholders' meeting of 16 April 2018 for the nine years ending with the approval of the financial statements as at 31 December 2026.

STRUCTURE OF GROUP AND CONSOLIDATION PERIMETER

SITUATION AS AT 31 DECEMBER 2020

The following companies in the Piteco Group are included in the scope of consolidation:

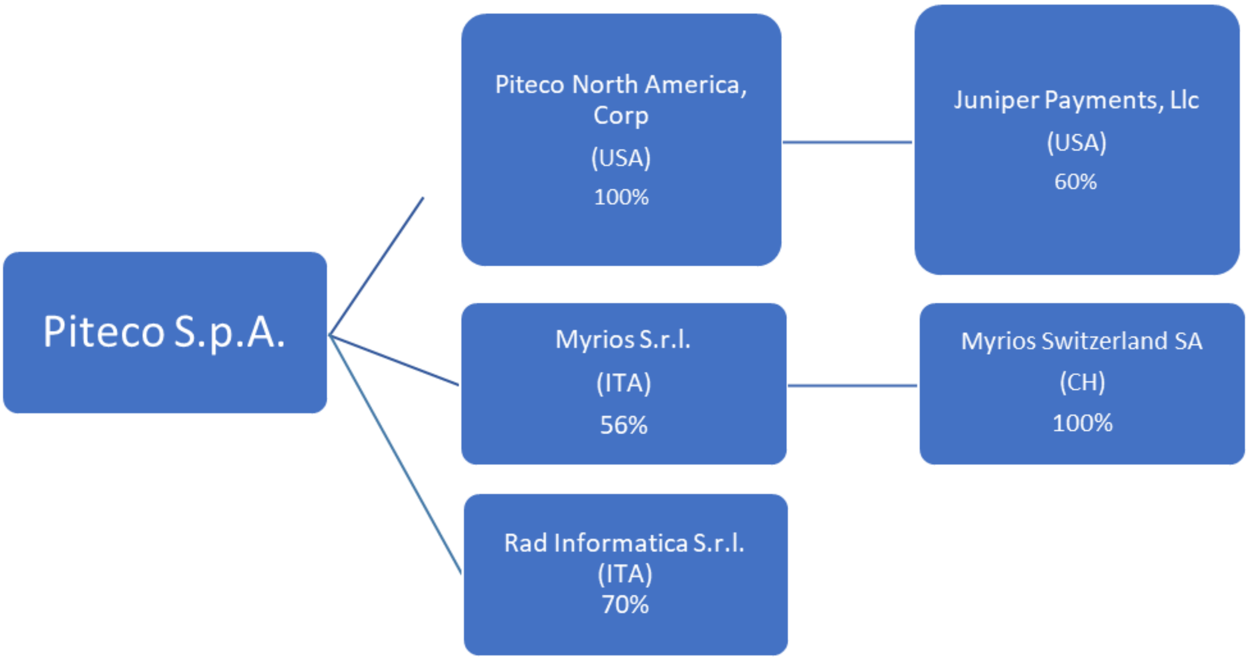
Company Name	Registered Office	Share Capital	currency	% Ownership	held by	Type of consolidation
Piteco SpA ("Piteco")	Italy	30,796	Euro	n/a	n/a	Consolidating entity
Piteco North America, Corp ("Piteco NA")	USA	10	USD[1]	100%	Piteco S.p.A.	Line-by-line
Juniper Payments, LLC ("Juniper")	USA	3,000	USD	60%[2]	Piteco North America, Corp.	Line-by-line
Myrios S.r.l. ("Myrios")	Italy	50	Euro	56%[3]	Piteco S.p.A.	Line-by-line
Myrios Switzerland SA ("Myrios Ch")	Switzerland	100%	CHF	56%	Myrios S.r.l.	Line-by-line
Rad Informatica S.r.l. ("Rad")	Italy	100	EURO	70%[4]	Piteco S.p.A.	Line-by-line

1 The currency codes used here comply with the International Standard ISO 4217: EUR Euro; USD US dollar; CHF Swiss franc.

2 Piteco North America, Corp. holds 550,000 Class A shares and 5,000 Class B shares (out of 1,000,000 shares issued, of which 450,000 Class B), equal to 60% of the voting rights that can be exercised in the Shareholders' Meeting and right to profits, and equal to 100% of the share capital of USD 3,000,000 subscribed on incorporation of the subsidiary. For the purposes of these consolidated financial statements, the Put Option reserved for minority shareholders of 40% of the share capital was recorded.

3 Piteco S.p.A. holds a stake of EUR 28,000 in nominal value, equal to 56% of the share capital of EUR 50,000. For the purposes of these consolidated financial statements, the Put Option reserved for minority shareholders of 44% of the share capital was recorded.

4 Piteco S.p.A. holds a stake of EUR 70,000 in nominal value, equal to 70% of the share capital of EUR 100,000. For the purposes of these consolidated financial statements, the Put and Call Option of 30% of the share capital was recorded.



The change in the scope of consolidation of the Piteco Group as at 31 December 2020 compared to that as at 31 December 2019 regarded the consolidation of Rad Informatica S.r.l., a company acquired on 30 November 2020.

DIRECTORS' REPORT ON OPERATIONS

INTRODUCTION

This Report on Operations relates to the consolidated financial statements and the separate financial statements of Piteco S.p.A. (hereinafter, "Piteco" or the "Parent Company").

The report should be read along with the Financial Statements and the Explanatory Notes, which comprise the Consolidated Financial Statements of the Piteco Group and the Separate Financial Statements of Piteco S.p.A. as at 31 December 2020.

Unless otherwise indicated, all amounts are shown in this report in thousands of Euro.

LETTER TO SHAREHOLDERS

Dear Shareholders,

2020 was marked by two important acquisitions by the Parent Company Piteco SpA.

Everymake: on 31 March 2020 the acquisition of business unit of the company Everymake S.r.l. relating to the provision of IT services was completed. The business unit includes cloud software products *for data matching*, primarily *financial data*, offering vertical solutions for *the utilities sector, financial companies, consumer credit, leasing* and *factoring* companies and other similar sectors. The operation took place in continuity with the transfer of all personnel and the guarantee for customers of the maintenance of the services provided. At the closing on 31 March 2020, Piteco made a total outlay of EUR 535 thousand. The total purchase cost is EUR 872 thousand, including the Earn-out contractually envisaged and estimated at the closing date for EUR 337 thousand (EUR 360 thousand as at 31 December 2020).

Rad Informatica S.r.l..*:* on 30 November 2020, the acquisition of 70% of the share capital of Rad Informatica S.r.l. was completed. The acquisition was carried out directly by Piteco S.p.A., which gained control of the company's share capital. The total purchase cost is estimated at EUR 54,953 thousand, including the put and call option on 30% of the share capital. The estimated price of the option at the closing date is EUR 20,203 thousand. Subsequently, on 24 February 2021, the option was exercised on the additional 10% of the company's share capital, owned by Rad Informatica SpA, valued at EUR 5,250 thousand plus the NFP defined contractually at the exercise date. At the date of preparation of this report, Piteco SpA holds 80% of the share capital of Rad Informatica S.r.l.

The Piteco Group is an important player in the financial software sector, with an ambitious plan for diversification and internationalisation, driven by 4 business lines:

- **Piteco S.p.A.,** a software house that is an absolute leader in Italy in proprietary solutions for Corporate Treasury and Financial Planning management, used by over 650 national and international groups operating in all business sectors. With 91 highly qualified employees and 3 operating locations (Milan, Rome and Padua), it has been on the market for over 30 years, and covers the entire software value chain: R&D, design, implementation, sale and assistance. The software is fully proprietary, and can be integrated with the main company IT systems (Oracle, SAP, Microsoft, etc.), can be customised to Customers' needs and is already present in over 50 countries. As a result of the high number of customers and the specific business model based on recurring fees, we have significant visibility of expected turnover. Piteco S.p.A. is controlled by Dedagroup S.p.A. and is listed on the MTA (Electronic Equity Market).
- **Juniper Payments, LLC**, a leading software house in the US, offering proprietary software solutions in the digital payments and clearing house sectors for around 3,000 US banks, it manages the accounting clearance of interbank financial flows (bank transfers and verification of collection of cheques) for over USD 3 billion for day. It is one of the most extensive US interbank networks.
- **MYRIOS S.r.l.,** an Italian software house active in the design and implementation of high value

software solutions for the finance area of banks, insurance companies, manufacturers and the public sector. The Company developed Myrios FM (Financial Modelling), a software solution targeted to both industrial and service companies as well as financial institutions, to support complex processes and calculations in the Treasury, Capital Markets and Risk Management areas.

- **Rad Informatica S.r.l.**., leading software house in the Italian market in the field of software for the management of bank debt collection and for the management of disputes. The constant growth of the last decade has allowed RAD to further consolidate its position in the sector, aiming to become one of the most important players in Europe. The company was founded twenty years ago by the founding partners' strategically combining their expertise and experience in the field of credit management and software development. Today it boasts considerable know-how in the debt collection process underway at legal and out-of-court level.

GROUP SITUATION AND PERFORMANCE OF OPERATIONS

The year 2020 saw the Piteco Group successfully face the effects of the pandemic in an extraordinary and unprecedented context, thanks to the strength and diversification of its portfolio of products and solutions and its diversified geographical presence. In particular, thanks to its business model based on recurring fees for a share of 64% of its revenues, the Group recorded a 3% growth in revenues during the year, mostly maintaining its EBITDA.

The year 2020 closed with profit after tax of EUR 7,101 thousand. Through the tables below, we provide a summary of the economic performance and statement of financial position for company operations in 2020.

Economic analysis

Income Statement	31/12/2020	%	31/12/2019	%	% Change
Revenue from contracts with customers	23,546	95.3%	22,774	94.7%	3.4%
Other operating revenues	1,362	5.5%	1,286	5.3%	5.9%
Change in contract assets	-188	-0.8%	-21	-0.1%	795.2%
Operating revenues	**24,720**	**100.0%**	**24,039**	**100.0%**	**2.8%**
Goods and consumables	383	1.5%	146	0.6%	162.3%
Personnel costs	10,271	41.5%	9,372	39.0%	9.6%
Costs for services	3,944	16.0%	4,138	17.2%	-4.7%
Other operating costs	191	0.8%	145	0.6%	31.7%
Operating costs	**14,789**	59.8%	**13,801**	57.4%	7.2%
EBITDA	**9,931**	40.2%	**10,238**	42.6%	-3.0%
Amortisation and depreciation	3,553	14.4%	2,936	12.2%	21.0%
Write-downs and write-backs	64	0.3%	47	0.2%	36.2%
EBIT	**6,314**	25.5%	**7,255**	30.2%	-13.0%
Gains (losses) from transactions in foreign currency	-614	-2.5%	158	0.7%	-488.6%

Financial income and charges	-507	-2.1%	-612	-2.5%	-17.2%
Financial income and charges from fair value measurement	3,035	12.3%	-2,694	-11.2%	-212.7%
Non-recurring income and charges	-970	-3.9%	-428	-1.8%	126.6%
Profit before tax	**7,258**	29.4%	**3,679**	15.3%	97.3%
Income taxes	157	0.6%	662	2.8%	-76.3%
Profit (loss) for the year	**7,101**	28.7%	**3,017**	12.6%	135.4%

During the year ended as at 31 December 2020 Group turnover came to EUR 23,546 thousand, an increase of around 3% compared to 31 December 2019. Operating revenues amounted to EUR 24,720 thousand (+3% compared to 2019). EBITDA was EUR 9,931 thousand (-3% compared to 2019) and its weight on revenues came to 40% (43% in 2019).

EBIT amounted to EUR 6,314 thousand and its weight on revenues came to 26%.

The profit for the year amounted to EUR 7,101 thousand, with its weight on revenues of 29%.

During the year, net exchange rate losses of EUR 614 thousand were recognised, of which EUR 596 thousand not realised, deriving mainly from the conversion at current exchange rates of the USD loan made by Piteco SpA. to the subsidiary Piteco North America Corp. That loan served the acquisition of the "LendingTools.com" business unit in 2017.

The profit for the year includes the net financial income deriving from the fair value measurement of the Put and Call Options linked to the acquisition of Myrios S.r.l., Rad Informatica S.r.l. and Juniper Payments, LLC for a total amount of EUR 3,035 thousand. There are also non-recurring charges, due to the costs incurred by Piteco SpA for the acquisition of the business unit Everymake and for the acquisition of the equity investment in Rad Informatica S.r.l., for a total of EUR 897 thousand.

Results by operating segment

The results of the "operating segments" are measured by analysing the performance of the EBITDA, defined as the profit for the period before amortisation, depreciation, write-downs, provisions for risks and other write-downs, financial charges and income and taxes. In particular, it is deemed that the EBITDA provides a good indication of the performance as it is not influenced by tax regulations or amortisation and depreciation policies.

The operating segments identified, which comprise all the services and products provided to customers, are:

- Corporate Treasury and Financial Planning (Corporate Treasury);
- Digital Payments and Clearing House ("Banking");
- IT solutions for Risk Management ("Risk Mng");
- IT solutions for debt collection ("NPL").

Income Statement	31/12/2020					31/12/2019			
	Total	Corporate Treasury	Banking	Risk Mng	NPL	Total	Corporate Treasury	Banking	Risk Mng
Revenue from contracts with customers	23,546	15,842	4,006	2,771	927	22,774	15,055	4,512	3,207
Other operating revenues	1,362	687	357	318		1,286	863	60	363
Change in contract assets	-188	56		-40	-204	-21	-54		33
Operating revenues	**24,720**	**16,585**	**4,363**	**3,049**	**723**	**24,039**	**15,864**	**4,572**	**3,603**
Goods and consumables	383	277	1	105		146	121	2	23
Personnel costs	10,271	7,340	1,533	1,215	183	9,372	6,747	1,505	1,120
Costs for services	3,944	1,945	1,487	287	225	4,138	2,342	1,449	347
Other operating costs	191	136	24	27	4	145	60	28	57
Operating costs	**14,789**	**9,698**	**3,045**	**1,634**	**412**	**13,801**	**9,270**	**2,984**	**1,547**
EBITDA	**9,931**	**6,887**	**1,318**	**1,415**	**311**	**10,238**	**6,594**	**1,588**	**2,056**

In 2020 the EBITDA recorded a 4% increase in the “Corporate treasury” segment, a decrease in the “Banking” segment of 17% and in the “Risk Mng” segment of 31%. The “NPL” segment contributed in 2020 for only one month.

The reasons that contributed to the decrease in the Banking and Risk Mng segments mainly include the effects of COVID-19 on sales to new customers, which slowed down in decision-making terms, while the revenue component linked to existing customers confirmed the levels of the previous year.

Equity and cash flow analysis

Reclassified statement of financial position	31/12/2020	31/12/2019	Change
Contract assets	133	107	26
Current trade receivables	6,818	6,368	450
Current tax assets	165	11	154
Other current assets	487	502	-15
(A) Current assets	**7,603**	**6,988**	**615**
Current trade payables	2,329	927	1,402
Contract liabilities	1,482	1,030	452
Current tax liabilities	542	1,166	-624
Other current liabilities	4,651	3,185	1,466
(B) Current liabilities	**9,004**	**6,308**	**2,696**
(A-B) Net working capital	**-1,401**	**680**	**-2,081**
Property, plant and equipment and rights of use	3,931	4,015	-84
Intangible assets and goodwill	120,518	56,900	63,618
Non-current financial assets	35	20	15
Deferred tax assets	786	1,153	-367
(C) Non-current assets	**125,270**	**62,088**	**63,182**
Employee benefits	2,382	1,398	984
Long-term provisions	57	54	3
Other non-current liabilities	129		129

Deferred tax liabilities	12,330	2,439	9,891
(D) Non-current liabilities	**14,898**	**3,891**	**11,007**
(NWC+C-D) Net invested capital	**108,971**	**58,877**	**50,094**
Share Capital	30,796	19,125	11,671
Reserves	5,848	7,024	-1,176
Undistributable profits	254	2,253	-1,999
Net profit for the year	7,101	3,017	4,084
(SE) Total shareholders' equity	**43,999**	**31,419**	**12,580**
Cash and cash equivalents	11,080	3,046	8,034
Current financial assets	235	99	136
Non-current financial lease assets	510	609	-99
Current financial liabilities	9,104	9,509	-405
Current lease liabilities	610	227	383
Non-current financial liabilities	64,961	19,120	45,841
Non-current lease liabilities	2,122	2,356	-234
(NFP) Net financial position	**64,972**	**27,458**	**37,514**
(SE+NFP) Total sources	**108,971**	**58,877**	**50,094**

The consolidated Net Financial Position as at 31 December 2020, including the put and call options on the minority interests of Juniper Payments, LLC, Myrios S.r.l. and Rad Informatica S.r.l., the financial payables and associated financial receivables deriving mainly from the application of IFRS 16, was a negative EUR 64,972 thousand (negative EUR 27,458 thousand as at 31 December 2019), with a change of EUR 37,514 thousand, which takes into account, inter alia, the payment of the acquisitions made during the year (EUR 34,750 thousand for Rad Informatica S.r.l. and EUR 535 thousand for Everymake) and the dividends paid, of which EUR 2,696 thousand by Piteco S.p.A. alone, EUR 601 thousand by Myrios S.r.l. and USD 203 thousand by Juniper Payments LLC.

The Net Financial Position as at 31 December 2020 broke down as follows:

- Cash and banks receivable of EUR 11,080 thousand: the Group's cash and cash equivalents are deposits in EUR and USD.
- Current financial assets of EUR 235 thousand consist of EUR 101 thousand of receivables of the parent company Piteco SpA from the parent company Dedagroup S.p.A., deriving from the recognition of the active sub-lease agreement according to IFRS 16, of EUR 95 thousand of the receivable of the investee Rad Informatica S.r.l. from third parties and of EUR 39 thousand of receivables of the parent company Piteco from the shareholders of Rad Informatica S.r.l., deriving from the price adjustment resulting from the change in NFP.
- Current financial liabilities of EUR 9,104 thousand consist of the portion of bank loans falling due within 12 months for EUR 3,854 thousand and payables falling due within 12 months for the put and call option reserved to minority shareholders on the 10% share of Rad Informatica S.r.l. for EUR 5,250 thousand.
- Current lease financial liabilities amounting to EUR 610 thousand derive from the accounting of leases for company cars and property lease agreements based on IFRS 16 accounting standard.

- Non-current lease financial assets amounting to EUR 510 thousand, are composed of receivables due from the parent company Dedagroup S.p.A. deriving from the accounting of the active sub-lease agreement based on IFRS 16.
- Non-current financial liabilities, equal to EUR 64,961 thousand, consisted of the medium/long-term portion of the bank loan for EUR 39,946 thousand, the estimated payable for the put option granted to minority shareholders on the residual 44% in the share capital of Myrios S.r.l. for EUR 9,046 thousand, the estimated payable for the put option granted to minority shareholders on the residual 40% of the share capital of Juniper for EUR 93 thousand, the estimated payable for the earn-out for the acquisition of the business unit of the company Everymake for EUR 360 thousand and the estimated debt for the put option and call option on the residual 20% of the share capital of Rad Informatica S.r.l. for EUR 15,516 thousand.
- Non-current lease financial liabilities amounting to EUR 2,122 thousand are composed of the medium/long-term payable deriving from the accounting of leases and the property lease agreement based on the IFRS 16 accounting standard.

It should also be pointed out that the Net Financial Position reported in the Explanatory notes to the consolidated financial statements was determined according to the provisions contained in Consob Communication DEM/6064293 of 28 July 2006 and which deviates from the Net Financial Position calculated above given that it excludes non-current financial assets.

The consolidated Net Financial Position as at 31 December 2020, excluding the put and call options described above, was a negative EUR 40,317 thousand (negative EUR 14,599 thousand as at 31 December 2019), marking a negative change of EUR 25,718 thousand.

	31/12/2020	31/12/2019	Change
Cash and cash equivalents	11,080	3,046	8,034
Current financial assets	235	99	136
Non-current financial assets	510	609	-99
Current financial liabilities	9,104	9,509	-405
Current lease liabilities	610	227	383
Non-current financial liabilities	40,306	6,261	34,045
Non-current lease liabilities	2,122	2,356	-234
(NFP) Net financial position	**40,317**	**14,599**	**25,718**

Analysis by ratios

The main economic, equity and financial ratios useful for understanding the Group's operations are shown below, calculated on the data from the consolidated financial statements for 2020 and 2019.

Return On Equity	31/12/2020	31/12/2019
Profit (loss) pertaining to the Group	7,101	3,017
Shareholders' equity	43,999	31,419

ROE	**16.14%**	**9.60%**

Return On Investments	**31/12/2020**	**31/12/2019**
EBIT	6,314	7,255
Net invested capital	108,971	58,877
ROI	**5.79%**	**12.32%**

Return On Sales	**31/12/2020**	**31/12/2019**
EBIT	6,314	7,255
Revenue from contracts with customers	23,546	22,774
ROS	**26.82%**	**31.85%**

Return On Capital Employed	**31/12/2020**	**31/12/2019**
EBIT	6,314	7,255
Total assets - Current liabilities	125,980	56,786
ROCE	**5.01%**	**12.77%**

Debt Equity	**31/12/2020**	**31/12/2019**
Net Financial Position	64,972	27,458
Total shareholders’ equity	43,999	31,419
Debt Equity	**1.48**	**0.87**

EBITDA NFP	**31/12/2020**	**31/12/2019**
Net Financial Position	64,972	27,458
EBITDA	9,931	10,238
EBITDA NFP	**6.54**	**2.68**

Adjusted Debt Equity	**31/12/2020**	**31/12/2019**
Net financial position without put options	40,317	14,599
Total shareholders’ equity	43,999	31,419
Debt Equity	**0.92**	**0.46**

Adjusted EBITDA NFP	**31/12/2020**	**31/12/2019**
Net financial position without put options	40,317	14,599
EBITDA	9,931	10,238
EBITDA NFP	**4.06**	**1.43**

STATEMENT OF RECONCILIATION BETWEEN THE DATA OF THE PARENT COMPANY AND THAT OF THE CONSOLIDATED COMPANIES

The table of reconciliation of the consolidated Shareholders’ equity and the consolidated profit (loss) with the related data of the Parent Company is shown below:

Reconciliation of shareholders' equity	Group shareholders' equity	Net profit for the year
Piteco SpA	46,180	4,092
Effect of consolidation of financial statements of subsidiaries	-2,181	3,009
Consolidated	**43,999**	**7,101**

BUSINESS POLICY

During 2020 the Group continued to always improve the quality of the solutions offered on the market, both in terms of software components and services provided to customers, in addition to developing new product modules, specifically targeted to adjusting our products to regulatory and procedural changes in the area of company treasury management, as well as integrating services provided by fintech into our solutions.

The important acquisition of RAD Informatica S.r.l. confirms, on the one hand, the ability of the Piteco Group to act as an aggregating hub of software excellence in the financial sector, and on the other hand significantly contributes to strengthening the positioning of the group in the strategic software market for the banking market.

INVESTMENT POLICY

The investments made in 2020 are illustrated in the table below:

Description	Amounts
Investments in intangible assets and goodwill (included increases in internal work)	66,679
Investments in property, plant and equipment	100%
Total investments in fixed assets	**66,779**

The investments made in 2020 were mainly related to the acquisition of the controlling interests in Rad Informatica S.r.l. and the business unit Everymake.

Overall, in the recognition of the *business combinations*, the price paid for the acquisitions, including the put and call options on the minority interests in Rad Informatica S.r.l. and the related tax effect, amounted to a total of EUR 55,825 thousand, of which EUR 54,953 thousand for the acquisition of Rad Informatica S.r.l. and EUR 872 thousand for the acquisition of the business unit of Everymake.

For more details on the purchase price paid, refer to the specific table in the explanatory notes in this financial report.

RESEARCH AND DEVELOPMENT

Research and development is conducted for the purpose:

- of developing new products in the treasury, corporate finance and digital banking sectors;
- of improving the quality of products already offered;
- of reducing the cost of production of products;
- of consolidating know-how in the services offered.

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

In conducting its business, the Group is exposed to risks and uncertainties deriving from external factors connected with the general macroeconomic scenario or specific to the business sectors it operates in, as well as risks deriving from strategic decisions and internal operating risks.

Those risks have been systematically identified and mitigated, carrying out prompt monitoring and control of the risks arising.

The Group carries out centralised risk management, while letting the heads of the functions identify, monitor and mitigate such risks, also in order to better measure the impact of each risk on business continuity, reducing their occurrence and/or containing their impacts depending on the determining factor.

In the area of business risks, the main risks identified, monitored and managed by the Group are the following:

- effects of the spread of infectious diseases;
- risk linked to competition;
- risk linked to demand/macroeconomic cycle;
- risk linked to exchange rates;
- risk linked to financial management.

Effects of the spread of infectious diseases

The occurrence of a pandemic can undermine people's health to the point of jeopardising the health and socio-economic systems of the countries involved. The duration and intensity of a pandemic depends, among other things, on the timeliness of health actions implemented at global level. In relation to COVID-19, the performance of the Piteco Group may be affected by the variability of certain risk factors, including: market instability and the economic recovery trend; the ability of customers and suppliers to comply with their contractual obligations and to undertake new ones; customer review of purchasing strategies; restrictions deriving from measures to protect the health of individuals, with repercussions on the Group’s commercial and industrial action.

The Piteco Group, in addition to making every possible effort to preserve the safety and health of its people, in full compliance with the reference standards, has activated specific action plans to contain the possible repercussions induced by the risk factors relating to the pandemic. The action plans concern, inter alia: the proactive management of customer relations; the adoption of suitable financial solutions and an even more selective approach to expense items, to maintain financial flexibility in support of both current management and development initiatives; the timely reorganisation of the production lines, together with the remote control of some technical functions and the constant monitoring of the company supply chain.

Risk linked to competition

The sectors in which the Group operates are marked by harsh competition, which generally takes the form of tension on the sales prices of the products and services offered. However, Piteco operates in a highly specialised market, in which it has occupied a position of high standing in the domestic market for years, which makes it less subject to the tensions on prices caused by competition. As regards "banking - digital payments" activities, the Group continues to constantly compete with the leading US competitors, both in terms of organisation and in terms of services offered. The subsidiary Juniper Payments, LLC, is well-positioned to handle competition, boasting extensive experience in the sector. The subsidiary MYRIOS, which with its proposals and solutions is active in both the industrial and the banking market, with a good positioning and an industrial and commercial policy that makes it competitive with respect to the competition coming mostly from international companies with little presence on the Italian market and with very high solution costs. RAD enjoys a leadership position on the Italian market of solutions for managing the bad loans of large financial players that is such to make it not particularly subject to price tensions caused by competition or by contractions of the market being addressed.

Risk linked to demand/macroeconomic cycle

The trend in the sector the Group operates in is correlated to the general economic scenario. Therefore, any periods of negative economic trends or recession may result in a reduction in the demand for the products and services offered.

Risk linked to exchange rates

The Group's transactions in currencies other than the EUR, as well as the development strategies on the international markets, expose the Group to changes in exchange rates. The Administrative Department of Piteco S.p.A. is responsible for forecasting and managing this risk. In 2020, no exchange rate hedging transactions were implemented.

Risk linked to financial management

The Group's policy is to carefully manage its treasury, by implementing tools for planning inflows and outflows. The Group's financial situation features medium/long-term financial indebtedness, in particular, a loan taken out in November 2020 for a total of EUR 36 million, expiring on 30 November 2026, a loan taken out in August 2020 for an additional EUR 3 million, expiring on 30 June 2026, a loan taken out in October 2020 for an additional EUR 2 million, expiring on 31 October 2025 and a loan taken out in January 2020 for a total value of EUR 3.7 million, expiring on 31 December 2024. In particular, the loans taken out in August and October 2020 concern Covid loans pursuant to the 2020 Liquidity Decree.

As at 31 December 2020, the residual nominal amount of the loans was EUR 43,800 thousand.

The Group has cash and cash equivalents of EUR 11,080 thousand available as at 31 December 2020 and EUR 500 thousand in credit lines assigned by ordinary credit institutions.

Group financial risk management objectives and policies

As already mentioned, the Group pursues the objective of containing financial risks through a control system managed by the Administrative Department of Piteco S.p.A. The Group's approach in forecasting financial risk, in a broad sense, entails that there are always sufficient funds to fulfil its obligations in relation to contractual due dates, to the extent possible.

Credit risk

With regard to the risk of potential losses deriving from breach of obligations undertaken by the various counterparties it operates with, the Group has set up suitable bad debt provisions, adjusted based on the type of customer and statistical assessments. The specific concentration of the business on customers with high credit standing, the large number of such customers and sector diversification guarantee an additional, substantial lowering of credit risk.

DISCLOSURE ON COVID-19

The year 2020 was dominated by the COVID-19 pandemic, which caused a state of health emergency across most of the world that was still in progress at the beginning of 2021 and to which the various countries, albeit through the different measures adopted, responded by closing all commercial, manufacturing and service activities considered not strictly essential, in order to curb the spread of the contagion. The virus had an immediate impact on the world economy, causing a deep economic crisis.

At the end of 2020, the health and economic situation appears to be rather different between Asia, Europe and the United States. On the one hand, China, India and Japan saw a drastic reduction in infections and a full recovery of economic activity. On the contrary, the United States and Europe had to face a resurgence of the virus and a new slowdown in GDP in the last quarter of the year, after a momentary acceleration during the third quarter.

The evolution of this virus is having a major impact on future global growth prospects, influencing the general macroeconomic framework and the financial markets, with a significant impact on the Italian economic context, in light of the decisions taken by the Government authorities to contain the spread of the epidemic.

In this complex context, the Piteco Group has promptly taken steps to tackle the crisis, implementing a series of initiatives targeted first and foremost at protecting people's health, and therefore implementing business continuity practices.

In the face of the serious crisis that has affected the entire international economy, Piteco confirms its resilience with a commercial performance that remains at the same levels as last year.

The Group immediately dedicated its energy, activities and resources to helping employees and associates manage the COVID-19 emergency, in order to promote their well-being, health, engagement and development.

All this was incorporated in practical initiatives to help people to stay in contact with the organisation and protect their health and safety, such as the immediate deployment of Smart Working.

In accordance with CONSOB and ESMA regulations, the Group conducted in-depth analyses on the most sensitive issues subject to variability related to this emergency situation. Special attention was dedicated to assessing the recoverability of receivables, to the stability of the value of assets and goodwill.

From this perspective, in-depth analyses were carried out regarding the recoverability of the trade receivables outstanding in the portfolio at the date of the close of the period in question. Following said analysis, with respect to the comparative period ended as at 31 December 2019, an addition of EUR 31 thousand to the bad debt provision was accounted for, net of uses.

There are no significant impacts on the financial items; while monitoring how the situation evolves, the Piteco Group maintains a solid economic and financial profile and can draw on significant liquidity reserves to support both operational needs and business development plans.

INFORMATION ON THE ENVIRONMENT AND PERSONNEL

The regulations in force require that the analysis of the situation and performance of operations be consistent with the size and complexity of the Group's business and also contain "to the extent necessary to understand the Group's situation and performance of operations, the indicators of financial results and, if necessary, non-financial indicators pertinent to the specific business of the Group, including information regarding the environment and personnel".

As specified in the regulations mentioned above, the Italian Civil Code required directors to assess whether additional information on the environment may contribute to understand the Group's situation. In light of that set out above, the management body deems that it may omit that information as, currently, it is not significant and, therefore, it is not deemed that it could contribute to understand the Group's situation and the performance of operations. Said information shall be provided each time there are concrete, tangible, significant environmental impacts that generate potential consequences for the Group's equity or income.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

On 24 February 2021, Piteco SpA completed the acquisition of an additional 10% interest in the share capital of RAD Informatica S.r.l., held by RAD Informatica S.p.A. The overall investment held by Piteco in the subsidiary thus rose from 70% to 80%. The acquisition of this additional equity investment is in execution of the Put and Call agreements in place between the parties, as amended by mutual consent in order to anticipate this acquisition. Indeed, these agreements originally envisaged, only for the equity investment held by RAD Informatica SpA, a window for the exercise of the Put and Call Options at the end of March 2021. The price for the acquisition of this additional 10% of the share capital was equal to EUR 5.25 million and is subject to a contractually defined price adjustment mechanism. Piteco paid EUR 2.5 million at the closing and the remaining part of the price will be paid on 30 June 2021.

BUSINESS OUTLOOK

The first few months of 2021, though characterised by the persistence of the Covid-19 pandemic, confirm the growth trend of the Group companies and the good quality of the investments and strategies implemented: Piteco SpA has renewed its proposal by launching the new version of the Piteco Evo 5.0 product on the market, together with the launch of IDM, the new data matching suite, and a strong commercial drive from its CLOUD solutions.

Myrios continued to develop its solutions, also taking advantage of the opportunities of integration with Piteco products in order to expand the market to Italian industrial corporations. Moreover, a new solution is being launched, primarily on the Swiss market with the subsidiary Myrios Switzerland, for the management of issues related to trade finance.

It should be noted that the recent acquisition of RAD Informatica S.r.l. will contribute to a significant increase in consolidated revenues and operating margins in 2021. The Company will also be able to benefit from additional synergies deriving from the entry into the Piteco group. Juniper Payments continues to monitor the market and develop the new Instant Payments solution for the US market.

TRANSACTIONS WITH ASSOCIATES, PARENT COMPANIES AND AFFILIATES

During 2020 the Group conducted commercial, financial and economic transactions with companies in the Dedagroup Group, which is the parent company.

The table below provides a summary of the transactions carried out in 2020.

Company name	Receivables	Payables	Revenues	Costs
DEDAGROUP SPA (parent company)	831	484	208	285
DEDAGROUP BUSINESS SOLUTION (affiliate)	22		21	
DEDA CLOUD SRL (affiliate)	2	76		40
MD SPA (affiliate)	2		35	
Total	**857**	**560**	**264**	**325**

The transactions of the Group with associates, parent companies and affiliates mainly refer to:

- commercial transactions, relating to purchases and sales of services in the Information Technology sector with affiliates in the Dedagroup group;
- transactions implemented as part of the national tax consolidation, in which the consolidating company is the parent company Dedagroup S.p.A., with regard to which the Group had a payable of EUR 218 thousand as at 31 December 2020.

All of these transactions, with the exception of those regarding the IRES tax consolidation, for which the rules of law primarily apply, are governed by specific contracts, whose conditions are in line with market conditions, i.e. the conditions that would be applied between independent parties.

It should also be noted that the Company does not meet the requirements for being subject to management and coordination by the parent company, Dedagroup S.p.A., pursuant to art. 2497 bis of the Italian Civil Code.

PERFORMANCE OF THE PITECO SHARE AND TREASURY SHARES

In 2020, the share of the parent company Piteco S.p.A. recorded an increase of about 50% in the stock market value, recording an official maximum price of EUR 9.5 on 28 December 2020 and a low of EUR 4.54 on 12 March 2020. As at 29 December 2020, the share price was EUR 9.5.

During 2020, the Parent Company purchased treasury shares as per the authorisation from the Shareholders' Meeting, by way of resolution dated 23 January 2020. As at 31 December 2020 the Group held 664,710 treasury shares, equal to 3.29% of the share capital, for a total value of EUR 4,107 thousand (equal to the amount reflected in the "Negative reserve for treasury shares in portfolio", posted as a decrease to consolidated shareholders' equity).

DATA ON EMPLOYMENT

The total number of employees as at 31 December 2020 amounted to 156 compared to 122 as at 31 December 2019, with a total increase of 34 employees, mainly attributable to personnel deriving from the acquisition of the controlling interest in the company Rad Informatica S.r.l. for 28.

Personnel	31/12/2020	31/12/2019	Average for the period
Executives	11	10	11
Middle Managers	37	32	35
Office Workers	89	61	75
Other (Juniper payments, LLC)	19	19	19
Total	**156**	**122**	**139**

ORGANISATIONAL MODEL AND CODE OF ETHICS

On 9 April 2015 the Board of Directors of Piteco S.p.A. approved the Code of Ethics and Organisational Model, as envisaged by Italian Legislative Decree 231/2001, and on 9 April 2015 it set up the Supervisory Body and appointed its members Miriam Giorgioni, as Chairperson, Renato Toscana as external member and Raffaella Giordano as internal member.

OTHER INFORMATION

Pursuant to art. 2428 of the Italian Civil Code, it is specified that during 2020 the following branches were established:

- Milan office, Piazzetta Guastalla no. 1;
- Cesena office, Piazzale Biguzzi no. 20\1;
- Salerno office, Via San Leonardo, no. 120.

It is also noted, in addition, that the Group does not fall within the scope of application of Italian Legislative Decree no. 254 of 30 December 2016.

CORPORATE GOVERNANCE

For information on corporate governance, please refer to the Report on Corporate Governance and Ownership Structures, prepared pursuant to art. 123-bis of the Consolidated Law on Finance (TUF), approved by the Company's Board of Directors at the same time as the Report on Operations made available at the Company's registered office, as well as on the Group's website (www.pitecolab.it).

Note that the information pursuant to paragraphs 1 and 2 of art. 123-bis of Italian Legislative Decree no. 58/1998 is contained in the separate "Report on Corporate Governance and Ownership Structures", which refers to the "Remuneration Report" prepared pursuant to art. 123-ter of Italian Legislative Decree no. 58/1998 for certain information regarding remuneration. Both these Reports, approved by the Board of Directors, are published within the terms set forth on the Company's website (www.pitecolab.it).

DISCLOSURE PURSUANT TO ARTICLES 70 AND 71 OF THE ISSUERS' REGULATION

It should be noted that, pursuant to the provisions of art. 70, paragraph 8 and art. 71, paragraph 1-bis of the Issuers' Regulation issued by Consob, Piteco S.p.A. avails itself of the right to derogate from the obligations of publication of the information documents prescribed in the event of major merger, split-off, share capital increase through contribution in kind, acquisition and disposal transactions.

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CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION

(values in thousands of Euro)

Attività	Note	31/12/2020	Di cui correlate	31/12/2019	Di cui correlate	Variazione
Attività non correnti						
Immobili, impianti e macchinari	1	2.090		2.176		-86
Attività per diritto d'uso	2	1.841		1.839		2
Avviamento	3	70.094		41.426		28.668
Altre immobilizzazioni immateriali	4	50.424		15.474		34.950
Attività per imposte anticipate	5	786		1.153		-367
Altre attività finanziarie non correnti	6	545	510	629	609	-84
Totale attività non correnti		**125.780**		**62.697**		**63.083**
Attività correnti						
Attività derivanti da contratto	7	133		107		26
Crediti commerciali correnti	8	6.818	244	6.368	81	450
Altri crediti correnti	9	487		502		-15
Attività per imposte correnti	10	165		11		154
Altre attività finanziarie correnti	11	235	101	99	99	136
Cassa e disponibilità liquide	12	11.080		3.046		8.034
Totale attività correnti		**18.918**		**10.133**		**8.785**
Totale attività		**144.698**		**72.830**		**71.868**

The explanatory notes reported below are an integral part of these consolidated financial statements

(values in thousands of Euro)

Shareholders' equity and liabilities	Notes	31/12/2020	Of which related parties	31/12/2019	Of which related parties	Change
Shareholders' equity						
Share Capital	13	30,796		19,125		11,671
Share premium reserve	13	5,943		5,943		
Negative reserve for treasury shares in portfolio	13	-4,107		-1,624		-2,483
Other reserves	13	4,012		2,705		1,307
Undistributable profits	13	254		2,253		-1,999
Net profit for the year	13	7,101		3,017		4,084
Shareholders' equity		**43,999**		**31,419**		**12,580**
Non-current liabilities						
Non-current financial liabilities	14	42,428		8,617		33,811
Long-term derivative financial instruments	15	24,655		12,859		11,796
Deferred tax liabilities	16	12,330		2,439		9,891
Employee benefits	17	2,382		1,398		984
Long-term provisions	18	57		54		3
Other non-current liabilities	19	129				129
Total non-current liabilities		**81,981**		**25,367**		**56,614**
Current liabilities						
Current trade payables	20	2,329	342	927	61	1,402
Contract liabilities	21	1,482		1,030		452
Other current payables	22	4,651		3,185		1,466
Current tax liabilities	23	542	218	1,166	1,022	-624
Current financial liabilities	24	9,714		9,736		-22
Total current liabilities		**18,718**		**16,044**		**2,674**
Total Shareholders' equity and liabilities		**144,698**		**72,830**		**71,868**

The explanatory notes reported below are an integral part of these consolidated financial statements.

INCOME STATEMENT

(values in thousands of Euro)

Conto Economico	Note	31/12/2020	Di cui correlate	31/12/2019	Di cui correlate	Variazione
Ricavi provenienti da contratti con i clienti	25	23.546	259	22.774	347	772
Altri ricavi operativi	26	1.362	3	1.286		76
Variazione delle attività derivanti da contratto	27	-188		-21		-167
Ricavi operativi		**24.720**		**24.039**		**681**
Merci e materiali di consumo	28	383	100	146	74	237
Costo del personale	29	10.271	1.379	9.372	1.338	899
Costi per servizi	30	4.943	225	4.521	304	422
Altri costi operativi	31	255		192		63
Costi operativi		**15.852**		**14.231**		**1.621**
Risultato operativo lordo		**8.868**		**9.808**		**-940**
Ammortamenti	32	3.553		2.936		617
Risultato operativo		**5.315**		**6.872**		**-1.557**
Utile/perdita deriv. da transaz. in valuta estera	33	-614	0	158	0	-772
Proventi finanziari	34	3.712		596		3.116
Oneri finanziari	35	1.184		3.902		-2.718
Proventi ed oneri finanziari		**2.528**		**-3.306**		**5.834**
Utile prima delle imposte		**7.229**		**3.724**		**3.505**
Imposte sul reddito	36	128		707		-579
Utile (perdita) di esercizio		**7.101**		**3.017**		**4.084**

The explanatory notes reported below are an integral part of these consolidated financial statements.

OTHER COMPONENTS OF COMPREHENSIVE INCOME

(values in thousands of Euro)

Other components of comprehensive income	Notes	31/12/2020	31/12/2019	Change
Profit for the year		**7,101**	**3,017**	**4,084**
Components which will not subsequently be reclassified in the profit/loss for the year				
Revaluations of liabilities for defined benefits	17	-107	-45	-62
Tax effect of revaluations of liabilities for defined benefits		26	11	15
Costs related to share capital increase	13	-201		-201
Tax effect of costs related to share capital increase		56		56
Components which will subsequently be reclassified in the profit/loss for the year				
Foreign management - Exchange rate differences from translation	13	-20	-27	7
Total comprehensive income (loss)		**6,855**	**2,956**	**3,899**

The explanatory notes reported below are an integral part of these consolidated financial statements.

Basic earnings per share

Description	31/12/2020	31/12/2019
Net profit attributable to shareholders	**7,101**	**3,017**
Number of outstanding ordinary shares at the beginning of the year	**18,098,850**	**17,943,000**
- reduction of share capital	336,060	75,150
- increase in share capital	1,820,745	231,000
Number of outstanding ordinary shares at the end of the year	**19,519,535**	**18,098,850**
Weighted average number of outstanding shares	**18,476,778**	**17,958,198**
Basic earnings per share in EUR	0.3843	0.1680
Diluted earnings per share in EUR	0.3891	0.1759

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STATEMENT OF CASH FLOWS

(values in thousands of Euro)

Statement of cash flows	Notes	31/12/2020	31/12/2019
Operating activity			
Profit (loss) for the year		**7,101**	**3,017**
Adjustments for:			
Financial loss (income)	34-35	-2,528	3,306
Current income taxes	36	481	1,532
Deferred tax liabilities (assets)	36	-353	-826
Amortisation and depreciation	32	3,553	2,936
Cash flows from operating activity before changes in working capital		**8,254**	**9,965**
(Increases)/decreases in contract assets	7	-25	21
(Increases)/decreases in trade receivables and other receivables	8-9	5,388	-1,742
Increases/(decreases) in trade payables and other liabilities	20-21-22	-2,307	959
Increases/(decreases) in provisions and employee benefits	*15-17*	*906*	*74*
Increases/(decreases) in deferred taxes and current taxes		*165*	*-199*
Financial income collected		25	8
Financial charges paid		-585	-630
Taxes paid		-935	-336
Net cash and cash equivalents deriving from operating activity		**10,886**	**8,121**
Investment activity			
(Increases) in fixed assets:			
- Property, plant and equipment	1	-100	-251
- Intangible assets	4	-1,168	-1,008
Decreases due to disposal of fixed assets:			
- Property, plant and equipment		1	
- Financial assets		14	262
Business combination purchase price		-35,285	
Net cash and cash equivalents used in investment activity		**-36,538**	**-997**
Financial assets			
Increases/(decreases) in financial payables		32,017	-5,922
of which:			
- New disbursements		51,355	
- Repayments		-19,338	-5,922
Payment of lease liabilities		-467	-148
Share capital increase		8,000	
Dividends distributed	13	-3,463	-2,688
Purchase/sale of treasury shares	13	-2,483	-691
Other changes	13	-149	-263
Exchange rate conversion differences		442	-149
Net cash and cash equivalents used in investment activity		**33,897**	**-9,861**
Increases/(decreases) in cash and cash equivalents		**8,245**	**-2,737**
Cash and cash equivalents at the beginning of the year*		**2,835**	**5,572**
Cash and cash equivalents at the end of the year		**11,080**	**2,835**

*Bank overdrafts that are repayable on demand and which represent an integral part of the Group's liquidity management (equal to EUR 211 thousand as at 31 December 2019), were included under cash and cash equivalents.

The explanatory notes reported below are an integral part of these consolidated financial statements.

CHANGES IN SHAREHOLDERS' EQUITY

(values in thousands of Euro)

	Capital paid-in	Share premium reserve	Negative reserve for treasury shares	Other reserves	Undistributable profits	Profit for the year	Total shareholders' equity
Value as at 31 December 2018	**18,155**	**5,924**	**-933**	**910**	**1,815**	**5,265**	**31,136**
Net profit for the year						3,017	3,017
Actuarial gain (loss) of benefit plans net of taxes				-34			-34
Conversion differences				-27			-27
Total statement of comprehensive income				**-61**		**3,017**	**2,955**
Allocation of profit				4,598	666	-5,265	-1
Conversions of bonds	970						970
Purchase of treasury shares			-691				-691
Purchase of bonds		19		-54			-35
Distribution of dividends				-2,688			-2,688
Distribution of Juniper and Myrios dividends					-228		-228
Value as at 31 December 2019	**19,125**	**5,943**	**-1,624**	**2,705**	**2,253**	**3,017**	**31,418**
Net profit for the year						7,101	7,101
Actuarial gain (loss) of benefit plans net of taxes				-81			-81
Share capital increase expenses net of taxes				-145			-145
Conversion differences				-20			-20
Total statement of comprehensive income				**-246**		**7,101**	**6,855**
Allocation of profit				4,247	-1,231	-3,016	
Conversions of bonds	3,671						3,671
Share capital increase	8,000						8,000
Purchase of treasury shares			-2,483				-2,483
Purchase of bonds							
Distribution of Piteco dividends				-2,696			-2,696
Distribution of Juniper and Myrios dividends				2	-768		-766
Value as at 31 December 2020	**30,796**	**5,943**	**-4,107**	**4,012**	**254**	**7,101**	**43,999**

The explanatory notes reported below are an integral part of these consolidated financial statements.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE PERIOD ENDED AS AT 31 DECEMBER 2020

I. GENERAL INFORMATION

The parent company Piteco S.p.A. (hereinafter, also the "Parent Company" or "Piteco") is a joint-stock company incorporated in Italy, with registered office in Via Imbonati 18, 20159 MILAN, which operates primarily in the information technology sector, as a producer of specific software for business treasury and finance. The ordinary shares and convertible bonds of Piteco S.p.A. have been listed on the MTA (Electronic Equity Market) of Borsa Italiana since 25 September 2018 (on the AIM market up to that date). The company is recorded in the Milan Register of Companies with Economic and Administrative Repertoire no. 1726096.

Piteco S.p.A. is a subsidiary of Dedagroup S.p.A., with registered office in Trento (Province of Trento). Piteco S.p.A., in its role as Parent Company, drafts these consolidated financial statements for the period ended 31 December 2020 including the financial statements of the parent company and its subsidiaries (hereinafter, also the "Piteco Group" or the "Group").

The publication of these consolidated financial statements was authorised by resolution of the Company's Board of Directors of 24 March 2021.

These consolidated financial statements are expressed in Euro, the functional currency of the Parent Company. Where not otherwise indicated, all the amounts expressed in Euro are rounded up to the thousands.

II. PREPARATION CRITERIA AND COMPLIANCE WITH IAS/IFRS

General principles

These financial statements as at 31 December 2020, prepared in consolidated form pursuant to art. 154-ter of the TUF and subsequent amendments, have been drafted in compliance with the evaluation and measurement criteria established by the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB), and adopted by the European Commission in compliance with the procedure referred to in art. 6 of the Regulation (EC) no. 1606/2002 IFRS (hereinafter "IFRS").

The significant changes in accounting standards for the Group and their effects are described in Chapter V of this report.

These consolidated financial statements include the statement of financial position, the income statement and the statement of other comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity, and the explanatory notes.

It is also noted that these financial statements were drawn up based on the assumption that the company is a going concern.

In fact, the Directors have the reasonable expectation that Piteco S.p.A. and the Group will continue to operate in the foreseeable future, in line with the business plan, which shows an expected growth in results.

Use of estimates and evaluations

In drawing up the consolidated financial statements, the company management had to formulate measurements and estimates that influence the application of the accounting standards and the amounts of assets, liabilities, costs and revenues recognised in the financial statements. However, it should be noted that, given they are estimates, the results obtained will not necessarily be the same as those presented in these financial statements.

Those estimates and underlying assumptions are regularly revised. Any changes deriving from the revision of accounting estimates are recognised prospectively.

Specifically, the information on areas of greater uncertainty in formulating estimates and measurements that have a significant effect on the amounts recognised in the financial statements is provided in the following notes:

- Notes **1,** 2 **and** 4 - Measurement of amortisation and depreciation of fixed assets;
- Note **2** - Duration of lease: establish whether there is reasonable certainty that the Group will exercise the extension options;
- Note **3** Measurement of recoverable values of cash flow generating units that contain goodwill: main assumptions for determining the recoverable values;
- Note **5** - Recognition of deferred tax assets: availability of future taxable profits in respect of which the temporary deductible differences can be used;
- Note **15** - Acquisition of a subsidiary: fair value of the consideration transferred (including the potential consideration) and fair value of the assets and liabilities acquired;
- Note **17** - Measurement of obligations for defined benefit plans for employees; main actuarial assumptions;
- Note **18** - Recognition and measurement of provisions: main assumptions on the likelihood and measurement of an outflow of resources.

Form and content of the document

With regard to the form and content of the financial statements, note that these have been prepared in accordance with the following methods:

- The consolidated statement of financial position is drawn up according to the layout that divides assets and liabilities into “current” and “non-current.

  An asset/liability is classified as current when it meets one of the following criteria:

(i) it is expected to be realised/paid off or sold or used in the normal operating cycle of the Group;
(ii) it is held primarily for trading;
(iii) it is expected to be realised/paid off within 12 months from the reporting date;
(iv) it refers to cash and cash equivalents, unless it is not permitted to be traded or used to pay off a liability for at least 12 months from the reporting date;
(v) the entity does not have an unconditional right to defer the settlement of the liability for at least 12 months from the reporting date.

Lacking the above conditions, the assets/liabilities are classified as non-current.

- The consolidated income statement was drawn up based on the nature of the expenses, a form deemed more representative than the "presentation by purpose'.
- The consolidated statement of comprehensive income includes the profit/(loss) for the year, the charges and income recognised directly in shareholders' equity generated by transactions other than those with shareholders.
- The consolidated statement of changes in shareholders' equity includes, in addition to the income (loss) from the comprehensive statement of income, also transactions carried out directly with shareholders that acted in that role, and the details of each single component.
- The consolidated statement of cash flows was drawn up applying the indirect method, by means of which the profit (loss) for the year is adjusted for the effects of non-monetary transactions, any deferrals or allocations of previous or future collections or payments connected with operating activities and cost and revenue elements connected with cash flows deriving from investment or financing activities.

The use of these tables provides a more meaningful representation of the Group's equity, income and cash flow situation.

These consolidated financial statements have been audited by the Independent Auditors KPMG S.p.A.

These consolidated financial statements have been prepared using the standards and measurement criteria illustrated below.

III. PRINCIPLES AND SCOPE OF CONSOLIDATION

Consolidation Principles

Consolidation is carried out using the comprehensive line-by-line method, which consists of recognising all the items of assets and liabilities in full. The main consolidation criteria adopted in applying that method are illustrated below.

a) Subsidiaries are consolidated starting on the date on which control was effectively transferred to the Group, and cease to be consolidated on the date on which control is transferred outside the Group.
b) The assets and liabilities, income and charges of the companies consolidated using the line-by-line method are fully included in the consolidated financial statements. The carrying amount of equity

investments is eliminated against the corresponding portion of shareholders' equity of the investee companies, attributing to individual assets and liabilities their fair values as of the date control was acquired (acquisition method defined by IFRS 3 "Business Combinations"). Any residual difference, if positive, is recognised under the asset item "Goodwill"; if negative, it is recognised in the income statement.

c) Reciprocal payables and receivables, costs and revenues between consolidated companies and the effects of all significant transactions between them are eliminated.

d) The portions of shareholders' equity and the profit (loss) for the period of minority shareholders are recognised separately in the consolidated shareholders' equity and the consolidated income statement: these interests are determined based on the percentage held by these parties in the fair value of the assets and liabilities posted at the original acquisition date or in the changes in shareholders' equity after that date. Subsequently, the profits and losses are attributed to minority shareholders based on the percentage held by them, and the losses are attributed to minority interests even if this implies that the minority interests have a negative balance. Moreover, as the Group has adopted the Anticipated Acquisition Method in acquiring Subsidiaries, it does not recognise minority interests, as it considers the subsidiaries as 100% owned.

e) Changes in the equity interests of the parent company in a subsidiary that do not result in the loss of control are accounted for as capital transactions.

f) In the event of a loss of control, the Group eliminates the assets and liabilities of the subsidiary, any third-party interests and other components of shareholders' equity relating to the subsidiaries. Any gain or loss deriving from the loss of control is booked to profit/(loss) for the year. Any equity investment maintained in the former subsidiary is measured at fair value on the date of the loss of control.

Scope of consolidation

These consolidated financial statements as at 31 December 2020 include the financial statements of the parent company Piteco S.p.A. and the financial statements drawn up at the same date of the companies over which it directly or indirectly has control. Control is obtained when the Group is exposed to variable returns deriving from its involvement with the entity or has rights to said returns by having, at the same time, the ability to influence them by exercising its power over that entity.

The complete list of equity investments included in the scope of consolidation as at 31 December 2020, which changed as compared to the previous year due to the acquisition of the controlling interest in Rad Informatica S.r.l., is shown in the table below, indicating the consolidation method:

Company Name	Registered Office	Share Capital	currency	% Ownership	held by	Type of consolidation
Piteco SpA ("Piteco")	Italy	30,796	Euro	n/a	n/a	Consolidating entity
Piteco North America, Corp ("Piteco NA")	USA	10	USD[5]	100%	Piteco S.p.A.	Line-by-line

[5] The currency codes used here comply with the International Standard ISO 4217: EUR Euro; USD US dollar; CHF Swiss franc.

Juniper Payments, LLC ("Juniper")	USA	3,000	USD	60%[6]	Piteco North America, Corp.	Line-by-line
Myrios S.r.l. ("Myrios")	Italy	50	Euro	56%[7]	Piteco S.p.A.	Line-by-line
Myrios Switzerland SA ("Myrios Ch")	Switzerland	100	CHF	56%	Myrios S.r.l.	Line-by-line
Rad Informatica S.r.l. ("Rad")	Italy	100	EURO	70%[8]	Piteco S.p.A.	Line-by-line

Conversion of financial statements expressed in foreign currency

In converting financial statements expressed in foreign currency, the items of the statement of financial position are converted at year-end exchange rates, while those of the income statement are converted at the average exchange rate for the year. The items of shareholders' equity are converted into Euro at the exchange rate in force at the date of their formation, or at the average exchange rate of the period if they are items formed repeatedly over the year.

The differences between the profit (loss) for the year resulting from the conversion at average exchange rates and that resulting from the conversion based on the year-end exchange rates, as well as the effects on other items of shareholders' equity of the differences in the historic exchange rates and the closing exchange rates, are posted under shareholders' equity in a statement of financial position item named Conversion reserve and in a specific item of other components of comprehensive income. The exchange rates applied in converting the financial statements of companies located outside the Eurozone are shown below.

Currency	Exchange rate as at 31 December 2020 (*)	Average exchange rate FY 2020 (*)	Exchange rate as at 31 December 2019 (*)	Average exchange rate FY 2019 (*)
USD - US dollar	1.227	1.142	1.123	1.120
CHF - Swiss Franc	1.080	1.070	1.085	1.109

(*) Source: Bank of Italy.

IV. INFORMATION REGARDING IFRS 3

Everymake

On 31 March 2020, the acquisition by the Parent Company Piteco S.p.A. of the business unit from the company Everymake S.r.l. was completed which includes cloud software products for data matching, primarily financial data, offering vertical solutions for the utilities sector, financial companies, consumer credit, leasing and factoring companies and other similar sectors.

6 Piteco North America, Corp. holds 550,000 Class A shares and 5,000 Class B shares (out of 1,000,000 shares issued, of which 450,000 Class B), equal to 60% of the voting rights that can be exercised in the Shareholders' Meeting and right to profits, and equal to 100% of the share capital of USD 3,000,000 subscribed on incorporation of the subsidiary. For the purposes of these consolidated financial statements, the Put Option reserved for minority shareholders of 40% of the share capital was recorded.

7 Piteco S.p.A. holds a stake of EUR 28,000 in nominal value, equal to 56% of the share capital of EUR 50,000. For the purposes of these consolidated financial statements, the Put Option reserved for minority shareholders of 44% of the share capital was recorded.

8 Piteco S.p.A. holds a stake of EUR 70,000 in nominal value, equal to 70% of the share capital of EUR 100,000. For the purposes of these consolidated financial statements, the Put and Call Option of 30% of the share capital was recorded.

The operation is a *business combination*, recognised in compliance with IFRS 3 “Business Combinations”. To that end, at the date of acquisition of control, the single assets acquired and liabilities assumed were recognised at their fair value, as provisional accounting separate from goodwill.

The measurement of the business unit acquired pursuant to IFRS 3 Revised, i.e., recognising the fair value of assets, liabilities and contingent liabilities at the acquisition date, should be deemed provisional at the moment, as, pursuant to IFRS 3 *Revised*, the measurement becomes definitive within 12 months from the acquisition. Moreover, no significant changes are expected. The value attributed to the assets acquired and liabilities assumed was determined by the Parent Company’s management with the help of an external expert.

The table below summarises the fair value at the acquisition date of the main components of the consideration transferred, in addition to the assets acquired and liabilities assumed at that date:

(values in thousands of Euro)

Description	Everymake
Property, plant and equipment	1
Intangible assets	556
Other non-current assets	0
Current assets	0
Total assets	**557**
Non-current liabilities	4
Current liabilities	10
Total liabilities	**14**
Fair value of the assets acquired	**543**
Total cost of the acquisition	**872**
Goodwill deriving from the acquisition	329
Net cash and cash equivalents acquired	0
Effective cash outlay	**872**

The total cost of the acquisition includes the price paid at the closing on 31 March 2020, equal to EUR 535 thousand and the *earn-out* envisaged in the contract, equal to EUR 337 thousand (which equals the *discounted* fair value at the closing date).

Goodwill (EUR 329 thousand) was determined as the difference between the *fair value* of the consideration and the *fair value* of the net assets acquired.

Rad Informatica S.r.l.

On 30 November 2020, the acquisition by the parent company Piteco S.p.A. of the controlling interest, equal to 70% of the share capital, of Rad Informatica S.r.l. was completed.

The operation is a *business combination*, recognised in compliance with IFRS 3 “Business Combinations”. To that end, at the date of acquisition of control, the single assets acquired and liabilities assumed were recognised at their fair value, as provisional accounting separate from goodwill.

At the acquisition date, based on contractual terms governing the exercise of the put and call options on minority interests (equal to 30%), the transaction was recorded as if Piteco had acquired 100% control of RAD Informatica S.r.l., without, therefore, recognising minority interests. The present value of the payments expected in the event the options are exercised was included in the determination of the consideration for the *business combination* (around EUR 20,203 thousand).

The measurement of the business unit acquired pursuant to IFRS 3 Revised, i.e., recognising the fair value of assets, liabilities and contingent liabilities at the acquisition date, should be deemed provisional at the moment, as, pursuant to IFRS 3 *Revised*, the measurement becomes definitive within 12 months from the acquisition. Moreover, no significant changes are expected. The value attributed to the assets acquired and liabilities assumed was determined by the Parent Company’s management with the help of an external expert.

The table below summarises the fair value at the acquisition date of the main components of the consideration transferred, in addition to the assets acquired and liabilities assumed at that date:

(values in thousands of Euro)

Description	Rad Informatica S.r.l.
Property, plant and equipment	59
Intangible assets	36,521
Current assets	2,446
Total assets	**39,025**
Non-current liabilities	10,926
Current liabilities	2,345
Total liabilities	**13,271**
Fair value of the assets acquired	**25,754**
Total cost of the acquisition	**54,953**
Goodwill deriving from the acquisition	28,339
Net cash and cash equivalents acquired	859
Effective cash outlay	**54,094**

The total cost of the acquisition includes the price paid (net of the adjustment of the NFP), equal to EUR 34,750 thousand and the put and call option envisaged in the contract, equal to EUR 20,203 thousand (which equals the discounted *fair value* at the closing date).

Goodwill (EUR 28,339 thousand) was determined as the difference between the *fair value* of the consideration and the *fair value* of the net assets acquired.

The measurement techniques used to determine the fair value of the intangible assets acquired are shown below:

- "Relief-from-royalty" method, which considers the present value of the estimated royalty payments that are expected to be avoided by virtue of the licenses held;

- "Multi-Perio Excess Earnings" method, which considers the present value of the net cash flows that are expected to derive from customer relations, excluding any cash flows relating to "contribution assets".

V. ACCOUNTING STANDARDS AND AMENDMENTS TO THE STANDARDS ADOPTED BY THE GROUP

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2020

Pursuant to IAS 8 (Accounting standards, changes in accounting estimates and errors), the IFRSs in force as from 1 January 2020 are indicated and briefly illustrated below.

- **Amendment to the "References to the Conceptual Framework in IFRS Standards"**: on 29 March 2018, the IASB published this amendment. The Conceptual Framework defines the fundamental concepts for financial reporting, for which the document helps to ensure that the Standards are conceptually consistent and that similar transactions are treated in the same way, so as to provide useful information to investors, lenders and other creditors;

- Amendment to IAS 1 and IAS 8 - Definition of material: the IASB published the amendment "Definition of material" (Amendments to IAS 1 and IAS 8), which aims to clarify the definition of "material" in order to support the companies in assessing the significance of the information to be included in the financial statements.

With the previous definition, it could have been erroneously interpreted that any omission could influence users on the basis of the amount of information included in the financial statements. The new definition clarifies that only omitted information that can reasonably influence users is relevant.

The amendments will apply from 1 January 2020, but early application is permitted.

- Amendment to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform: IASB amended IAS 39 and IFRS 9 to allow entities not to discontinue hedging relationships until the reform for the calculation of the interest rate benchmark has been completed.

In particular, the IASB decided to introduce exceptions to the general hedge accounting model of IAS 39 and IFRS 9, to be applied mandatorily to all hedging relationships that could be impacted by the interest rate benchmark reform with reference to the following aspects:

- "Highly probable": to assess whether the occurrence of a scheduled transaction is highly probable, the potential effects deriving from the interest rate benchmark reform must not be taken into account;

* "Prospective assessment": the economic relationship between the hedged item and the hedging item must be determined prospectively without considering the potential effects of the interest rate benchmark reform;
* "Retrospective assessment": (applicable only for IAS 39): an entity must not discontinue a hedging relationship if, during the period of uncertainty deriving from the interest rate benchmark reform, the retroactive measurement of this hedging relationship falls outside the 80% -125% range.

The amendments will apply from 1 January 2020; early application is also permitted.

- Amendment to IFRS 3 - Definition of a Business: in October 2018, the IASB published the amendment "Definition of a Business" (Amendments to IFRS 3) with the aim of helping to determine whether a transaction is an acquisition of a business or group of assets that does not meet the definition of business of IFRS 3. The aim of the amendment is to clarify that an integrated set of assets and activities may comply with the definition of a business even if it does not include all of the inputs and processes needed to create the outputs. The measurement must be made considering the perspective of a market participant and therefore it is not relevant:

* if before the acquisition, the seller managed the integrated set of assets and activities as a business; or
* if the buyer, after the acquisition, intends to manage the integrated set of assets and activities as a business.

Moreover, the acquisition of a business must include, as a minimum, an input and a substantial process that together contribute significantly to the capacity to create outputs.

The amendments will apply to acquisitions after 1 January 2020, although early application is envisaged.

- Amendments to IFRS 16 - "Leases Covid 19-Related Rent Concessions": these amendments have introduced a practical expedient that allows the lessee not to consider any concessions on the payment of rental fees received from 1 January 2020 and deriving from the effects of Covid-19 as a modification of the original contract. Therefore, the aforementioned concessions can be accounted for as positive variable fees without going through a contractual amendment.

In order to apply this exemption, all the following conditions must be met:

* the granting of payments is a direct consequence of the Covid-19 pandemic and the reduction in payments refers only to those originally due until June 2021;
* the change in payments has left the same amount to be paid unchanged with respect to the original conditions or has reduced its amount;
* there are no substantial changes to other contractual terms or conditions of the lease.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE IASB AND CERTIFIED WITH AN EFFECTIVE DATE AFTER 1 JANUARY 2020

- Amendment "Amendments to IFRS 4 - Insurance Contracts - deferral of IFRS 9": this amendment supports companies in implementing the new IFRS 17 standard, and facilitates the presentation of their financial performance. The amendment is expected to enter into force on 1 January 2021;

- Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2": additions to what was already issued in 2019. The amendments referring to phase 2 mainly concern the effects of changes to contractual cash flows or hedging relationships deriving from the replacement of a rate with an alternative benchmark rate (replacement issue) and assist companies in the application of IFRS when changes are made to contractual cash flows or hedging relationships due to the interest rate benchmark reform and in providing useful information to the users of the financial statements. It is expected to enter into force on 1 January 2021.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY IASB BUT NOT YET CERTIFIED

The IASB issued amendments to the following standards:

• **Amendments to IFRS 3 "Reference to the Conceptual Framework":** the objective is to (i) complete the updating of references to the Conceptual Framework for Financial Reporting in the accounting standard, (ii) provide clarifications on the prerequisites for the recognition, at the acquisition date, of provisions, contingent liabilities and levy assumed as part of a business combination, (iii) make it clear that the contingent assets cannot be recognised as part of a business combination;

• **Amendments to IAS 16 "Property, Plant and Equipment: Proceedings before Intended Use"**, aimed at defining that the revenues deriving from the sale of goods produced by an asset before it is ready for the intended use are charged to the income statement together with the related production costs;

• **Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract**" aimed at providing clarifications on how to determine the cost of a contract;

• "**Annual Improvements to IFRS Standards 2018-2020 Cycle"** containing amendments, essentially of a technical and editorial nature, to the accounting standards;

• **IFRS 17 "Insurance Contracts"** is a new comprehensive standard relating to insurance contracts, which covers recognition and measurement, presentation and disclosure. This standard will replace IFRS 4 Insurance Contracts issued in 2005 and applies to all types of insurance contracts, regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation characteristics;

• **Amendments to the definitions of current and non-current assets contained in IAS 1** aimed at providing a more general approach to the classification of liabilities according to this standard, based on contractual agreements;

• **Amendments to IAS 1 and IAS 8 aimed at improving disclosure on accounting policies**, in order to provide more useful information to investors and other primary users of financial statements, as well as help companies distinguish between changes in accounting estimates and changes in accounting policies.

VI. MAIN MEASUREMENT CRITERIA

The accounting standards described below were applied in a homogeneous manner for all periods included in these consolidated financial statements, except for the contents illustrated of the previous chapter.

Property, plant and machinery

Property, plant and equipment is recognised at purchase cost or production cost, including ancillary charges and net of the accumulated depreciation.

Ordinary maintenance costs are charged in full to the income statement. Costs for improvements, upgrading and transformation for the purpose of enhancement are posted to assets in the statement of financial position.

The carrying amount of property, plant and equipment is tested for the purpose of detecting any impairment, either annually or when events or changes in the situation indicate that the carrying amount may not be recovered (for details, see the section “Impairment”).

Depreciation begins when the assets are ready for use. Property, plant and equipment is systematically amortised each year based on economic-technical rates deemed representative of the residual possibility of use of the assets. Assets composed of components, of significant amounts, that have different useful lives are considered separately in determining depreciation.

Depreciation is calculated on a straight-line basis, in accordance with the estimated useful life of the relative assets, periodically revised if necessary. The useful life estimated in years is as follows:

Description	Useful life in years
Buildings	33
Plants and machinery	6 and 5
Other assets	
Furniture and furnishings	8
Other property, plant and equipment	6 and 5
Electronic office machines	5
Automobiles and motorcycles	4

Gains and losses deriving from sales or disposals of assets are determined as the difference between the sales revenue and the net carrying amount of the asset, and are posted to the income statement under other revenues and other operating expenses, respectively.

Goodwill

The goodwill deriving from the acquisition of companies represents the surplus of the purchase cost with respect to the fair value of the assets and liabilities that can be identified in the acquired company at the acquisition date. Goodwill is recognised as an asset and is not amortised, but is revised at least once a year and, in any case, whenever there are indications of a potential reduction in value, to verify the recoverability of the recognised value (impairment testing), as indicated in the section below "Impairment". Any impairment is posted to the income statement and cannot be subsequently restored. If goodwill is negative at acquisition, it is immediately recognised to the income statement.

Other intangible assets

Intangible assets are recognised in the accounts only if they are identifiable, if they are subject to control by the Group, if they are likely to generate future economic benefits and if their cost may be reliably determined. Intangible assets are recognised at cost, determined according to the criteria indicated above for property, plant and equipment. When it is estimated that they have a finite useful life, they are systematically amortised over the period of estimated useful life. Subsequent costs are capitalised only when they increase the expected future economic benefits attributable to the asset to which they refer. All other subsequent costs are posted to profit/(loss) for the year in which they are incurred.

Amortisation starts when the asset is available for use and ceases at the end of the useful life or it is classified as held for sale (or included in a disposal group classified as held for sale). Both the useful life and the amortisation criterion are periodically reviewed and, where there have been significant changes with respect to the assumptions adopted previously, the amortisation for the year and subsequent years is adjusted.

The useful lives generally attributed to the various categories are as follows:

Description	Useful life in years
Industrial patents and intellectual property rights	5
Concessions, licences, trademarks and similar rights	7, 10 and 2
Other intangible assets	24.14 e 5

Leases (right of use and lease liabilities)

Accounting model for the lessee

At the start of the contract or upon an amendment to a contract that contains a lease component, the Group attributes the contract consideration to each lease component based on the relative stand-alone price.

At the effective date of the lease, the Group recognises the asset for right of use and the lease liability. The asset for right of use is initially measured at cost, including the amount of the initial measurement of the lease liability, adjusted by the payments due for the lease carried out on the date of or before the date of effectiveness, increased by the direct initial costs incurred and an estimate of the costs that the lessee must incur for the dismantling and removal of the underlying asset or for the restoration of the underlying asset or site in which it is located, net of lease incentives received.

The asset for right of use is subsequently amortised on a straight-line basis from the effective date until the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or, considering the cost of the asset for right of use, the Group is expected to exercise the purchase option. In said case, the asset for the right of use will be amortised over the useful life of the underlying asset, determined on the same basis as property and machinery. In addition, the asset for the right of use is regularly decreased by any impairment and adjusted in order to reflect any changes deriving from subsequent measurements of the lease liability.

The Group measures the lease liability at the present value of the payments due for the lease not paid at the effective date, discounting them using the implicit interest rate of the lease. Where it is not possible to easily determine this rate, the Group uses the marginal interest rate, determined as the risk-free rate of each country in which the contracts were signed, with maturities commensurate with the duration of the specific lease agreement, increased by the specific credit spread of the Company (taken from the main financing agreements negotiated by it). For 2020 an average duration of rental contracts of roughly 3 years and an average borrowing rate relating to said duration of approximately 1.2% were determined.

The payments due for the lease included in the measurement of the lease liability include:

- the fixed payments (including essentially fixed payments);
- the variable payments due for the lease that depend on an index or a rate, initially measured using an index or a rate at the effective date;
- the amounts that are expected to be paid in the form of a guarantee on the residual value;
- the exercise price of a purchase option that the Group is reasonably certain to exercise, the payments due for the lease in an optional renewal period if the Group is reasonably certain to exercise the renewal option, and the penalties for early lease termination, unless the Group is reasonably certain not to terminate the lease early.

The lease liability is measured at amortised cost using the effective interest method and is remeasured in the event of the modification of future lease payments due deriving from a change in an index or rate, in the event of a change in the amount that the Group expects to have to pay in the form of a guarantee on the residual value when the Group changes its measurement with reference to the exercise or not of a purchase, extension or termination option in the event of a revision of the essentially fixed payments due for the lease.

When the lease liability is remeasured, the lessee proceeds with a corresponding modification of the asset for the right of use. If the book value of the asset for the right of use is reduced to zero, the lessee recognises the change in profit/(loss) for the year.

Short-term leases and leases for low-value assets

The Group decided not to recognise assets for the right of use and lease liabilities relating to low-value assets and short-term leases. The Group recognises the associated payments due for the lease as a cost using the straight-line method over the duration of the lease.

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Accounting model for the lessor

At the start of the contract or upon an amendment to a contract that contains a lease component, the Group attributes the contract consideration to each lease component based on the relative stand-alone price.

At the start of the lease, the Group, as lessor, classifies each of its leases as a finance lease or an operating lease.

To this end, the Group generally assesses whether the lease transfers substantially all the risks and rewards connected with ownership of the underlying asset. In that case, the lease is classified as a finance lease, otherwise as an operating lease. As part of said measurement, the Group considers, among the various indicators, whether the duration of the lease covers the majority of the economic life of the underlying asset.

As regards sub-leasing, the Group, as intermediate lessor, classifies its share in the main lease separately from the sub-lease. To this end, it classifies the sub-lease with reference to the asset for the right of use deriving from the main lease, rather than by making reference to the underlying asset. If the main lease is a short-term lease that the Group has accounted for by applying the aforementioned exemption, the sub-lease is classified as an operating lease.

For contracts containing a lease component and one or more lease and non-lease components, the Group distributes the consideration of the contract by applying IFRS 15.

The Group applies the provisions governing derecognition and provisions for impairment of IFRS 9 to the net investment in the lease. The Group periodically reviews the estimates of the residual values not guaranteed used in calculating the gross investment in the lease.

Generally speaking, the accounting standards applicable to the Group as lessor in the comparative year do not deviate from those set forth in IFRS 16, except for the classification of the sub-lease signed in the year which was classified as a finance lease.

Impairment

At each reporting date, the Group reviews the carrying amount of its property, plant and equipment and intangible assets (including goodwill) to determine whether there are indications of impairment of these assets. When there are indications of impairment, the recoverable amount of those assets is estimated to determine the amount of the write-down. The recoverable amount of goodwill, instead, is estimated annually and each time indicators of potential impairment arise.

For the purposes of identifying any impairment losses, assets are grouped into the smallest identifiable group of cash flow generating assets, significantly separate from cash flows generated by other assets or groups of assets ("CGUs" or "cash generating units"). Goodwill acquired through a business combination is allocated to the group of the CGU that is expected to benefit from the synergies of the aggregation.

The recoverable value of an asset or a CGU is the higher of its value in use and its fair value less costs to sell. To determine the value in use, the estimated expected cash flows are discounted using a discount rate that reflects the current market valuation of the time value of money and the specific risks of the asset or CGU.

If the recoverable amount of an asset (or of a cash generating unit) is estimated as being lower than its carrying amount, the carrying amount is decreased to the lower recoverable value. The loss in value is recognised to the income statement.

When there is no longer any reason to maintain a write-down, the carrying amount of the asset (or the cash generating unit), except for goodwill, is increased to the new value deriving from the estimate of its recoverable value, but not more than the net carrying amount that the asset would have had if the write-down for impairment had not been carried out, net of the amortisation and depreciation that would have been calculated prior to the previous write-down. The write-back is posted to the income statement.

Contract assets and liabilities

Contract assets are comprised of services that were not yet completed at the end of the year, relating to contracts pertaining to indivisible services to be completed within the following twelve months and represent the gross amount expected to be collected from customers for the work performed up to the reporting date. The contractual revenues and the related costs are recognised on the basis of the percentage completion method. The percentage completion method is determined with reference to the ratio between the costs incurred for the activities carried out at the reporting date and the total estimated costs until completion.

The sum of the costs incurred and the profit recognised on each project is compared with the invoices issued at the reporting date. If the costs incurred and the profits recognised (less the losses recorded) are higher than the invoice totals, the difference is classified in the item “Contract assets”, under current assets. If the totals of the invoices issued are higher than the costs incurred plus the profits recognised (less losses recorded), the difference is classified under current liabilities, in the item “Contract liabilities”. Any losses are booked in full to the income statement when it is likely that the total estimate costs will exceed the total forecast revenues.

Other current and non-current assets, trade receivables and other receivables

Trade receivables, other current and non-current assets and other receivables are financial instruments, mainly relating to receivables from customers, which are not derivatives and are not listed on an active market, from which fixed or determinable payments are expected. Trade receivables and other receivables are classified in the statement of financial position under current assets, with the exception of those with contractual maturity exceeding twelve months from the reporting date, which are classified under non-current assets.

Those assets are measured on initial recognition at fair value and subsequently at amortised cost, using the effective interest rate, less impairment. Exception is made for those receivables whose short duration makes discounting immaterial.

The value of trade receivables is shown net of bad debt provisions.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cheques and bank current accounts and demand deposits, which can be readily converted into cash and are subject to an insignificant risk of changes in value. They are recognised at nominal value, which corresponds to their realisable value.

Financial instruments

The financial assets of the Group are classified on the basis of the business model adopted to manage them and the characteristics of the associated cash flows.

Financial assets designated at amortised cost

Financial assets for which the following requirements are verified are classified into said category: the asset is held as part of a business model whose objective is ownership of the asset targeted at collecting the contractual cash flows and the contractual terms of the asset envisage cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

These relate primarily to receivables due from customers, loans and other receivables. Trade receivables that do not contain a significant financial component are recognised at the price defined for the associated transaction (determined according to the provisions of IFRS 15 Revenues from contracts with customers). The other receivables and loans are initially recognised in the financial statements at their fair value, increased by any accessory costs directly attributable to the transaction that generated them. At the time of subsequent measurement, the financial assets at amortised cost, with the exception of receivables that do not contain a significant financial component, are measured using the effective interest rate. The effects of this measurement are recognised under financial income components.

With reference to the impairment model, the Group measures receivables by using the *Expected Credit Loss* model. In particular, expected losses are generally determined based on the product of: (i) the exposure to the counterparty net of related mitigating factors ("*Exposure At Default*"); (ii) the probability that the counterparty defaults on its payment obligation ("*Probability of Default*"); and (iii) the estimate of the percentage of credit that it will not be possible to recover in the event of default ("*Loss Given Default*") defined on the basis of past experience and the possible recovery actions that can be carried out (e.g. out-of-court actions, legal disputes, etc.). Exposures under dispute are those for which debt collection activities have been activated or are about to be activated, through legal /judicial proceedings. Write-downs of trade receivables and other receivables are recognised in the income statement, net of any write-backs.

Write-downs effected pursuant to IFRS 9 are booked to the consolidated income statement net of any positive effects tied to releases or write-backs and are posted under operating costs.

Financial assets at fair value with contra-entry in the comprehensive income statement (FVOCI)

Financial assets for which the following requirements are verified are classified into said category: the asset is held within the framework of a business model whose objective is achieved through both the collection of the contractual cash flows and through the sale of said asset and the contractual terms of the asset envisage cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

These assets are initially recognised in the financial statements at their fair value, increased by any accessory costs directly attributable to the transactions that generated them. At the time of subsequent measurement, the valuation carried out at the time of recognition is re-updated and any fair value changes are recognised in the comprehensive income statement.

With reference to the impairment model, the aspects described in the point detailed above are set out below.

Financial assets at fair value with contra-entry in the consolidated income statement (FVPL)

Financial assets not classified in any of the previous categories (i.e. other category) are classified in said category. Assets belonging to this category are booked at fair value at the time of their initial recognition.

The accessory costs incurred at the time of recognition of the asset are charged immediately to the consolidated income statement. At the time of subsequent measurement, financial assets at FVPL are measured at fair value. Gains and losses arising from the fair value changes are recognised in the consolidated income statement in the period in which they are recorded.

Purchases and sales of financial assets are recognised at the settlement date.

Financial assets are removed from the financial statements when the associated contractual rights expire, or when the Group transfers all risks and rewards of ownership of the financial asset.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or at FVTPL. A financial liability is classified at FVTPL when it is held for trading, represents a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and any changes, including interest expense, are recognised under profit /(loss) for the year. Other financial liabilities are subsequently measured at amortised cost, using the effective interest rate criterion. Interest expense and exchange rate gains/(losses) are recognised under profit/(loss) for the year, as well as any gains or losses deriving from elimination from the accounts.

Financial liabilities are eliminated when they have been paid, or when the obligation specified in the contract has been fulfilled or cancelled or has expired.

Financial assets and liabilities are offset in the statement of financial position when there is a legal right to offsetting which can currently be exercised, and there is the intention of settling the account on a net basis (or to sell the assets while paying off the liabilities).

Derivative financial instruments and hedge accounting

As mentioned above, as the Group’s derivative financial instruments are not designated as hedging instruments, they are initially measured at fair value. Following recognition, derivatives are measured at fair value (according to the criteria set out in the point below) and their changes are recorded in profit/(loss) for the year.

Fair value measurement

Fair value is the price that would be received at the measurement date for the sale of an asset, or which would be paid for the transfer of a liability, in an ordinary transaction between market operators in the main (or more advantageous) market which the Group can access at that moment. The fair value of a liability reflects the effect of a default risk.

Where available, the Group measures the fair value of an instrument by using the listed price of that instrument in an active market. A market is active when the transactions relating to an asset or a liability are verified with a frequency and with volumes sufficient enough to provide useful information for determining the price on a continuing basis.

In the absence of a price listed in an active market, the Group uses measurement techniques by maximising the use of observable input and minimising the use of input which cannot be observed. The measurement technique selected in advance includes all factors that the market operators would consider in estimating the price of the transaction.

Buyback and reissue of ordinary shares (treasury shares)

In the event of buyback of shares recognised in shareholders' equity, the price paid, including costs directly attributable to the transaction, is recognised as a decrease in shareholders' equity. The shares bought back are classified as treasury shares and recognised in the reserve for treasury shares. The financial effects of any subsequent sales are recognised as an increase in shareholders' equity. Any positive or negative difference deriving from the transaction is recognised in the share premium reserve.

Composite financial instruments

Composite financial instruments issued by the Group include convertible bonds in Euro which can be converted at the holder's discretion into a fixed number of shares. The debt component of a composite financial instrument is initially recognised at the fair value of a similar liability without a conversion option. The shareholders' equity component is initially recognised at the amount equal to the difference between the fair value of the composite financial instrument as a whole and the fair value of the debt component. Connected transaction costs are posted to the debt and equity components of the instrument in proportion to the value of each component.

Following initial recognition, the debt component is measured at amortised cost, using the effective interest rate criterion. The shareholders' equity component of those instruments is not redetermined following initial recognition.

Employee benefits

Short-term employee benefits are not discounted, and are recognised as a cost at the time that the service is provided that gives rise to those benefits. The benefits guaranteed to employees provided on termination of the employment relationship refer to employee severance indemnity ("TFR") accrued by employees of the Company.

With regard to employee severance indemnity, as a result of the amendments made by Italian Law no. 296 of 27 December 2006, and subsequent Decrees and Regulations ("Pension Reform") issued in the initial months of 2007:

- the employee severance indemnity accrued as at 31 December 2006 is considered a defined-benefit plan (without plan assets). The benefits guaranteed to employees in the form of employee severance indemnity that are disbursed on termination of employment are recognised in the period in which the right accrues.
- Employee severance indemnity that accrues after 1 January 2007 is considered a defined-contribution plan. Therefore, the contribution accruing in the period are fully recognised as a cost in the profit(loss) for the year and the portion not yet paid into provisions is shown as a payable under "Other payables".

In order to measure defined-benefit plans according to that set out in IAS 19, the amount of payables for employee severance indemnity accrued prior to 1 January 2007 is projected to the future to estimate the portion to be paid at the time of termination of employment, and subsequently discounted, using the *projected unit credit method*, to take account of the time passing before actual payment;

The discounting rate used consists of the iBoxx Eurozone Corporates AA 10+ index at the reporting date, with average financial duration comparable to that of the group being measured. The calculation was performed by an independent actuary.

The actuarial gains/(losses) are recognised under other components of comprehensive income, net of taxes.

Long-term provisions

Provisions for risks and charges are recognised when the Group has a present obligation as a result of a past event and it is likely that it will be required to fulfil the obligation. Provisions were allocated based on the best estimate of the costs required to fulfil the obligation at the reporting date, and are discounted where the effect is significant. In this case the provisions are calculated by discounting the expected future cash flows at a pre-tax discount rate reflecting the market's current valuation of the cost of money over time. The increase in the provisions connected with the passing of time is posted to the income statement under "Financial income and charges".

The occurrence of the event that triggers a commitment of resources to fulfil the obligation may be probable, possible or remote. If there is liability that only possibly may arise, only additional information is provided.

If, instead, the probability of committing own resources to fulfil the obligation is remote, no additional information is required.

The explanatory notes provide a brief description of potential liabilities and, where possible, an estimate of their financial effects and indication of the uncertainties regarding the amount and the time of occurrence of each outlay.

Revenue recognition

In relation to the business conducted by Piteco Group, revenues are recognised in the amount of the fair value of the price that the company considers it has a right to in exchange for the goods and/or services promised to the customer, excluding the amounts collected on behalf of third parties. In particular, identifying the individual performance obligations of the contract and consequently allocating the price among these, as well as the subsequent "separate" recording of each of these. The case of contracts containing sales of licences associated with installation, maintenance and other sundry services has always been treated separately by the Group.

Costs

Costs and other operating charges are recognised in the income statement at the time when they are incurred, based on the accrual principle and the correlation of revenues, when they do not produce future economic benefits and do not meet the requirements to be recorded as assets in the statement of financial position. Financial charges are recognised based on the accruals principle, as a result of the passing of time, using the effective interest rate.

Income taxes

The parent company Piteco S.p.A. and its parent company Dedagroup S.p.A. have exercised the option, for the three-year period 2019-2021, for "National tax consolidation" pursuant to art. 117 et. seq. of Italian Presidential Decree 917/86 (Italian Consolidated Income Tax Act, TUIR), which permits determining IRES (Corporate Income Tax) on a taxable base equal to the algebraic sum of the taxable incomes of the individual companies. The economic relationships, reciprocal responsibilities and obligations between the Consolidating Company and the subsidiaries are defined in the "Tax consolidation regulations for Group companies".

Current taxes represent the estimate of the amount of income taxes due, calculated on the taxable income for the year, determined by applying the tax rates in force or substantially in force at the reporting date and any adjustments to the amount relating to the previous years.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated based on the liability method applied to the temporary differences at the reporting date between the amounts of assets and liabilities in the financial statements and the corresponding amounts recognised for tax purposes.

Deferred tax assets are recognised for all deductible temporary differences and any tax losses carried forward, to the extent it is likely that the existence of adequate future taxable profits will exist against which they can be used. Deferred taxes are not recognised for:

- the temporary differences relating to the initial recognition of assets or liabilities in a transaction other than a business combination which does not influence either the accounting profit (or loss) or the taxable income (or tax loss);

- the temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the Group is capable of controlling the timing of the elimination of the temporary differences and it is probable that, in the foreseeable future, the temporary difference will not be eliminated; and
- the taxable temporary differences relating to the initial recognition of goodwill.

The value of deferred tax assets to be posted in the financial statements is re-examined at each reporting date and decreased to the extent that their recovery is no longer likely. Unrecognised deferred tax assets are re-examined annually at the reporting date and are recognised to the extent it becomes likely that the income for tax purposes is sufficient to permit that said deferred tax assets may be recovered.

Deferred tax assets and liabilities are measured based on tax rates that are expected to be applied in the year in which those assets are realised or those liabilities are extinguished, considering the rates in force and those already released at the reporting date.

Earnings per share

Base earnings per share is represented by the net profit for the year attributable to holders of ordinary shares, taking account of the weighted average of outstanding ordinary shares during the year. Diluted earnings per share is obtained by adjusting the weighted average of outstanding shares to take account of all potential ordinary shares with a dilutive effect (e.g. issue of option rights, warrants, etc.). More specifically, with reference to the year 2019, the "convertible bond" instrument was considered to have been fully converted into ordinary shares and the net profit attributable to shareholders of the company was adjusted, eliminating the interest expense on the convertible bond.

Criteria for conversion of items in foreign currency

Transactions in foreign currencies are initially converted into the functional currency using the exchange rate at the transaction date. At the reporting date, monetary assets and liabilities denominated in foreign currency are converted to the functional currency at the exchange rate in force at that date. The resulting exchange rate differences are recognised to the income statement. Non-monetary assets and liabilities denominated in foreign currency, measured at cost, are converted at the exchange rate in force at the transaction date, while those measured at fair value are converted at the exchange rate on the date on which that value is determined.

Use of estimates

The preparation of the consolidated financial statements and the notes, in compliance with the international accounting standards, requires the Company to make estimates that have an impact on the values of assets, liabilities, income and costs, such as amortisation, depreciation and provisions, as well as on the disclosure relating to contingent assets and liabilities set out in the explanatory notes. These estimates are based on the going concern assumption and are drawn up based on information available at the date they are made and, therefore, could differ from that which may arise in the future. This is particularly clear in the current context of financial and economic crisis, which could produce situations different from that currently estimated, with consequent adjustments, that are currently unforeseeable, to the carrying amounts of the items concerned. Assumptions and estimates are particularly sensitive in terms of the valuation of fixed assets, linked to forecasts of results and future cash flows. Assumptions and estimates are periodically revised and the effects of their changes are immediately reflected in the financial statements.

Business combinations

If these transactions involve companies or company businesses that are already part of the Group, they are considered as lacking economic substance, as they are implemented only for organisational purposes. Therefore, lacking specific indications from the IFRSs, and in line with the assumptions of IAS 8, which requires that, lacking a specific standard, a company must use its own judgment in applying an accounting standard that provides relevant, reliable and prudent disclosure and that reflects the economic substance of the transaction, these shall be recorded on a continuity of values basis.

Otherwise, where the business combination does not involve companies or company businesses under joint control, the identifiable assets and liabilities acquired in the business combination, including goodwill, are recognised and measured in accordance with IFRS 3 – Business Combinations.

VII. INFORMATION ON FINANCIAL RISK

This chapter provides a brief description of the Piteco Group's policies and principles for management and control of the risks deriving from financial instruments (exchange rate risk, interest rate risk, credit risk and liquidity risk). In accordance with IFRS 7, in line with that set out in the Report on Operations, the sections below set out information on the nature of the risks deriving from financial instruments, based on accounting and management analyses.

Management of credit risk - Credit risk constitutes the Group's exposure to potential losses deriving from the non-fulfilment of obligations taken on by both trade and financial counterparties. In order to control that risk, the Group has consolidated procedures and actions to assess customers' credit standing and has optimised the specific recovery strategies for various customer segments. In selecting counterparties for managing temporarily surplus financial resources, the Group avails itself only of counterparties with high credit standing. The continuous preventive procedures to check the solvency and reliability of customers, as well as the monitoring of payments, guarantee adequate risk reduction.

In that regard, note that as at 31 December 2020 there was no significant risk exposure connected with the possible deterioration of the overall financial situation nor significant levels of concentration on single, non-institutional counterparties. The Group allocates bad debt provisions for impairment which reflects the estimate of losses on trade receivables and other receivables, whose main components are individual write-downs of specific exposures and collective write-downs of homogeneous groups of assets in relation to losses that have not been individually identified.

The receivables recognised in the financial statements did not include significant past due amounts. This applies to both the Parent Company and the subsidiaries.

Exchange rate risk management - Exchange rate risk derives from the Piteco Group's business partially conducted in currencies other than the Euro. Revenues and costs denominated in foreign currency may be influenced by the fluctuations the exchange rate, reflecting on commercial margins (economic risk), and trade and financial payables and receivables denominated in foreign currency may be impacted by the conversion rates used, reflecting on the income statement results (transaction risk). Lastly, the fluctuations in exchange rates also reflect on the consolidated results and the consolidated shareholders' equity, as the financial statements of several investees are drawn up in currencies other than the EUR, and subsequently converted into Euro (translation risk). The majority of the Group's trade receivables are from the Euro area (with regard to the Parent Company). Thus, from a commercial perspective, there is no significant exchange rate risk. The only values substantially influenced by fluctuations in exchange rates are cash and cash equivalents of the foreign subsidiaries.

Interest rate risk management - As the Group is exposed to fluctuations in interest rates (primarily the Euribor) in relation to the amount of financial charges on indebtedness, it regularly assesses its exposure to interest rate risk and primarily manages it by negotiating loans.

Liquidity risk management - Liquidity risk represents the risk that, due to the inability to obtain new funds (funding liquidity risk) or to liquidate assets on the market (asset liquidity risk), the company is unable to cover its payment commitments, resulting in an impact on the income statement result if the company is forced to incur additional costs to cover its commitments or, as an extreme consequence, a situation of insolvency that puts the company's business at risk.

The Group's objective is to implement, as part of the financial plan, a financial structure which, in line with the objectives of the business and growth through external lines, ensures an adequate level of liquidity for the Group, optimising the opportunity cost, and to maintain a balance in terms of duration and composition of debt.

The Group has had access to a wide range of funding sources through the credit system and capital markets (loans from leading national banks and bond loans). The objective of the Piteco Group is to maintain a balanced debt structure, in terms of composition between bonds and bank loans, in line with the profile of the business the Piteco Group operates in and in line with its plans for medium/long-term growth by acquiring players that provide products and services complementary to its own.

Group cash and cash equivalents exclusively refer to bank deposits whose counterparties are banks with high credit ratings.

The analysis of maturities for the main financial liabilities is reported in the table below:

Long-term loans	31/12/2020	31/12/2019	Change
Unsecured long-term bank borrowings	39,946	6,261	33,685
Loans for leases	2,122	2,356	-234
Other non-current financial payables	360	-	360
Long-term derivative financial instruments	24,655	12,859	11,796

Current portion of long-term loans	31/12/2020	31/12/2019	Change
Current account overdrafts		211	-211

Current unsecured bank borrowings	3,854	3,424	430
Loans for leases	610	227	383
Current bonds		3,921	-3,921
Other current financial payables	5,250	1,953	3,297

The following table provides the breakdown by maturity of gross financial indebtedness at the reporting date. Note that these values are not exactly representative of liquidity risk exposure, as they do not show expected nominal cash flows, rather, they are measured at amortised cost or fair value.

	31/12/2020	31/12/2019	Change
Within 6 months	5,250	3,327	1,923
From 6 to 12 months	4,464	6,409	-1,945
From 1 to 5 years	59,651	18,750	40,901
Over 5 years	7,432	2,726	4,706

Fair Value Hierarchy

Various accounting standards and several disclosure obligations require that the Group measures the fair value of financial and non-financial assets and liabilities. In measuring the fair value of an asset or a liability, the Group uses observable market data as much as possible. The fair values are divided into the various levels of the hierarchy based on the inputs used in the measurement techniques:

- Level 1: prices listed (*unadjusted*) on active markets for identical assets or liabilities;
- Level 2: inputs other than the listed prices included in “Level 1” which can be directly (*prices*) or indirectly (*price derivatives*) observed for the asset or liability;
- Level 3: inputs relating to the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability can be classified in the various levels of the fair value hierarchy, the entire measurement is included in the same level of the hierarchy of the lowest level input that is significant for the entire measurement.

The table below shows the assets and liabilities measured at fair value as at 31 December 2020, by level of the fair value measurement hierarchy.

Description	Values as at 31/12/2020	Level 1	Level 2	Level 3
Other non-current financial assets	545			
Current trade receivables	6,818			
Other current receivables	487			
Other current financial assets	235			
Cash and cash equivalents	11,080			
Financial assets	**19,165**			
Non-current financial liabilities	42,428			360
Long-term derivative financial instruments	24,655			24,655

Other non-current liabilities	129	
Current trade payables	2,329	
Other current payables	5,474	
Current financial liabilities	9,714	5,250
Financial liabilities	**84,729**	**30,265**

VIII. SEGMENT DISCLOSURE

The segment disclosure has been prepared in accordance with the provisions of IFRS 8 "Operating Segments", which requires the presentation of disclosure in line with the methods adopted by the management for taking operating decisions. Therefore, the identification of the operating segments and the disclosure presented are defined based on internal reports used by the management for the purpose of allocating resources to the various segments and analysing their performance.

IFRS 8 defines an operating segment as a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); (ii) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (iii) for which discrete financial information is available.

The operating segments identified, which comprise all the services and products provided to customers, are:

- Corporate Treasury and Financial Planning (Corporate Treasury);
- Digital Payments and Clearing House ("Banking");
- IT solutions for Risk Management ("Risk Mng");
- IT solutions for debt collection ("NPL").

The information relating to each segment subject to disclosure is presented below. The EBITDA of the sector is used to evaluate its trend. In fact, the company management believes that this information is more pertinent for the purposes of the evaluation of the segment results with respect to other competing companies.

Income Statement	**31/12/2020**					**31/12/2019**			
	Total	**Corporate Treasury**	**Banking**	**Risk Mng**	**NPL**	**Total**	**Corporate Treasury**	**Banking**	**Risk Mng**
Revenue from contracts with customers	23,546	15,842	4,006	2,771	927	22,774	15,055	4,512	3,207
Other operating revenues	1,362	687	357	318		1,286	863	60	363
Change in contract assets	-188	56		-40	-204	-21	-54		33
Operating revenues	**24,720**	**16,585**	**4,363**	**3,049**	**723**	**24,039**	**15,864**	**4,572**	**3,603**
Goods and consumables	383	277	1	105		146	121	2	23
Personnel costs	10,271	7,340	1,533	1,215	183	9,372	6,747	1,505	1,120
Costs for services	4,943	2,935	1,487	296	225	4,521	2,635	1,449	437

Other operating costs	255	200	24	27	4	192	107	28	57
Operating costs	**15,852**	**10,752**	**3,045**	**1,643**	**412**	**14,231**	**9,610**	**2,984**	**1,637**
EBITDA	**8,868**	**5,833**	**1,318**	**1,406**	**311**	**9,808**	**6,254**	**1,588**	**1,966**

The assets and liabilities of the single operating segments are shown below.

Statement of financial position	**31/12/2020**					**31/12/2019**			
	Total	**Corporate Treasury**	**Banking**	**Risk Mng**	**NPL**	**Total**	**Corporate Treasury**	**Banking**	**Risk Mng**
Non-current assets	125,780	105,430	6,211	13,564	575	62,697	41,324	7,951	13,422
Current assets	18,918	11,518	1,982	2,264	3,154	10,133	5,171	2,324	2,638
Non-current liabilities	81,981	80,690	137	344	810	25,367	23,363	1,747	257
Current liabilities	18,718	15,475	88	913	2,242	16,044	14,908	109	1,027

IX. NOTES TO THE STATEMENT OF FINANCIAL POSITION, STATEMENT OF CASH FLOWS AND INCOME STATEMENT

1 Property, plant and machinery

The changes in the items of Property, plant and machinery as at 31 December 2020 are shown below:

Property, plant and machinery	**31/12/2019**	**Change in Scope of Consolidation**	**Increases**	**Decreases**	**Exchange rate effect**	**Other changes**	**31/12/2020**
Land	323				-10	-1	312
Buildings	2,014				-41		1,973
Accum. depreciation - buildings	-564		-58		2		-620
Land and buildings	**1,773**		**-58**		**-49**	**-1**	**1,665**
Plants and machinery	292		21			1	314
Accum. depreciation - plant and machinery	-155		-24				-179
Plants and machinery	**137**		**-3**			**1**	**135**
Vehicles	50						50
Accum. depreciation - vehicles	-39		-7			3	-43
Furniture and furnishings	286	14	34		-9	-1	324
Accum. depreciation - furniture and furnishings	-212	-1	-25		6	2	-230
Electronic machines	213	41	40	-1		1	294
Accum. depreciation - electronic machines	-150	-14	-24			2	-188
Other property, plant and equipment	328	10	5		-26		317
Accum. depreciation - other property, plant and equipment	-210	-3	-43		20	2	-234
Other assets	**266**	**47**	**-22**	**-1**	**-9**	**9**	**290**

Total	**2,176**	**47**	**-83**	**-1**	**-58**	**9**	**2,090**

In addition, the changes that occurred in the year ended as at 31 December 2019 are reported below:

Property, plant and machinery	31/12/2018	Change in Scope of Consolidation	Increases	Decreases	Exchange rate effect	31/12/2019
Land	320				3	323
Buildings	2,005				9	2,014
Accum. depreciation - buildings	-506		-58			-564
Land and buildings	**1,819**		**-58**		**12**	**1,773**
Plants and machinery	152		141		-1	292
Accum. depreciation - plant and machinery	-147		-8			-155
Plants and machinery	**5**		**133**		**-1**	**137**
Ind. and commercial equipment	6					6
Accum. depreciation - ind. and commercial equipment	-6					-6
Ind. and commercial equipment						
Vehicles	50					50
Accum. depreciation - vehicles	-30		-9			-39
Furniture and furnishings	281		3		2	286
Accum. depreciation - furniture and furnishings	-193		-19			-212
Electronic machines	178		35			213
Accum. depreciation - electronic machines	-129		-21			-150
Other property, plant and equipment	251		72		5	328
Accum. depreciation - other property, plant and equipment	-134		-70		-6	-210
Other assets	**274**		**-9**		**1**	**266**
Total	**2,098**		**66**		**12**	**2,176**

Land and buildings

These amounted to EUR 1,665 thousand (EUR 1,773 thousand as at 31 December 2019) and refer to the property in Via Mercalli 16, Milan, the previous registered office and operational headquarters of the Parent Company until December 2019 and the property in Wichita, Kansas, operational headquarters of the US subsidiary Juniper Payments, LLC.

It should be noted that, with reference to the property in via Mercalli (whose net book value as at 31 December 2020 amounted to EUR 936 thousand), the Group, no longer using this building, decided to give a mandate to a real estate agency to deal with its sale or lease. The Group decided to measure this investment property at cost, less depreciation and accumulated impairment losses, in line with the accounting treatment used in the previous year. Depreciation is arranged on a straight-line basis at the expected rate with respect to the estimated useful life of the asset (equal to 33 years). The market value of the property as at 31 December 2020 amounted to EUR 1,300 thousand based on some expressions of interest received. The property is free of guarantees.

The value of the land on which the buildings stand has been separated out and recorded separately.

Plants and machinery

These amounted to EUR 135 thousand (EUR 137 thousand as at 31 December 2019) and mainly refers to accessory plants at the Parent Company headquarters in via Imbonati 18, Milan.

Other assets

These amounted to EUR 290 thousand (EUR 266 thousand as at 31 December 2019) and referred mainly to furniture and furnishings and electronic office machines and other assets. The increase of EUR 144 thousand refers to EUR 65 thousand of assets present as at 30/11/2020 in the investee Rad Informatica S.r.l. (date of acquisition of control by Piteco S.p.A.), to EUR 65 thousand of purchases by the Parent Company for the adjustment of hardware, furniture and furnishings, to EUR 2 thousand from purchases made by the subsidiary Juniper and EUR 12 thousand for purchases made by the subsidiary Myrios.

2 Assets for rights of use

The changes in assets for rights-of use as at 31 December 2020 are shown below:

Assets for rights of use	31/12/2019	Increases	Decreases	Exchange rate effect	Other changes	31/12/2020
Buildings - rights-of-use	1,579	60		-2	1	1,638
Accum. depreciation - Buildings - rights-of-use	-87	-245		2		-330
Buildings - rights-of-use	**1,492**	**-185**			**1**	**1,308**
Other assets - rights-of-use	468	408	-2		-1	873
Accum. depreciation - other assets - rights-of-use	-121	-219				-340
Other assets - rights-of-use	**347**	**189**	**-2**		**-1**	**533**
Total	**1,839**	**4**	**-2**			**1,841**

The item "Buildings - rights-of-use" is mainly attributable to the signing by the Parent Company, in 2019, of the lease agreement on the property located in via Imbonati 18 in Milan.

The increase recorded in the item is attributable to the signing of the local data centre lease agreement by the investee Juniper in 2020.

In addition, the changes that occurred in the year ended as at 31 December 2019 are reported below:

Assets for rights of use	31/12/2018	Change introd. of new stand.	Increases	Decreases	31/12/2019
Buildings - rights-of-use		77	2,210	-708	1,579
Accum. depreciation - Buildings - rights-of-use			-87		-87

Buildings - rights-of-use		**77**	**2,123**	**-708**	**1,492**
Other assets - rights-of-use		283	185		468
Accum. depreciation - other assets - rights-of-use			-121		-121
Other assets - rights-of-use		**283**	**64**		**347**
Total		**360**	**2,187**	**-708**	**1,839**

3 Goodwill

The changes in Goodwill as at 31 December 2020 are shown below:

Goodwill	31/12/2019	Increases	Decreases	Exchange rate effect	31/12/2020
Goodwill	41,426	28,668			70,094
Total	**41,426**	**28,668**			**70,094**

In addition, the changes that occurred in the year ended as at 31 December 2019 are reported below:

Goodwill	31/12/2018	Increases	Decreases	Exchange rate effect	31/12/2019
Goodwill	41,426				41,426
Total	**41,426**				**41,426**

Goodwill, amounting to EUR 70,094 thousand as at 31 December 2020 (EUR 41,426 thousand as at 31 December 2019) comprises:

- to EUR 27,219 thousand for the deficit arising as a result of the reverse merger following the leveraged buyout by Piteco, with legal effect from 11 July 2013;
- to EUR 472 thousand attributed to the value posted to goodwill following the acquisition of the “Centro Data” business unit in 2015 by Piteco;
- to EUR 1,180 thousand attributed to the value posted to goodwill following the acquisition of the “LendingTools” business unit by Juniper in April 2017;
- to EUR 12,554 thousand attributed to the value posted to goodwill following the acquisition of Myrios S.r.l. in October 2018 by Piteco;
- to EUR 330 thousand attributed to the value posted to goodwill following the acquisition of the “Everymake” business unit in March 2020 by Piteco;
- to EUR 28,339 thousand attributed to the value posted to goodwill following the acquisition of Rad Informatica S.r.l. in November 2020 by Piteco.

As at 31 December 2020, the capitalisation of Piteco amounted to approximately EUR 192 million, a value higher than the Group’s shareholders’ equity at the same date.

As required by the reference accounting standard (IAS 36), goodwill was subjected to impairment testing. For impairment test purposes, the goodwill was allocated to the following CGUs (which represent the Group's operating segments):

CGU Piteco (Treasury operating segment)

As at 31 December 2020 the Parent Company subjected the carrying amount of the CGU Piteco to impairment testing, determining its recoverable value, considered equal to the value in use, by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2021-2023 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 8.89% (9.69% in 2019) and a growth rate (g) of 1.40% (1.50% in 2019), equal to expected inflation in the markets where the company operates. The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 61,993 thousand (EUR 57,346 thousand as at 31 December 2019), against a carrying amount of the assets allocated to the CGU Piteco of EUR 30,180 thousand (EUR 31,091 thousand as at 31 December 2019).

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the CGU Piteco, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 16.70% (16.72% as at 31 December 2019).

As an additional sensitivity analysis, it is noted that using a constant WACC (of 8.89%) and a perpetual growth rate g (of 1.40%), only a reduction in the EBITDA Margin greater than 17.65% would involve issues of impairment (16.50% as at 31 December 2019).

CGU Juniper (Banking operating segment)

As at 31 December 2020 the Parent Company subjected the carrying amount of the CGU Juniper to impairment testing, determining its recoverable value, considered equal to the value in use, by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2021-2023 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 10.95% (12.04% in 2019) and a growth rate (g) of 2.20% (2.30% in 2019), equal to expected inflation in the market where the company operates. The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 11,149 thousand (EUR 17,496 thousand as at 31

December 2019), against a carrying amount of the assets allocated to the CGU Juniper of EUR 4,776 thousand (EUR 6,577 thousand as at 31 December 2019).

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the CGU Juniper, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 22.34% (29.61% as at 31 December 2019).

As an additional sensitivity analysis, it is noted that using a constant WACC (of 10.95%) and a perpetual growth rate g (of 2.20%), only a reduction in the EBITDA Margin greater than 15.36% would result in issues of impairment (24.02% as at 31 December 2019).

CGU Myrios (Risk Management operating segment)

As at 31 December 2020 the Parent Company subjected the carrying amount of the CGU Myrios to impairment testing, determining its recoverable value, considered equal to the value in use, by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2021-2023 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 8.89% (9.69% in 2019) and a growth rate (g) of 1.40%, equal to expected inflation in the markets where the company operates (1.5% in 2019). The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 25,289 thousand (EUR 23,920 thousand as at 31 December 2019), against a carrying amount of the assets allocated to the CGU Myrios of EUR 18,456 thousand (EUR 19,698 thousand as at 31 December 2019).

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the CGU Myrios, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 11.72% (11.45% as at 31 December 2019).

As an additional sensitivity analysis, it is noted that using a constant WACC (of 8.89%) and a perpetual growth rate g (of 1.40%), only a reduction in the EBITDA Margin greater than 14.84% would involve issues of impairment (10.37% as at 31 December 2019).

CGU Rad (NPL operating segment)

As at 31 December 2020 the Parent Company subjected the carrying amount of the CGU Rad to impairment testing, determining its recoverable value, considered equal to the value in use, by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2021-2023 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 8.89% and a growth rate (g) of 1.40%, equal to expected inflation in the markets where the company operates. The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 83,427 thousand, against a carrying amount of the assets allocated to the CGU Rad of EUR 54,133 thousand.

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the CGU Myrios, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 12.78%.

As an additional sensitivity analysis, it is noted that using a constant WACC (of 8.89%) and a perpetual growth rate g (of 1.40%), only a reduction in the EBITDA Margin greater than 22.11% would result in issues of impairment.

Based on the analyses conducted, the Parent Company's Directors deemed the recognition value of the goodwill posted in the Consolidated Financial Statements as at 31 December 2020 to be recoverable.

4 Other intangible assets

The changes in other intangible assets are shown below:

Other intangible assets	31/12/2019	Change in Scope of Consolidation	Increases	Decreases	Reclassifications	Exchange rate effect	Other changes	31/12/2020
Concessions, licences and trademarks	18		2				-1	19
Accum. amortisation - Concessions, licences and trademarks	-11		-2					-13
Software	25,119	295	14,335		153	-765	-1	39,136
Accum. amortisation - software	-13,736	-163	-2,512			390		-16,021
Concessions, licences and trademarks	**11,390**	**132**	**11,823**		**153**	**-375**	**-2**	**23,121**
Other intangible assets	4,162		23,453			-8	-1	27,606
Accum. amortisation - other intangible assets	-400		-392			5		-787
Other intangible assets	**3,762**		**23,061**			**-3**	**-1**	**26,819**
Intangible assets under construction	**322**	**106**	**223**		**-153**	**-14**		**484**
Costs of financing transactions								

Total	**15,474**	**238**	**35,107**		**-392**	**-3**	**50,424**

In addition, the changes that occurred in the year ended as at 31 December 2019 are reported below:

Other intangible assets	**31/12/2018**	**Increases**	**Decreases**	**Reclassifications**	**Exchange rate effect**	**31/12/2019**
Concessions, licences and trademarks	18					18
Accum. amortisation - Concessions, licences and trademarks	-9	-2				-11
Software	24,105	837		8	169	25,119
Accum. amortisation - software	-11,464	-2,234			-38	-13,736
Concessions, licences and trademarks	**12,650**	**-1,399**		**8**	**131**	**11,390**
Other intangible assets	4,159				3	4,162
Accum. amortisation - other intangible assets	-91	-309				-400
Other intangible assets	**4,068**	**-309**			**3**	**3,762**
Intangible assets under construction	**157**	**171**		**-8**	**2**	**322**
Total	**16,875**	**-1,537**			**136**	**15,474**

Concessions, licences and trademarks

The net balance amounted to EUR 23,121 thousand (EUR 11,390 thousand as at 31 December 2019) and is comprised of EUR 6 thousand for the PITECO™ trademark and the costs incurred to register the Match.it™ trademark, and EUR 23,115 thousand for software rights. The item software includes the right relating to the proprietary software Piteco and the proprietary software Match.it, the technology platform of Juniper Payments, the proprietary software Myrios and the proprietary software Rad, in addition to rights to use third party software. In particular, the increases in software comprise EUR 575 thousand for the internal development of new modules of the Piteco and Match.it software, EUR 299 thousand for the internal development of new modules of Myrios software, EUR 81 thousand for the internal development of new Juniper modules and EUR 555 thousand for the value attributed to the software deriving from the acquisition of the Everymake business unit, for EUR 13,068 thousand for the value attributed to the software deriving from the acquisition of the equity investment in Rad Informatica S.r.l. and EUR 20 thousand for the acquisition of the rights to use third party software by the parent company Piteco.

Other intangible assets

Other intangible assets, equal to EUR 26,819 thousand (EUR 3,762 thousand as at 31 December 2019), comprise EUR 3,429 thousand (net of accumulated amortisation) for the amount assigned on purchase price allocation to the customer list of the acquired company Myrios S.r.l., EUR 23,372 thousand (net of accumulated amortisation) for the amount assigned on purchase price allocation to the customer list of the acquired company Rad Informatica S.r.l. and EUR 18 thousand to the five-year non-competition agreement entered into as part of the closing for the acquisition of the LendingTools.com business unit by Juniper. The non-competition agreement is amortised over the term of the agreement; the customer list of the company Myrios is expected to be amortised over 14 years and the amortisation of the customer list of the company Rad Informatica is expected to be amortised over 24 years. These durations have been estimated with the support of an external expert.

Fixed assets under construction

Fixed assets under construction, equal to EUR 484 thousand (322 thousand as at 31 December 2019), mainly represent capitalised costs incurred in the development of software and refer to the Parent Company for EUR 13 thousand, the subsidiary Juniper for EUR 230 thousand and the subsidiary RAD for EUR 241 thousand.

5 Deferred tax assets

Deferred tax assets of EUR 786 thousand (EUR 1,153 thousand as at 31 December 2019) are comprised of the temporary differences which the Group expects to recover in future years, based on the expected taxable income. Refer to the specific tables hereinafter in these explanatory notes for further details.

6 Other non-current financial assets

The item in question breaks down as follows:

Non-current financial assets	31/12/2020	31/12/2019	Change	Within 12 months	From 1 to 5 years	Over 5 years
Non-current loans to parent companies	510	609	-99		425	85
Non-current loans to the group	**510**	**609**	**-99**		**425**	**85**
Receivables for tax assets and due from employees	5		5		5	
Security deposits	30	20	10		30	
Other non-current assets	**35**	**20**	**15**		**35**	
Total	**545**	**629**	**-84**		**460**	**85**

The non-current financial receivable due from the parent company of EUR 510 thousand relates to the accounting of the multi-year sub-lease agreement for the equipped premises at the registered office in via Imbonati 18, Milan, deriving from application of IFRS 16 accounting standard.

7 Contract assets

The item in question breaks down as follows:

Attività derivanti da contratto	Apertura	Var. Area Consolidato	Incrementi	Decrementi	Altri movimenti	Saldo di chiusura
Attività derivanti da contratto	107	9	123	-107	1	133
Attività derivanti da contratto	**107**	**9**	**123**	**-107**	**1**	**133**
Totale	**107**	**9**	**123**	**-107**	**1**	**133**

The assets deriving from contract of the Parent Company and the subsidiaries Myrios and Rad Informatica S.r.l. refer to services that were not yet completed at the end of the year, relating to contracts pertaining to indivisible services to be completed within twelve months. They are measured based on the agreed considerations, based on the progress of the forecast number of hours necessary to complete the order.

8 Current trade receivables

The item in question breaks down as follows:

Crediti commerciali correnti	31/12/2020	31/12/2019	Variazione
Crediti correnti clienti	6.752	6.434	318
F.do svalut. crediti vs clienti correnti	-178	-147	-31
Crediti vs clienti	**6.574**	**6.287**	**287**
Crediti correnti vs controllanti	220	59	161
Crediti correnti vs correlate	24	22	2
Crediti verso controllate, consociate e collegate	**244**	**81**	**163**
Totale	6.818	6.368	450

Receivables from customers, amounting to EUR 6,574 thousand (EUR 6,287 thousand as at 31 December 2019), are shown net of the corresponding bad debt provisions which, as at 31 December 2020, amounted to EUR 178 thousand. Current receivables from parent companies, affiliates and associates are composed of receivables from the parent company Dedagroup S.p.A. and receivables from affiliates that are part of the Dedagroup group.

During the year the following changes occurred in the bad debt provision:

Descrizione	Saldo iniziale	Utilizzo	Accantonamento	Saldo finale
Fondo svalutazione crediti verso clienti	147	(33)	64	178

The increase in the bad debt provision was necessary to take account of the effect of COVID-19 on the recoverability of receivables due from some customers.

9 Other current receivables

The item in question breaks down as follows:

Altri crediti correnti	31/12/2020	31/12/2019	Variazione
Ratei attivi correnti		2	-2
Crediti tributari	33	54	-21
Crediti vs enti previdenziali correnti	5	1	4
Risconti attivi correnti	233	204	29
Altri crediti comm.li correnti	61	127	-66
Crediti per IVA correnti	110	81	29
Adeguamento crediti in valuta		3	-3
Crediti vs dipendenti	19	23	-4
Acconti fornitori	26	7	19
Totale	**487**	**502**	**-15**

The other current trade receivables are comprised of advances to suppliers.

Tax receivables are represented by the tax credits of sanitation grant for EUR 3 thousand and tax credits for research and development of the subsidiary Myrios S.r.l. for EUR 30 thousand.

10 Current tax assets

The item in question breaks down as follows:

Attività per imposte correnti	31/12/2020	31/12/2019	Variazione
Crediti IRAP	24	1	23
Altre attività per imposte correnti	43	10	33
Crediti IRES	98		98
Totale	**165**	**11**	**154**

Other current tax assets for EUR 43 thousand are comprised of receivables for current taxes of the subsidiary Piteco NA.

11 Other current financial assets

The item in question breaks down as follows:

Altre attività finanziarie correnti	31/12/2020	31/12/2019	Variazione
Attività finanziarie vs controllanti correnti	101	99	2
Attività finanziarie vs gruppo correnti	**101**	**99**	**2**
Attività finanziare vs altri correnti	134		134
Altre attività finanziarie correnti	**134**		**134**
Totale	**235**	**99**	**136**

The financial receivable due from the parent company Dedagroup S.p.A. of EUR 101 thousand relates to the accounting of the multi-year sub-lease agreement of the equipped premises at the registered office in via Imbonati 18, Milan, to the parent company Dedagroup deriving from application of IFRS 16 accounting standard. It should be noted that in 2020 the rent receivable invoiced to the parent company amounted to EUR 108 thousand.

The financial receivable due from others of EUR 134 thousand consists of EUR 95 thousand due to the investee Rad Informatica S.r.l. from third parties and EUR 39 thousand of receivables of the parent company Piteco from the shareholders of Rad Informatica S.r.l.

12 Cash and cash equivalents

The balance of the item in question represents cash and cash equivalents, as illustrated below:

Cassa e disponibilità liquide	31/12/2020	31/12/2019	Variazione
Depositi bancari	11.080	3.046	8.034
Totale	**11.080**	**3.046**	**8.034**

13 Shareholders' equity

As at 31 December 2020 the share capital was fully subscribed and paid in, composed of 20,184,245 shares with no nominal value.

Significant equity investments, exceeding 5% of share capital, held directly or indirectly, according to the information in the communications received pursuant to art. 120 of the TUF are as follows:

Declarant	Direct shareholder	% of ordinary share capital	% of voting capital
Lillo S.p.A.	Dedagroup S.p.A.	49.81%	49.81%
Lillo S.p.A.	Lillo S.p.A.	0.32%	0.32%
Marco Podini	Marco Podini	6.71%	6.71%
Maria Luisa Podini	Maria Luisa Podini	6.74%	6.74%

It should be noted that the origin of the share capital is broken down as follows: EUR 1,520 thousand derive from profit reserves, EUR 14,030 thousand derive from share exchange rate differences booked to share capital, EUR 2,576 thousand derive from shareholders' payments following the share capital increase in service of the AIM listing, EUR 4,670 thousand from the conversion of no. 1,112 bonds in 1,112,000 new shares and EUR 8,000 thousand deriving from the share capital increase, with the exclusion of the option right pursuant to art. 2441, paragraph 4, second sentence, of the Italian Civil Code, through the issue of 946,745 new ordinary shares, reserved for the directors and shareholders Marco Podini and Maria Luisa Podini, carried out on 1 December 2020.

For the detailed breakdown of the single items, see the statement of changes in shareholders' equity, while the statement showing a summary of the changes at the balance sheet date is shown below.

Shareholders' equity	31/12/2020	31/12/2019	Change
Capital paid-in	30,796	19,125	11,671
Share Capital	**30,796**	**19,125**	**11,671**
Share premium reserve	**5,943**	**5,943**	
Negative reserve for treasury shares in portfolio	**-4,107**	**-1,624**	**-2,483**
Legal reserve	1,067	854	213
Extraordinary reserve	7,097	5,521	1,576
IAS reserve	-59	-59	
Other reserves	-6	375	-381
Listing reserve	-963	-963	
Convertible bond issue reserve	41	41	
Reserve for put option on NCI	-2,427	-2,427	
Remeasurement of defined-benefit plans (IAS 19)	-134	-53	-81
Effect of conversion of Shareholders' Equity	-604	-584	-20
Other reserves	**4,012**	**2,705**	**1,307**
Undistributable profits	**254**	**2,253**	**-1,999**
Net profit for the year	**7,101**	**3,017**	**4,084**
Total	**43,999**	**31,419**	**12,580**

On approving the financial statements for the year ended as at 31 December 2019, the shareholders' meeting of the Parent Company approved the distribution of dividends of EUR 2,696 thousand (dividend of EUR 0.15 for each of the ordinary shares outstanding with no nominal value).

During 2020, the Parent Company purchased treasury shares as per the authorisation from the Shareholders' Meeting, by way of resolution dated 23 January 2020. As at 31 December 2020 the Group held 664,710 treasury shares, equal to 3.29% of the share capital, for a total value of EUR 4,107 thousand (equal to the amount reflected in the "Negative reserve for treasury shares in portfolio", posted as a decrease to consolidated shareholders' equity).

14 Non-current financial liabilities

The balance of non-current financial liabilities is set out in the table below:

Non-current financial liabilities	31/12/2020	31/12/2019	Change	Within 12 months	From 1 to 5 years	Over 5 years
Long-term bank borrowings	39,946	6,261	33,685		32,899	7,047
Long-term bank borrowings	**39,946**	**6,261**	**33,685**		**32,899**	**7,047**
Non-current lease liabilities	2,122	2,356	-234		1,830	292
Non-current lease liabilities	**2,122**	**2,356**	**-234**		**1,830**	**292**
Other non-current financial payables	360		360		360	
Other non-current financial liabilities	**360**		**360**		**360**	
Total	**42,428**	**8,617**	**33,811**		**35,089**	**7,339**

Long-term bank borrowings

Amounts due to banks refer to four unsecured loans with an original amount totalling EUR 44.2 million and, in particular:

- EUR 36 million loan taken out with a pool of Banks, parent company ICCREA Bancaimpresa S.p.A., in November 2020 with maturity date on 30 December 2026, 6-month Euribor interest rate +1.2% spread. As a guarantee for the aforementioned loan, Piteco S.p.A. pledged a 70% stake in Rad Informatica S.r.l. The outstanding loan also features the following covenants to be observed in relation to the Consolidated Financial Statements: NFP net of put and call options/SE <1 and NFP net of put and call options/EBITDA <3. These limits must be observed starting from the financial statements ended as at 31 December 2021;
- EUR 3 million loan taken out with Cassa di Risparmio di Bolzano S.p.A. in August 2020 with maturity date on 30 June 2026, 3-month Euribor interest rate +0.9% spread;
- Euro 2 million loan taken out with Unicredit S.p.A., in October 2020 with maturity date on 31 October 2025, 3-month Euribor interest rate +1.1% spread. The outstanding loan also features the following covenants to be observed in relation to the Consolidated Financial Statements: NFP net of put and call options/SE <1 and NFP net of put and call options/EBITDA <3. With regard to these indicators, whose measurement is contractually envisaged starting from the financial statements ended as at 31 December 2020, the Bank approved a Waiver on 4 December 2020 that provides for the calculation of financial covenants including the EBITDA of the company RAD Informatica S.r.l. on a 12-month basis. In fact, as at 31 December 2020, following the extraordinary acquisition of the equity investment in RAD Informatica S.r.l. on 30 November 2020, the Group would have exceeded the aforementioned maximum EBITDA threshold determined according to the original contract. This waiver is being issued by the Bank’s decision-making body. In any case, the Group has sufficient cash and cash equivalents for a possible early repayment.
- EUR 3.2 million loan taken out with ICCREA Bancaimpresa S.p.A., in January 2020 with maturity date on 31 December 2024, 3-month Euribor interest rate +1% spread. The outstanding loan also features the following covenants to be observed in relation to the Consolidated Financial Statements: NFP net of put option/SE <1 and NFP net of put option/EBITDA <3. With regard to these indicators, whose measurement is contractually envisaged starting from the financial statements ended as at 31 December 2020, a Waiver is being issued by the decision-making body of the Bank, which provides for the entry into force of these covenants with the financial statements as at 31 December 2021, following the extraordinary acquisition of the equity investment in RAD Informatica S.r.l. on 30 November 2020.

Non-current lease liabilities

These liabilities refer to the accounting of lease agreements and leases based on IFRS 16 accounting standard.

Other non-current financial payables

The amount derives from the earn-out to be paid as part of the purchase transaction of the Everymake business unit upon verification of given performances.

15 Long-term derivative financial instruments

The changes recorded during 2020 are shown below:

Long-term derivative financial instruments	31/12/2020	31/12/2019	Change	Within 12 months	From 1 to 5 years	Over 5 years
NCI Put and Call options	24,655	12,859	11,796		24,562	93
Total	**24,655**	**12,859**	**11,796**		**24,562**	**93**

The amount of EUR 24,655 thousand (EUR 12,859 thousand as at 31 December 2019) refers to the put options included in the contract for acquisition of the business unit Lending Tools.com during 2017, the controlling stake in Myrios S.r.l., which took place in 2018, and the put and call option envisaged as part of the agreements regarding the acquisition of the controlling stake in Rad Informatica S.r.l., specifically:

- in April 2017, as part of the acquisition of the business unit LendingTools.com, the subsidiary Piteco North America, Corp. also subscribed with the minority shareholders of Juniper Payments, LLC an agreement to govern the right of the minority partners to possibly exit from Juniper Payments, LLC once the term of five years has passed from the stipulation of the purchase and sale agreement of 7 April 2017, by subscribing specific put options. The agreement thus grants specific put options for the sale (by the two minority partners of Juniper Payments, LLC), which can be exercised starting on 7 April 2022, on the remaining stakes in share capital, equal to 40% of Juniper Payments, LLC, at a strike price to be negotiated or, if agreement is not reached, to be submitted for valuation by an independent expert. The contract also envisages the right of Piteco North America, Corp. to exercise the option for the co-sale of the entire company if it does not intend to acquire the aforementioned minority interest. The estimated price of the option charged to the financial statements ended as at 31 December 2020 came to USD 114 thousand (EUR 93 thousand);
- in October 2018, as part of an operation that resulted in Piteco S.p.A. acquiring control of Myrios S.r.l., Piteco, along with the minority shareholders, subscribed a put option on the residual 44% stake in Myrios S.r.l., which set out the right of the minority shareholders to withdraw in the period between the approval of the financial statements of Myrios S.r.l. for the year ended 31 December 2020 and the approval of the financial statements for the year ended 31 December 2024. The total price to be paid to the shareholders of Myrios S.r.l. (in proportion to the percentage of equity held by these) on exercise of the put option shall be calculated on the basis of some financial parameters, such as EBITDA and net financial position, resulting from the most recent financial statements of Myrios S.r.l. approved at the date the put option is exercised. That price shall be paid at least 50% in shares of Piteco S.p.A. The estimated price of the option charged to the financial statements ended as at 31 December 2020 came to EUR 9 million.

- in November 2020, as part of the transaction that led Piteco S.p.A. to acquire control of the company Rad Informatica S.r.l., Piteco signed a put and call option with the minority shareholders on the residual 20% stake in Rad Informatica S.r.l., which envisages the right, respectively, of the minority shareholders and of Piteco, within the time windows coinciding with the approval of the 2023, 2024 and 2025 financial statements, to exit and purchase the residual 20% stake. The total price to be paid to the minority shareholders of Rad Informatica S.r.l. (in proportion to the percentage of equity investment held by these) on exercise of the put and call option shall be calculated on the basis of some financial parameters, such as EBITDA and net financial position, resulting from the most recent approved financial statements of Rad Informatica S.r.l. at the date the option is exercised. The estimated price of the option charged to the financial statements ended as at 31 December 2020 came to EUR 15.6 million.

Note that for the Juniper option, the recalculation of the fair value as at 31 December 2020, determined mainly by considering the estimate of the equity value of Juniper Payments, LLC at the measurement date, the expected dividends and a discount factor calculated based on the risk-free rate and the credit spread of Piteco, in compliance with the provisions of IFRS 9, resulted in a decrease of USD 1.8 million (EUR 1.5 million at the exchange rate at that date). For the Myrios option, the recalculation of the fair value, determined mainly by considering the estimate of the equity value of Myrios at the date of exercise of the option and a discount factor calculated based on the risk-free rate and the credit spread of Piteco, in compliance with the provisions of IFRS 9, resulted in a decrease of EUR 2.1 million; for the Rad option, the recalculation of the fair value, determined mainly by considering the estimate of the equity value of Rad at the date of exercising the option and a discount factor calculated based on the risk-free rate and the credit spread of Piteco, in compliance with the provisions of IFRS 9, resulted in an increase of EUR 563 thousand.

16 Deferred tax liabilities

The changes recorded during 2020 are shown below:

Passività per imposte differite	31/12/2020	31/12/2019	Variazione	Da 1 a 5 anni
Altre imposte differite non correnti	12.330	2.439	9.891	12.330
Totale	**12.330**	**2.439**	**9.891**	**12.330**

For further details on the composition of "Non-current deferred tax liabilities", refer to the specific table in this report.

17 Employee benefits

The changes in employee benefits are shown below:

Employee benefits	31/12/2019	Change in Scope of Consolidation	Actuarial measurements	Increases	Decreases	31/12/2020
Employee severance indemnity	1,398	632	81	269	-2	2,382
Total	1,398	**632**	**81**	**269**	**-2**	2,382

In addition, the changes that occurred in the year ended as at 31 December 2019 in employee benefits are reported below:

Employee benefits	31/12/2018	Actuarial measurements	Increases	Decreases	31/12/2019
Employee severance indemnity	1,294	45	74	-15	1,398
Total	1,294	**45**	**74**	**-15**	1,398

The employee severance indemnity was measured based on the following assumptions:

Financial assumptions	31/12/2020	31/12/2019
Technical discount rate	-0.02%	0.77%
Inflation rate	1.00%	1.00%
Overall annual rate of salary increase	1.50%	1.50%
Employee severance indemnity growth rate	2.25%	2.25%

Demographic assumptions	31/12/2020	31/12/2019
Probability of death	State General Accounting Office data - table RG48	
Probability of disability	INPS Model for 2010 projections	
Probability of resignations	3.00%	3.00%
Probability of retirement	Reaching of the first of the retirement requirements valid for the General Mandatory Insurance	
Probability of advance	3.00%	3.00%

The liability relating to employee severance indemnity was measured with the support of an external independent actuarial expert.

The verification of reasonably possible changes in the actuarial assumptions at the reporting date would not have had a significant impact on the defined benefits obligation.

18 Long-term provisions

The changes recorded during 2020 are shown below:

Long-term provisions	31/12/2019	Change in Scope of Consolidation	Increases	Decreases	31/12/2020

Other non-current provisions	54	3	57
Total	**54**	**3**	**57**

Provisions for risks and charges are solely composed of the Parent Company's provisions for agents' leaving indemnities, to cover the amounts to be paid to agents in the event of termination of the agency relationship by the Parent Company. This provision was not discounted as the results were not significant.

19 Other non-current liabilities

The change in other non-current liabilities is shown below:

Other non-current liabilities	31/12/2020	31/12/2019	Change	Within 12 months	From 1 to 5 years	Over 5 years
Non-current payables for wages and salaries	129		129		129	
Other non-current payables	**129**		**129**		**129**	
Total	**129**		**129**		**129**	

These are payables to employees of the Parent Company Piteco S.p.A. for incentives under the three-year Business Plan, which accrue from 2020 for 3 years and will be paid with the approval of the 2022 financial statements.

20 Current trade payables

The change in current payables is shown below:

Debiti commerciali correnti	31/12/2020	31/12/2019	Variazione
Debiti verso fornitori correnti	1.944	826	1.118
Fatture da ricevere	43	40	3
Debiti commerciali	**1.987**	**866**	**1.121**
Debiti correnti verso controllanti	266	61	205
Debiti correnti verso correlate	76		76
Debiti verso controllante, consociate e collegate	**342**	**61**	**281**
Totale	**2.329**	**927**	**1.402**

Payables due to suppliers, including the allocations for invoices to be received, amounted to EUR 1,944 thousand as at 31 December 2020 (EUR 826 thousand as at 31 December 2019) and are all short term.

Current payables due to parent companies represent trade payables for EUR 266 thousand (EUR 61 thousand as at 31 December 2019).

Current payables due to related parties represent trade payables for EUR 76 thousand (zero as at 31 December 2019).

21 Contract liabilities

The changes recorded during 2020 are shown below:

Contract liabilities	31/12/2020	31/12/2019	Change
Advances from customers - current	1,482	1,030	452
Total	**1,482**	**1,030**	**452**

Contract liabilities are composed of EUR 659 thousand (EUR 597 thousand as at 31 December 2019) for advances from customers for works still not completed and EUR 823 thousand (EUR 433 thousand as at 31 December 2019) for revenues for software maintenance fees collected early with respect to the period of accrual.

The amount of EUR 1,030 thousand recorded under contract liabilities as at 31 December 2019 was accounted for under revenues during 2020.

22 Other current payables

Other current payables are shown in the table below:

Other current payables	31/12/2020	31/12/2019	Change
Current payables for wages and salaries	2,511	1,780	731
Payables for social security charges	1,036	695	341
Payables for fees	106		106
Other tax payables	11	2	9
Current accrued trade expenses	48	117	-69
Other current payables	105	39	66
Current deferred trade income	123	171	-48
VAT payables due to tax authorities	134	1	133
Payables for withholdings	502	319	183
INAIL (Italian National Institute for Insurance against Accidents at Work)		1	-1
Other social security payables	75	60	15
Total	**4,651**	**3,185**	**1,466**

23 Current tax liabilities

Current tax liabilities amounted to EUR 542 thousand as at 31 December 2020 (EUR 1,166 thousand as at 31 December 2019) and break down as follows:

Passività per imposte correnti	31/12/2020	31/12/2019	Variazione
Debiti verso società controllante per consolidato fiscale	218	1.022	-804
Debiti imposte IRES	278		278
Debiti per imposte IRAP	46	138	-92
Altre passività per imposte correnti		6	-6
Totale	**542**	**1.166**	**-624**

24 Current financial liabilities

The changes in current financial liabilities are shown in the table below:

Current financial liabilities	31/12/2020	31/12/2019	Change
Current account overdrafts		211	-211
Current bank borrowings	3,854	3,424	430
Current bank borrowings	**3,854**	**3,635**	**219**
Loans for leases	610	227	383
Loans for leases	**610**	**227**	**383**
Current bonds		3,921	-3,921
Other current financial payables	5,250	1,953	3,297
Other current loans and financial payables	**5,250**	**5,874**	**-624**
Total	**9,714**	**9,736**	**-22**

Current bank borrowings

These regard the short-term portion (within 12 months) of amounts due to banks for loans with original total amount of EUR 44.2 million. For details on the characteristics of the loans, refer to point 14 of these explanatory notes.

Current lease liabilities

The amount relates to the short-term portion of the liabilities relating to lease agreements accounted for on the basis of IFRS 16.

Other current financial liabilities

The amount of EUR 5,250 thousand refers to the early put and call option relating to 10% of the minority interests of the shareholders of Rad Informatica S.r.l. This option was exercised on 24 February 2021.

25 Revenue from contracts with customers

Revenues from contracts with customers amounted to EUR 23,546 thousand (EUR 22,774 thousand as at 31 December 2019), recording an increase of EUR 772 thousand (+3.4%) compared to the corresponding figure in 2019.

Revenues of the Parent Company Piteco S.p.A. were equal to EUR 15,842 thousand (EUR 15,055 thousand as at 31 December 2019).

Revenues by service type

The breakdown of revenues by service type is shown below:

Ricavi provenienti da contratti con i clienti	31/12/2020		31/12/2019		Variazione
Canoni di manutenzione	6.724		6.447		277
Canoni application management	1.881		1.494		387
Canoni di utilizzo	2.639		1.986		653
Totale Canoni	**11.244**	**47,75%**	**9.927**	**43,59%**	**1.317**
Vendite software	1.471		2.358		-887
Totale Software	**1.471**	**6,25%**	**2.358**	**10,35%**	**-887**
Attività e servizi professionali	5.967		5.140		827
Altri ricavi di vendita	90		20		70
Personalizzazioni	764		811		-47
Provvigioni e Royalties	4		6		-2
Totale attività e servizi	**6.825**	**28,99%**	**5.977**	**26,24%**	**848**
Ricavi digital payment e clearing house	4.006		4.512		-506
Totale ricavi digital payment e clearing house	**4.006**	**17,01%**	**4.512**	**19,81%**	**-506**
Totale	23.546		22.774		772

As regards the breakdown of revenues by geographic area, note that Piteco S.p.A., Myrios S.r.l. and Rad Informatica S.r.l. invoiced predominantly Italian entities, Juniper Payments LLC exclusively US entities and Myrios Switzerland Swiss entities.

The following table presents the main services offered by the Group and the nature and associated terms for the fulfilment of performance obligations.

Goods and services	Nature and terms for fulfilment of obligations
Fees	The Group records revenues over the duration of the contract, generally 12 months.
Software	The Group records the revenue at the time the software is provided to the customer, which generally occurs straight after the contract is signed.
Professional activities and services	Revenues are recognised over the course of time according to the cost-to-cost method. The relevant costs are booked to profit/(loss) for the year when they are incurred. Advances are recognised under contract liabilities.

The revenues falling within the scope of consolidation of the subsidiary RAD Informatica S.r.l. amount to EUR 927 thousand and refer to only 1 month since the *business combination* was finalised on 30 November 2020.

26 Other operating revenues

“Other operating revenues”, whose balance as at 31 December 2020 amounted to EUR 1,362 thousand (EUR 1,285 thousand as at 31 December 2019) also include increases in internal work capitalised of EUR

955 thousand, expense reimbursements from customers of EUR 123 thousand and reimbursements from employees for professional and personal use of company cars of EUR 26 thousand. The increases in internal work capitalised relate to development expenses on proprietary software.

Other revenues and income	31/12/2020	31/12/2019	Change
Recovery of costs for services	123	383	-260
Other operating revenues	1,232	863	369
Contingent assets	7	40	-35
Total	**1,362**	**1,286**	**76**

27 Change in contract assets

The changes recorded during 2020 are shown below:

Variazione delle attività derivanti da contratto	31/12/2020	31/12/2019	Variazione
Variazioni attività derivanti da contratto	-188	-21	-167
Totale	**-188**	**-21**	**-167**

The item relates to the change in contracts still not completed at the end of the year pertaining to indivisible services that will be finished in the next 12 months.

28 Goods and consumables

Costs for the purchase of goods and consumables amounted to EUR 383 thousand (EUR 146 thousand as at 31 December 2019).

Merci e materiali di consumo	31/12/2020	31/12/2019	Variazione
Acquisto prodotti finiti	374	135	239
Altri acquisti	9	11	-2
Merci e materiali di consumo	**383**	**146**	**237**

29 Personnel costs

Personnel costs for employees are shown in the table below:

Costo del personale	31/12/2020	31/12/2019	31/12/2019
Salari e stipendi	7.916	7.258	658
Oneri sociali	1.954	1.735	219
Accantonamento fondi pensione ed altro	380	360	20
Altri costi del personale	21	19	2
Totale	**10.271**	**9.372**	**899**

Employees of the Group as at 31 December 2020, net of directors and external contractors, totalled 156 resources (122 resources as at 31 December 2019). The increase in costs recorded during the year, amounting to EUR 899 thousand, is mainly due to the inclusion of employees in the corporate scope following the two acquisitions of the business unit Everymake and of the company Rad Informatica S.r.l.

30 Costs for services

Other costs are shown in the table below:

Costs for services	31/12/2020	31/12/2019	Change
External maintenance	264	399	-135
Consulting, administrative and legal services	2,735	1,791	944
Utilities	116	138	-22
Promotion and advertising fees	111	165	-54
Bonuses and commissions	87	114	-27
Sundry consulting	750	840	-90
Insurance	165	108	57
Travel and transfer expenses	99	458	-359
Fees and compensation to directors	143	60	83
Services for personnel	122	140	-18
Other	44	41	3
Costs for services	**4,636**	**4,254**	**382**
Rent payable	81	116	-35
Rentals and other	115	60	55
Royalties	111	91	20
Leases and rentals	**307**	**267**	**40**
Total	**4,943**	**4,521**	**422**

The recorded increase of EUR 422 thousand is mainly due to the increase in expenses related to the acquisition of the business unit Everymake and of the controlling interest in the company Rad Informatica S.r.l. for a total of EUR 897 thousand, partly offset by the decrease in expenses for travel and business trips, due to the pandemic situation, of EUR -359 thousand.

Costs for rentals and other items relate to lease agreements excluded from the application of IFRS 16 (low-value assets, short-term contracts, contracts with variable payment).

31 Other operating costs

Other costs are shown in the table below:

Other operating costs	31/12/2020	31/12/2019	Change
Capital losses on property, plant and equipment	1		1
Other taxes (not on income)	35	39	-4
Fines and penalties	12	3	9
Contributions and donations	25	3	22
Magazine and subscription fees	6	6	
Contingent liabilities	109	90	19
Allocations to agents severance indemnities	3	4	-1
Allocations to bad debt provision	64	47	17
Total	**255**	**192**	**63**

32 Amortisation and depreciation

The amortisation of intangible assets and depreciation of property, plant and equipment and assets for rights of use is summarised in the table below:

Amortisation and depreciation	31/12/2020	31/12/2019	Change
Depreciation of buildings used in operations	58	58	-
Depreciation of generic plant	24	8	16
Depreciation - other assets	101	117	-16
Depreciation of property, plant and equipment	**183**	**183**	**-**
Depreciation of buildings - rights of use	245	87	158
Depreciation of other assets - rights of use	219	121	98
Depreciation of assets for rights of use	**464**	**208**	**256**
Amortisation of concessions, licences and trademarks	2	2	
Amortisation of software	2,512	2,234	278
Amortisation of other intangible assets	392	309	83
Amortisation of intangible assets	**2,906**	**2,545**	**361**
Total	**3,553**	**2,936**	**617**

33 Gains/(losses) from transactions in foreign currency

The table below provides details of gains and losses from transactions in foreign currency:

Utile/perdita deriv. da transaz. in valuta estera	31/12/2020	31/12/2019	Variazione
Differenze cambio attive	8	159	-151
Differenze cambio passive	-622	-1	-621
Totale	**-614**	**158**	**-772**

During the year, the Group recorded net exchange losses of EUR 614 thousand, of which EUR 596 thousand unrealised.

34 Financial income

The table below provides details of financial income:

Financial income	31/12/2020	31/12/2019	Change
Other interest income on non-current loans	9	8	1
Revenues from other financial investments	**9**	**8**	**1**
Bank and postal account interest	5	6	-1
Interest and trade discounts receivable	14	7	7
Income on options and similar	3,684	575	3,109
Other financial revenues	**3,703**	**588**	**3,115**
Total	**3,712**	**596**	**3,116**

"Income from options and similar" refer to the recalculation of the fair value, as at 31 December 2020, of the option granted to the minority shareholders of Juniper Payments, LLC, and the minority shareholders of Myrios S.r.l. (please refer to paragraph 15 for a detailed description).

35 Financial charges

The table below provides details of financial charges:

Financial charges	31/12/2020	31/12/2019	Change
Interest on non-current payables due to banks	295	222	73
Interest on lease payables	9	8	1
Interest on other payables	317	403	-86
Interest on Put and Call options and Earn-out	563	3,269	-2,706
Total	**1,184**	**3,902**	**-2,718**

The item “interest on options and the like” includes the interest expense deriving from the fair value measurement of the Put and Call Options granted to the minority shareholders of Rad Informatica S.r.l.

(please refer to paragraph 15 for a detailed description), as well as the *Earn-out* relating to the Everymake business unit.

36 Income taxes

Income taxes estimated for 2020 are analysed in the table below:

Income taxes	31/12/2020	31/12/2019	Change
IRAP income taxes	87	266	-179
IRES income taxes	559	1,137	-578
Taxes from previous years	-95	-13	-82
Deferred tax assets	-122	-677	555
Deferred tax liabilities	-231	-148	-83
Income taxes of foreign subsidiaries	-70	142	-212
Total	**128**	**707**	**-579**

Changes in deferred tax assets/(liabilities) are shown below:

Effects of deferred tax assets and liabilities - IRES	31/12/2020		31/12/2019	
	Temporary Difference	Taxes (rate of 24%-20%)	Temporary Difference	Taxes (rate of 24%-20%)
Amortisation of trademarks	11	3	33	8
Agents' leaving indemnities	7	2	7	2
Actuarial measurement of employee severance indemnity	516	124	223	54
Other costs with deferred deductibility	348	83	2,173	522
Exchange rate differences from measurement	1,320	317	857	206
Amortisation of software - Piteco North America	1,284	257	1,422	284
Deferred tax assets	**3,486**	**786**	**4,715**	**1,076**
Higher value of property	380	91	395	95
Amortisation of "Centro data" (data centre) goodwill	176	42	131	31
Consolidation adjustments	43,289	10,389	7,798	1,871
Other deferred tax liabilities	405	97	484	116
Deferred tax liabilities	**44,250**	**10,619**	**8,808**	**2,113**
Total	**-40,764**	**-9,833**	**-4,093**	**-1,037**

Effects of deferred tax assets and liabilities - IRAP	31/12/2020		31/12/2019	
	Temporary Difference	Taxes (rate of 3.9%)	Temporary Difference	Taxes (rate of 3.9%)
Amortisation of trademarks			33	1
Other costs with deferred deductibility			1,976	77

Deferred tax assets			**2,013**	**78**
Higher value of property	380	15	395	15
Amortisation of “Centro data” (data centre) goodwill	176	7	131	5
Consolidation adjustments	43,289	1,688	7,798	304
Deferred tax liabilities	**43,845**	**1,710**	**8,324**	**324**
Total	**-43,830**	**-1,710**	**-6,311**	**-246**

The balance of deferred tax assets and liabilities takes account of both deferred taxes due to temporary tax changes and deferred tax assets and liabilities calculated based on the IAS/IFRS conversion adjustments.

X. COMMITMENTS AND GUARANTEES

Information on the composition and nature of commitments and guarantees is provided below.

Commitments and guarantees	31/12/2020	31/12/2019
Sureties, personal guarantees and collateral to third parties	304	318
Guarantees given	**304**	**318**
Total	**304**	**318**

As at 31 December 2020 the Parent Company granted guarantees of EUR 304 thousand mainly in the form of sureties for participation in tenders.

XI. TRANSACTIONS WITH GROUP COMPANIES AND OTHER RELATED PARTIES

In addition to the information provided in the Report on Operations on transactions with parent companies, associates and affiliates, note that during 2020 transactions with related parties referred to directors, auditors and managers with strategic responsibilities were carried out, only pertaining to the legal relationships regulating the position of the counterparty within the Group.

Managers with strategic responsibilities include the 6 first-level managers. Their total fees and salaries, including social security costs, were equal to EUR 1,379 thousand.

XII. NET FINANCIAL POSITION

The reclassification of the statement of financial position and the breakdown of the net financial position of the Group are shown below.

The consolidated Net Financial Position as at 31 December 2020, including the put and call options on the minority interests of Juniper Payments, LLC, Myrios S.r.l. and Rad Informatica S.r.l., was a negative EUR

65,482 thousand (negative EUR 28,067 thousand as at 31 December 2019), marking a negative change of EUR 37,415 thousand, taking into account the acquisitions made during the year.

	31/12/2020	31/12/2019	Change
A. Cash			
B. Other cash and cash equivalents	11,080	3,046	8,034
C. Securities held for trading			
D. Liquidity (A+B+C)	**11,080**	**3,046**	**8,034**
E. Current financial receivables	**235**	**99**	**136**
F. Current bank borrowings		211	-211
G. Current portion of non-current indebtedness	3,854	7,345	-3,491
H. Other current financial payables	5,860	2,180	3,680
I. Current financial indebtedness (F+G+H)	**9,714**	**9,736**	**-22**
J. Net current financial indebtedness (I-E-D)	**-1,601**	**6,591**	**-8,192**
K. Long-term bank borrowings	39,946	6,261	33,685
L. Bonds issued			
M. Other non-current payables	27,137	15,215	11,922
N. Non-current financial indebtedness (K+L+M)	**67,083**	**21,476**	**45,607**
O. Net financial indebtedness (J+N)	**65,482**	**28,067**	**37,415**

Net financial indebtedness, as determined in point O is consistent with the provisions of Consob Communication DEM/6064293 of 28 July 2006, which excludes non-current financial assets.

Pursuant to IAS 7 "Statement of cash flows", the changes in net liabilities from financing activities are shown below (inclusive of non-current financial assets):

Description	31/12/2019	Monetary flow	Non-monetary flow		31/12/2020
			Fair value measurement	Other changes	
Current financial liabilities	9,525	-5,444		5,633	9,714
Non-current financial liabilities and derivatives	21,476	33,685	-3,121	15,043	67,083
Current financial assets	99	135		1	235
Non-current financial assets	609			-99	510
Net liabilities from financing activities	**30,293**	**28,106**	**-3,121**	**20,774**	**76,052**
Cash and cash equivalents (net of bank overdrafts)	2,835	8,245			11,080
Net financial indebtedness	**27,458**	**19,861**	**-3,121**	**20,774**	**64,972**

XIII. TREASURY SHARES

During 2020, the Parent Company purchased treasury shares as per the authorisation from the Shareholders' Meeting, by way of resolution dated 23 January 2020. As at 31 December 2020 the Group held 664,710 treasury shares, equal to 3.29% of the share capital, for a total value of EUR 4,107 thousand (equal to the amount reflected in the "Negative reserve for treasury shares in portfolio", posted as a decrease to consolidated shareholders' equity).

XIV. SUBSEQUENT EVENTS

On 24 February 2021, Piteco SpA completed the acquisition of an additional 10% interest in the share capital of RAD Informatica S.r.l., held by RAD Informatica S.p.A. The overall investment held by Piteco in the subsidiary thus rose from 70% to 80%. The acquisition of this additional equity investment is in execution of the Put and Call agreements in place between the parties, as amended by mutual consent in order to anticipate this acquisition. Indeed, these agreements originally envisaged, only for the equity investment held by RAD Informatica SpA, a window for the exercise of the Put and Call Options at the end of March 2021. The price for the acquisition of this additional 10% of the share capital was equal to EUR 5.25 million and is subject to a contractually defined price adjustment mechanism. Piteco paid EUR 2.5 million at the closing and the remaining part of the price will be paid on 30 June 2021.

XV. SIGNIFICANT, NON-RECURRING, ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Note that in 2020 the Group did not implement atypical and/or unusual transactions, as defined by CONSOB Communication of 28 July 2006 no. DEM/6064293.

XVI. FEES TO THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

The table shows the fees pertaining to 2020 due to the Directors and the Board of Statutory Auditors. These fees represent the costs incurred and posted to the separate financial statements, net of expense reimbursements and VAT.

Fees to the Directors

Name and Surname	Position	Period	End of term of Office	Fees (thousands of EUR)
Marco Podini	Chairman of the BoD	01.01.2020-31.12.2020	Approval of the 2020 financial statements	54
Paolo Virenti	Chief Executive Officer	01.01.2020-31.12.2020	Approval of the 2020 financial statements	9
Annamaria Di Ruscio	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	10
Andrea Guido Guillermaz	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	5
Riccardo Veneziani	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	9
Maria Luisa Podini	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	5
Francesco Mancini	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	11

Rossi Mauro	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	7
Marco Pecetto	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	4
Alessandro Gribaldo	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	4
Total				**118**

Fees to the Board of Statutory Auditors

Name and Surname	Position	Period	End of term of Office	Fees (thousands of EUR)
Luigi Salandin	Chairman of the Board of Statutory Auditors	01.01.2020-31.12.2020	Approval of the 2020 financial statements	31
Marcello Del Prete	Standing Auditor	01.01.2020-31.12.2020	Approval of the 2020 financial statements	21
Fabio Luigi Mascherpa	Standing Auditor	01.01.2020-31.12.2020	Approval of the 2020 financial statements	20
Claudio Stefanelli	Alternate Auditor	01.01.2020-31.12.2020	Approval of the 2020 financial statements	-
Gianandrea Borghi	Alternate Auditor	01.01.2020-31.12.2020	Approval of the 2020 financial statements	-
Total				**72**

XVII. FEES FOR INDEPENDENT AUDITORS

The table below shows the fees pertaining to 2020 for auditing services and other services provided by the independent auditors and the companies in their network. These fees represent the costs incurred and posted to the separate financial statements, net of expense reimbursements and VAT.

Type of services	Party providing the service	Fees (thousands of EUR)
Auditing of the accounts	KPMG S.p.A.	70
Opinion on the correspondence to the market value of the issue price of the shares relating to the share capital increase, with the exclusion of the option right pursuant to art. 2441, fourth paragraph, second sentence, of the Italian Civil Code	KPMG S.p.A.	30

XVIII. DISCLOSURE ON TRANSPARENCY OBLIGATIONS IN SYSTEM OF PUBLIC GRANTS (NATIONAL LAW 124/2017 ART. 1 PARAGRAPHS 125-129)

As required by the regulations on transparency in public grants introduced by art. 1, paragraphs 125-129 of Italian Law no. 124/2017 and subsequently supplemented by the Legislative Decree on “Security” (no. 113/2018) and the Legislative Decree on “Simplification” (no. 135/2018), it is noted that in 2020 the

Group received subsidies, grants and economic benefits from public administrations and equivalent entities, from companies controlled by the public administration and from government-owned companies, as reported in the National Register of State Aid.

Milan, 24 March 2021

The Chairman of the BoD
Mr. Marco Podini

Certification of the Consolidated Financial Statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned Paolo Virenti, as Chief Executive Officer, and Riccardo Veneziani, as the Manager responsible for drafting the corporate accounting documents of Piteco S.p.A., hereby certify, taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application of the administrative and accounting procedures for drawing up the Consolidated Financial Statements, in the period included between 1 January 2020 and 31 December 2020.

In this regard, no significant aspects came to light.

It is also hereby certified that the consolidated financial statements of the Piteco Group:

a) are drafted in compliance with the applicable international accounting standards recognised in the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July 2002;

b) correspond to the results of the books and the accounting records;

c) are suitable to provide a true and fair view of the issuer's equity, economic and financial position and the group of consolidated companies.

The Report on Operations includes a reliable analysis of the references to the important events that occurred in the year and their impact on the Consolidated Financial Statements, together with a description of the main risks and uncertainties to which the issuer and the group of consolidated companies are exposed. The Report on Operations also includes a reliable analysis of the information on significant transactions with related parties.

Milan, 24 March 2021

The Chief Executive Officer	Manager responsible for drafting the corporate accounting documents
___________________________	_______________________________

Financial report
as at 31 December 2020

Separate financial statements prepared in compliance with the IAS/IFRSs

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FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION

(values in Euro)

Attività	Note	31/12/2020	Di cui correlate	31/12/2019	Di cui correlate	Variazione
Attività non correnti						
Immobili, impianti e macchinari	1	1.357.631		1.362.882		-5.251
Attività per diritto d'uso	2	1.733.523		1.765.872		-32.349
Avviamento	3	28.020.142		27.690.778		329.364
Altre immobilizzazioni immateriali	4	1.967.954		1.335.411		632.543
Investimenti	5	48.701.444	48.701.444	13.951.609	13.951.609	34.749.835
Attività per imposte anticipate	6	449.869		864.619		-414.750
Altre attività finanziarie non correnti	7	5.063.568	5.040.742	6.448.327	6.428.978	-1.384.759
Totale attività non correnti		**87.294.131**		**53.419.498**		**33.874.633**
Attività correnti						
Attività derivanti da contratto	8	123.280		67.496		55.784
Crediti commerciali correnti	9	3.974.532	267.964	4.606.994	105.506	-632.462
Altri crediti correnti	10	336.950	46.011	249.702	43.306	87.248
Altre attività finanziarie correnti	11	2.044.854	2.005.860	2.401.250	2.401.580	-356.396
Cassa e disponibilità liquide	12	7.013.996		215.491		6.798.505
Totale attività correnti		**13.493.612**		**7.540.933**		**5.952.679**
Totale attività		**100.787.743**		**60.960.431**		**39.827.312**

The explanatory notes reported below are an integral part of these separate financial statements.

(values in Euro)

Shareholders' equity and liabilities	Notes	31/12/2020	Of which related parties	31/12/2019	Of which related parties	Change
Shareholders' equity						
Share Capital	13	30,795,895		19,125,100		11,670,795
Share premium reserve	13	5,943,197		5,943,197		
Negative reserve for treasury shares in portfolio	13	4,107,110		1,624,355		2,482,755
Other reserves	13	7,056,387		5,716,985		1,339,402
Undistributable profits	13	2,399,751		2,399,751		
Net profit for the year	13	4,091,577		4,247,186		-155,609
Shareholders' equity		**46,179,697**		**35,807,864**		**10,371,833**
Non-current liabilities						
Non-current financial liabilities	14	42,374,274		8,582,726		33,791,548
Deferred tax liabilities	15	252,329		262,886		-10,557
Employee benefits	16	1,311,009		1,210,648		100,361
Long-term provisions	17	57,140		53,549		3,591
Other non-current liabilities	18	129,180				129,180
Total non-current liabilities		**44,123,932**		**10,109,809**		**34,014,123**
Current liabilities						
Current trade payables	19	1,902,584	602,906	912,920	199,003	989,664
Contract liabilities	20	945,869		765,799		180,070
Other current payables	21	3,006,765		2,693,886		312,879
Current tax liabilities	22	218,469	217,886	972,452	837,136	-753,983
Current financial liabilities	23	4,410,427		9,697,701		-5,287,274
Total current liabilities		**10,484,114**		**15,042,758**		**-4,558,644**
Total Shareholders' equity and liabilities		**100,787,743**		**60,960,431**		**39,827,312**

The explanatory notes reported below are an integral part of these separate financial statements.

INCOME STATEMENT

(values in Euro)

Income Statement	Notes	31/12/2020	Of which related parties	31/12/2019	Of which related parties	Change
Revenue from contracts with customers	24	15,898,693	315,803	15,074,471	367,129	824,222
Other operating revenues	25	686,948	2,735	862,973		-176,025
Change in contract assets	26	55,784		(54,121)		109,905
Operating revenues		**16,641,425**		**15,883,323**		**758,102**
Goods and consumables	27	329,442	152,663	232,070	184,716	97,372
Personnel costs	28	7,339,546	1,378,848	6,746,348	1,338,000	593,198
Costs for services	29	3,190,370	477,299	2,792,185	460,344	398,185
Other operating costs	30	198,994		106,549		92,445
Operating costs		**11,058,352**		**9,877,152**		**1,181,200**
EBITDA		**5,583,073**		**6,006,171**		**-423,098**
Amortisation and depreciation	31	1,035,908		586,597		449,311
EBIT		**4,547,165**		**5,419,574**		**-872,409**
Gains (losses) from transactions in foreign currency	32	-608,407	4,024	157,269		-765,676
Financial income	33	972,016	183,818	1,289,091	217,282	-317,075
Financial charges	34	615,375		2,010,053		-1,394,678
Financial income and charges		**356,641**		**(720,962)**		**1,077,603**
Profit before tax		**4,295,399**		**4,855,881**		**-560,482**
Income taxes	35	203,822		608,695		-404,873
Profit for the year		**4,091,577**		**4,247,186**		**-155,609**

The explanatory notes reported below are an integral part of these separate financial statements.

OTHER COMPONENTS OF COMPREHENSIVE INCOME

(values in Euro)

Other components of comprehensive income	Notes	31/12/2020	31/12/2019	Change
Profit for the year		**4,091,577**	**4,247,186**	**-155,609**
Components that will never be reclassified to profit/(loss) for the year				
Revaluations of liabilities for defined benefits	16	-88,630	-50,129	-38,501
Tax effect of revaluations of liabilities for defined benefits		21,271	12,031	9,240
Costs related to share capital increase	13	-200,970		-200,970
Tax effect of costs related to share capital increase		56,071		56,071
Total comprehensive income		**3,879,319**	**4,209,088**	**-329,769**

The explanatory notes reported below are an integral part of these separate financial statements.

Piteco
FINANCIAL SOFTWARE & CONSULTING

STATEMENT OF CASH FLOWS
(values in Euro)

Statement of cash flows	Notes	31/12/2020	31/12/2019
Operating activity			
Profit (loss) for the year		**4,091,577**	**4,247,186**
Adjustments for:			
Financial charges (income)	33 - 34	-356,641	720,962
Current income taxes	35	329,640	1,111,834
Deferred tax liabilities (assets)	35	-125,818	-503,139
Amortisation and depreciation	31	1,035,908	586,597
Cash flows from operating activity before changes in working capital		**4,974,666**	**6,163,440**
(Increases)/decreases in contract assets	8	-55,784	54,121
(Increases)/decreases in trade receivables and other receivables	9	545,214	-702,780
Increases/(decreases) in trade payables and other liabilities	10	1,597,135	771,901
Increases/(decreases) in provisions and employee benefits	16-17	*36,593*	*25,173*
Increases/(decreases) in deferred taxes and current taxes		*-92,366*	*-70,931*
Financial income collected		969,040	1,289,091
Financial charges paid		-578,992	-618,781
Taxes paid		-461,246	-218,528
Net cash and cash equivalents deriving from operating activity		**6,934,260**	**6,692,706**
Investment activity			
Increases/(decreases) in derivative instruments			
(Increases) in fixed assets:			
- Property, plant and equipment	1	-85,551	-159,031
- Intangible assets	4	-596,034	-506,335
- Financial assets	7	-34,749,835	-256,875
Decreases due to disposal of fixed assets:			
- Property, plant and equipment		939	
- Financial assets		1,741,155	
Business combination purchase price		-535,352	
Net cash and cash equivalents used in investment activity		**-34,224,678**	**-922,241**
Financial assets			
Increases/(decreases) in financial payables		32,016,386	-4,671,393
of which:			
- New disbursements		49,565,810	
- Repayments		-17,549,424	-4,671,393
Payment of lease liabilities		-392,901	-102,343
New disbursements		7,999,995	
Dividends distributed	13	-2,695,526	-2,687,604
Purchase/sale of treasury shares	13	-2,482,755	-690,895
Other changes		-144,899	
Net cash and cash equivalents used in investment activity		**34,300,300**	**-8,152,235**
Increases/(decreases) in cash and cash equivalents		**7,009,882**	**-2,381,770**
Cash and cash equivalents at the beginning of the year*		**4,114**	**2,385,884**
Cash and cash equivalents at the end of the year		**7,013,996**	**4,114**

*Bank overdrafts that are repayable on demand and which represent an integral part of the Company's liquidity management (equal to EUR 211,377 thousand as at 31 December 2019), were included under cash and cash equivalents.

The explanatory notes reported below are an integral part of these separate financial statements.

CHANGES IN SHAREHOLDERS' EQUITY

(values in Euro)

	Capital paid-in	Share premium reserve	Negative reserve for treasury shares	Other reserves	Undistributable profits	Profit for the year	Total shareholders' equity
Value as at 31 December 2018	**18,154,900**	**5,924,232**	**-933,460**	**3,898,311**	**2,399,751**	**4,598,497**	**34,042,231**
Net profit for the year						4,247,186	4,247,186
Actuarial gain (loss) of benefit plans net of taxes				-38,098			-38,098
Conversion differences							
Total statement of comprehensive income				**-38,098**		**4,247,186**	**4,209,088**
Allocation of profit				4,598,497		-4,598,497	
Conversions of bonds	970,200						970,200
Purchase of treasury shares			-690,895				-690,895
Purchase of bonds		18,965		-54,119			-35,154
Distribution of dividends				-2,687,604			-2,687,604
Other changes				-2			-2
Value as at 31 December 2019	**19,125,100**	**5,943,197**	**-1,624,355**	**5,716,985**	**2,399,751**	**4,247,186**	**35,807,864**
Net profit for the year						4,091,577	4,091,577
Actuarial gain (loss) of benefit plans net of taxes				-67,359			-67,359
Share capital increase expenses net of taxes				-144,899			
Conversion differences							
Total statement of comprehensive income				**-212,258**		**4,091,577**	**4,024,218**
Allocation of profit				4,247,186		-4,247,186	
Conversions of bonds	3,670,800						3,670,800
Share capital increase	7,999,995						7,999,995
Purchase of treasury shares			-2,482,755				-2,482,755
Purchase of bonds							
Distribution of dividends				-2,695,526			-2,695,526
Other changes							
Value as at 31 December 2020	**30,795,895**	**5,943,197**	**-4,107,110**	**7,056,387**	**2,399,751**	**4,091,577**	**46,179,697**

The explanatory notes reported below are an integral part of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

I. GENERAL INFORMATION

Piteco S.p.A. (hereinafter, also "Piteco" or the "Company") is a joint-stock company incorporated in Italy, with registered office in Via Imbonati 18, 20159 MILAN, which operates primarily in the information technology sector, as a producer of specific software for business treasury and finance. The ordinary shares and convertible bonds of Piteco S.p.A. have been listed on the MTA (Electronic Equity Market) of Borsa Italiana since 25 September 2018 (on the AIM Italia market up to that date). The company is recorded in the Milan Register of Companies with Economic and Administrative Repertoire no. 1726096.

The publication of these financial statements was authorised by resolution of the Company's Board of Directors of 24 March 2021.

Main business of the Company

Piteco is an important player in the financial software sector, with an ambitious plan for diversification and internationalisation, driven by 4 business lines:

- **Piteco S.p.A.,** a software house that is an absolute leader in Italy in proprietary solutions for Corporate Treasury and Financial Planning management, used by over 650 national and international groups operating in all business sectors (excluding Banks and the P.A.). With 91 highly qualified employees and 3 operating locations (Milan, Rome and Padua), it has been on the market for over 30 years, and covers the entire software value chain: R&D, design, implementation, sale and assistance. The software is fully proprietary, and can be integrated with the main company IT systems (Oracle, SAP, Microsoft, etc.), can be customised to Customers' needs and is already present in over 50 countries. As a result of the high number of customers and the specific business model based on recurring fees, we have significant visibility of expected turnover. Piteco S.p.A. is controlled by Dedagroup S.p.A. It was listed on the AIM Italia market from July 2015 to September 2018, the date of its shift to the main market.
- **Juniper Payments, LLC** (hereinafter, also "Juniper"), a leading software house in the US, offering proprietary software solutions in the digital payments and clearing house sectors for around 3,300 US banks, it manages the accounting clearance of interbank financial flows (bank transfers and verification of collection of cheques) for over USD 3 billion for day. It is one of the most extensive US interbank networks.
- **MYRIOS S.r.l.** (hereinafter, also "Myrios"), an Italian software house active in the design and implementation of high value software solutions for the finance area of banks, insurance companies, manufacturers and the public sector. The Company developed Myrios FM (Financial Modelling), a software solution targeted to both industrial and service companies as well as banks, to support complex processes and calculations in the Finance and Risk Management areas.
- **Rad Informatica S.r.l.**., leading software house in the Italian market in the field of software for the management of bank debt collection and for the management of disputes. The constant

growth of the last decade has allowed RAD to further consolidate its position in the sector, aiming to become one of the most important players in Europe. The company was founded twenty years ago by the founding partners' strategically combining their expertise and experience in the field of credit management and software development. Today it boasts considerable know-how in the debt collection process underway at legal and out-of-court level.

Significant events

2020 was marked by two important acquisitions by the company Piteco SpA.

- **Everymake**: on 31 March 2020 the acquisition of business unit of the company Everymake S.r.l. relating to the provision of IT services was completed. The business unit includes cloud software products *for data matching*, primarily *financial data*, offering vertical solutions for *the utilities sector, financial companies, consumer credit, leasing* and *factoring* companies and other similar sectors. The operation took place in continuity with the transfer of all personnel and the guarantee for customers of the maintenance of the services provided. At the closing on 31 March 2020, Piteco made a total outlay of EUR 535 thousand. The total purchase cost is EUR 872 thousand, including the Earn-out contractually envisaged and estimated at EUR 337 thousand.
- **Rad Informatica S.r.l..:** *on 30 November 2020, the acquisition of 70% of the share capital of Rad Informatica S.r.l. was completed.* The acquisition was carried out directly by Piteco S.p.A., which gained control of the company's share capital. The total purchase cost is estimated at EUR 54,953 thousand, including the put and call options on 30% of the share capital. The estimated price of the options at the closing date is EUR 20,203 thousand. Subsequently, on 24 February 2021, the option was exercised on the additional 10% of the company’s share capital, owned by Rad Informatica SpA, valued at EUR 5,250 thousand plus the NFP defined contractually at the exercise date. For the purpose of providing a complete analysis of the operation, it is noted that in drawing up the financial statements ended as at 31 December 2020, the directors considered the *put* and *call* options on the residual 30% of the share capital of the acquired company as a financial instrument recognised at fair value at the date of initial recognition, with subsequent changes to be posted to the income statement. At the date of initial recognition and at the closing date of the financial year, the directors decided that the fair value of the options was not significant, as the options were contracted based on conditions that provide for a variable forward price based on the multiples of forecast results to be treated as equivalent to the fair value at the time the option is exercised.

Disclosure on Covid-19

The year 2020 was dominated by the COVID-19 pandemic, which caused a state of health emergency across most of the world that was still in progress at the beginning of 2021 and to which the various countries, albeit through the different measures adopted, responded by closing all commercial, manufacturing and service activities considered not strictly essential, in order to curb the spread of the contagion. The virus had an immediate impact on the world economy, causing a deep economic crisis.

At the end of 2020, the health and economic situation appears to be rather different between Asia, Europe and the United States. On the one hand, China, India and Japan saw a drastic reduction in infections and a full recovery of economic activity. On the contrary, the United States and Europe had to face a resurgence of the virus and a new slowdown in GDP in the last quarter of the year, after a momentary acceleration during the third quarter.

The evolution of this virus is having a major impact on future global growth prospects, influencing the general macroeconomic framework and the financial markets, with a significant impact on the Italian economic context, in light of the decisions taken by the Government authorities to contain the spread of the epidemic.

In this complex context, Piteco S.p.A. has promptly taken steps to tackle the crisis, implementing a series of initiatives targeted first and foremost at protecting people's health, and therefore implementing business continuity practices.

In the face of the serious crisis that has affected the entire international economy, Piteco confirms its resilience with a commercial performance that remains at the same levels as last year.

The company immediately dedicated its energy, activities and resources to helping employees and associates manage the COVID-19 emergency, in order to promote their well-being, health, engagement and development.

All this was incorporated in practical initiatives to help people to stay in contact with the organisation and protect their health and safety, such as the immediate deployment of Smart Working.

In accordance with CONSOB and ESMA regulations, Piteco S.p.A. conducted in-depth analyses on the most sensitive issues subject to variability related to this emergency situation. Special attention was dedicated to assessing the recoverability of receivables, to the stability of the value of assets and goodwill.

From this perspective, in-depth analyses were carried out regarding the recoverability of the trade receivables outstanding in the portfolio at the date of the close of the period in question. Following said analysis, with respect to the comparative period ended as at 31 December 2019, an addition of EUR 31 thousand to the bad debt provision was accounted for.

There are no significant impacts on the financial items; the company, while monitoring developments in the situation, maintains a solid economic and financial profile.

II. PREPARATION CRITERIA AND COMPLIANCE WITH IAS/IFRS

General principles

These financial statements as at 31 December 2020, have been drafted in compliance with the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB), and adopted by the European Commission in compliance with the procedure referred to in art. 6 of the Regulation (EC) no. 1606/2002 IFRS (hereinafter "IFRS").

These separate financial statements include the statement of financial position, the income statement and the statement of other comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity, and the explanatory notes.

These financial statements are expressed in Euro, the functional currency of the Company. Where not otherwise indicated, all the amounts expressed in Euro are rounded up to the thousands in the explanatory notes.

It is also noted that these financial statements were drawn up based on the assumption that the company is a going concern.

In fact, the Directors have the reasonable expectation that Piteco S.p.A. will continue to operate in the foreseeable future, in line with the business plan, which shows an expected growth in results.

Use of estimates and evaluations

In drawing up the financial statements, the company management had to formulate measurements and estimates that influence the application of the accounting standards and the amounts of assets, liabilities, costs and revenues recognised in the financial statements. However, it should be noted that, given they are estimates, the results obtained will not necessarily be the same as those presented in these financial statements.

Those estimates and underlying assumptions are regularly revised. Any changes deriving from the revision of accounting estimates are recognised prospectively.

Specifically, the information on areas of greater uncertainty in formulating estimates and measurements that have a significant effect on the amounts recognised in the financial statements is provided in the following notes:

- Notes **1,** 2 **and** 4 - Measurement of amortisation and depreciation of fixed assets;
- Note **2** - Duration of lease: establish whether there is reasonable certainty that the Company will exercise the extension options;
- Note **3** Measurement of recoverable values of cash flow generating units that contain goodwill: main assumptions for determining the recoverable values;
- Notes **5 and 7** - Measurement of the recoverability of financial assets;
- Note **6** - Recognition of deferred tax assets: availability of future taxable profits in respect of which the temporary deductible differences can be used;
- Note **5** and **14** - Fair value measurement of the assets acquired and liabilities assumed in acquisitions of a subsidiary;
- Note **16** - Measurement of obligations for defined benefit plans for employees; main actuarial assumptions;
- Note **17** - Recognition and measurement of provisions: main assumptions on the likelihood and

measurement of an outflow of resources.

Form and content of the document

With regard to the form and content of the financial statements, note that these have been prepared in accordance with the following methods:

- The statement of financial position is drawn up according to the layout that divides assets and liabilities into “current” and “non-current”.

An asset/liability is classified as current when it meets one of the following criteria:

(i) it is expected to be realised/paid off or sold or used in the normal operating cycle of the Company;
(ii) it is held primarily for trading;
(iii) it is expected to be realised/paid off within 12 months from the reporting date;
(iv) it refers to cash and cash equivalents, unless it is not permitted to be traded or used to pay off a liability for at least 12 months from the reporting date;
(v) the entity does not have an unconditional right to defer the settlement of the liability for at least 12 months from the reporting date.

Lacking the above conditions, the assets/liabilities are classified as non-current.

- The income statement was drawn up based on the nature of the expenses, a form deemed more representative than the “presentation by purpose’.
- The statement of comprehensive income includes the profit (loss) for the year, the charges and income recognised directly in shareholders’ equity generated by transactions other than those with shareholders.
- The statement of changes in shareholders’ equity includes, in addition to the income (loss) from the comprehensive statement of income, also transactions carried out directly with shareholders that acted in that role, and the details of each single component.
- The statement of cash flows was drawn up applying the indirect method, by means of which the profit (loss) for the year is adjusted for the effects of non-monetary transactions, any deferrals or allocations of previous or future collections or payments connected with operating activities and cost and revenue elements connected with cash flows deriving from investment or financing activities.

The use of these tables provides a more meaningful representation of the Company’s equity, income and cash flow situation.

These financial statements have been audited by the Independent Auditors KPMG S.p.A.

These financial statements have been prepared using the standards and measurement criteria illustrated below.

III. ACCOUNTING STANDARDS AND AMENDMENTS TO THE STANDARDS ADOPTED BY THE COMPANY

Piteco
FINANCIAL SOFTWARE & CONSULTING

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2020

Pursuant to IAS 8 (Accounting standards, changes in accounting estimates and errors), the IFRSs in force as from 1 January 2020 are indicated and briefly illustrated below.

- **Amendment to the "References to the Conceptual Framework in IFRS Standards"**: on 29 March 2018, the IASB published this amendment. The Conceptual Framework defines the fundamental concepts for financial reporting, for which the document helps to ensure that the Standards are conceptually consistent and that similar transactions are treated in the same way, so as to provide useful information to investors, lenders and other creditors;

- Amendment to IAS 1 and IAS 8 - Definition of material: the IASB published the amendment "Definition of material" (Amendments to IAS 1 and IAS 8), which aims to clarify the definition of "material" in order to support the companies in assessing the significance of the information to be included in the financial statements.

With the previous definition, it could have been erroneously interpreted that any omission could influence users on the basis of the amount of information included in the financial statements. The new definition clarifies that only omitted information that can reasonably influence users is relevant.

The amendments will apply from 1 January 2020, but early application is permitted.

- Amendment to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform: IASB amended IAS 39 and IFRS 9 to allow entities not to discontinue hedging relationships until the reform for the calculation of the interest rate benchmark has been completed.

In particular, the IASB decided to introduce exceptions to the general hedge accounting model of IAS 39 and IFRS 9, to be applied mandatorily to all hedging relationships that could be impacted by the interest rate benchmark reform with reference to the following aspects:

- "Highly probable": to assess whether the occurrence of a scheduled transaction is highly probable, the potential effects deriving from the interest rate benchmark reform must not be taken into account;
- "Prospective assessment": the economic relationship between the hedged item and the hedging item must be determined prospectively without considering the potential effects of the interest rate benchmark reform;
- "Retrospective assessment": (applicable only for IAS 39): an entity must not discontinue a hedging relationship if, during the period of uncertainty deriving from the interest rate benchmark reform, the retroactive measurement of this hedging relationship falls outside the 80% -125% range.

The amendments will apply from 1 January 2020; early application is also permitted.

- Amendment to IFRS 3 - Definition of a Business: in October 2018, the IASB published the amendment "Definition of a Business" (Amendments to IFRS 3) with the aim of helping to determine whether a transaction is an acquisition of a business or group of assets that does not meet the definition of business of IFRS 3. The aim of the amendment is to clarify that an integrated set of assets and activities may comply with the definition of a business even if it does not include all of the inputs and processes needed to create the outputs. The measurement must be made considering the perspective of a market participant and therefore it is not relevant:

- if before the acquisition, the seller managed the integrated set of assets and activities as a business; or
- if the buyer, after the acquisition, intends to manage the integrated set of assets and activities as a business.

Moreover, the acquisition of a business must include, as a minimum, an input and a substantial process that together contribute significantly to the capacity to create outputs.

The amendments will apply to acquisitions after 1 January 2020, although early application is envisaged.

- Amendments to IFRS 16 - "Leases Covid 19-Related Rent Concessions": these amendments have introduced a practical expedient that allows the lessee not to consider any concessions on the payment of rental fees received from 1 January 2020 and deriving from the effects of Covid-19 as a modification of the original contract. Therefore, the aforementioned concessions can be accounted for as positive variable fees without going through a contractual amendment.

In order to apply this exemption, all the following conditions must be met:

- the granting of payments is a direct consequence of the Covid-19 pandemic and the reduction in payments refers only to those originally due until June 2021;
- the change in payments has left the same amount to be paid unchanged with respect to the original conditions or has reduced its amount;
- there are no substantial changes to other contractual terms or conditions of the lease.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE IASB AND CERTIFIED WITH AN EFFECTIVE DATE AFTER 1 JANUARY 2020

- Amendment "Amendments to IFRS 4 - Insurance Contracts - deferral of IFRS 9": this amendment supports companies in implementing the new IFRS 17 standard, and facilitates the presentation of their financial performance. The amendment is expected to enter into force on 1 January 2021;

- Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2": additions to what was already issued in 2019. The amendments referring to phase 2 mainly concern the effects of changes to contractual cash flows or hedging relationships deriving from the replacement of a rate with an alternative benchmark rate (replacement issue) and assist companies in the application of IFRS when changes are made to contractual cash flows or hedging relationships due to the interest rate benchmark reform and in providing useful information to the users of the financial statements. It is expected to enter into force on 1 January 2021.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY IASB BUT NOT YET CERTIFIED

The IASB issued amendments to the following standards:

• **Amendments to IFRS 3 "Reference to the Conceptual Framework":** the objective is to (i) complete the updating of references to the Conceptual Framework for Financial Reporting in the accounting standard, (ii) provide clarifications on the prerequisites for the recognition, at the acquisition date, of provisions, contingent liabilities and levy assumed as part of a business combination, (iii) making it clear that the contingent assets cannot be recognised as part of a business combination;

• **Amendments to IAS 16 "Property, Plant and Equipment: Proceedings before Intended Use"**, aimed at defining that the revenues deriving from the sale of goods produced by an asset before it is ready for the intended use are charged to the income statement together with the related production costs;

• **Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract**" aimed at providing clarifications on how to determine the cost of a contract;

• "**Annual Improvements to IFRS Standards 2018-2020 Cycle"** containing amendments, essentially of a technical and editorial nature, to the accounting standards;

• **IFRS 17 "Insurance Contracts"** is a new comprehensive standard relating to insurance contracts, which covers recognition and measurement, presentation and disclosure. This standard will replace IFRS 4 Insurance Contracts issued in 2005 and applies to all types of insurance contracts, regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation characteristics;

• **Amendments to the definitions of current and non-current assets contained in IAS 1** aimed at providing a more general approach to the classification of liabilities according to this standard, based on contractual agreements;

• **Amendments to IAS 1 and IAS 8 aimed at improving disclosure on accounting policies**, in order to provide more useful information to investors and other primary users of financial statements, as well as help companies distinguish between changes in accounting estimates and changes in accounting policies.

IV. MAIN MEASUREMENT CRITERIA

The accounting standards described below were applied in a homogeneous manner for all periods included in these financial statements, except for the contents of chapter III.

Property, plant and machinery

Property, plant and equipment is recognised at purchase cost or production cost, including ancillary charges and net of the accumulated depreciation.

Ordinary maintenance costs are charged in full to the income statement. Costs for improvements, upgrading and transformation for the purpose of enhancement are posted to assets in the statement of financial position.

The carrying amount of property, plant and equipment is tested for the purpose of detecting any impairment, either annually or when events or changes in the situation indicate that the carrying amount may not be recovered (for details, see the section "Impairment").

Depreciation begins when the assets are ready for use. Property, plant and equipment is systematically amortised each year based on economic-technical rates deemed representative of the residual possibility of use of the assets. Assets composed of components, of significant amounts, that have different useful lives are considered separately in determining depreciation.

Depreciation is calculated on a straight-line basis, in accordance with the estimated useful life of the relative assets, periodically revised if necessary. The useful life estimated in years is as follows:

Description	Useful life in years
Buildings	33
Plants and machinery	6 and 5
Other assets	
Furniture and furnishings	8
Other property, plant and equipment	6 and 5
Electronic office machines	5
Automobiles and motorcycles	4

Gains and losses deriving from sales or disposals of assets are determined as the difference between the sales revenue and the net carrying amount of the asset, and are posted to the income statement under other revenues and other operating expenses, respectively.

Goodwill

The goodwill deriving from the acquisition of companies represents the surplus of the purchase cost with respect to the fair value of the assets and liabilities that can be identified in the acquired company at the acquisition date. Goodwill is recognised as an asset and is not amortised, but is revised at least once a year and, in any case, whenever there are indications of a potential reduction in value, to verify the recoverability of the recognised value (impairment testing), as indicated in the section below "Impairment". Any impairment is posted to the income statement and cannot be subsequently restored. If goodwill is negative at acquisition, it is immediately recognised to the income statement.

Other intangible assets

Intangible assets are recognised in the accounts only if they are identifiable, if they are subject to control by the Company, if they are likely to generate future economic benefits and if their cost may be reliably determined. Intangible assets are recognised at cost, determined according to the criteria indicated above for property, plant and equipment. When it is estimated that they have a finite useful life, they are systematically amortised over the period of estimated useful life. Subsequent costs are capitalised only when they increase the expected future economic benefits attributable to the asset to which they refer. All other subsequent costs are posted to profit/(loss) for the year in which they are incurred.

Amortisation starts when the asset is available for use and ceases at the end of the useful life or it is classified as held for sale (or included in a disposal group classified as held for sale). Both the useful life and the amortisation criterion are periodically reviewed and, where there have been significant changes with respect to the assumptions adopted previously, the amortisation for the year and subsequent years is adjusted.

The useful lives generally attributed to the various categories are as follows:

Description	Useful life in years
Industrial patents and intellectual property rights	5
Concessions, licences, trademarks and similar rights	7, 10 and 2
Other intangible assets	5

Leases (assets for right of use and lease liabilities)

Accounting model for the lessee

At the start of the contract or upon an amendment to a contract that contains a lease component, the Company attributes the contract consideration to each lease component based on the relative stand-alone price.

At the effective date of the lease, the Company recognises the asset for right of use and the lease liability. The asset for right of use is initially measured at cost, including the amount of the initial measurement of the lease liability, adjusted by the payments due for the lease carried out on the date of or before the date of effectiveness, increased by the direct initial costs incurred and an estimate of the costs that the lessee must incur for the dismantling and removal of the underlying asset or for the restoration of the underlying asset or site in which it is located, net of lease incentives received.

The asset for right of use is subsequently amortised on a straight-line basis from the effective date until the end of the lease term, unless the lease transfers ownership of the underlying asset to the company at the end of the lease term or, considering the cost of the asset for right of use, the company is expected to exercise the purchase option. In said case, the asset for the right of use will be amortised over the useful life of the underlying asset, determined on the same basis as property and machinery. In addition, the asset for the right of use is regularly decreased by any impairment and adjusted in order to reflect any changes deriving from subsequent measurements of the lease liability.

The Company measures the lease liability at the present value of the payments due for the lease not paid at the effective date, discounting them using the implicit interest rate of the lease. Where it is not possible to easily determine this rate, the Company uses the marginal interest rate, determined as the risk-free rate of each country in which the contracts were signed, with maturities commensurate with the duration of the specific lease agreement, increased by the specific credit spread of the Company (taken from the main financing agreements negotiated by it). For 2020 an average duration of rental contracts of roughly 3 years and an average borrowing rate relating to said duration. For 2020 an average duration of rental contracts of roughly 3 years and an average borrowing rate relating to said duration of approximately 1.2% were determined.

The payments due for the lease included in the measurement of the lease liability include:

- the fixed payments (including essentially fixed payments);
- the variable payments due for the lease that depend on an index or a rate, initially measured using an index or a rate at the effective date;
- the amounts that are expected to be paid in the form of a guarantee on the residual value;
- the exercise price of a purchase option that the company is reasonably certain to exercise, the payments due for the lease in an optional renewal period if the company is reasonably certain to exercise the renewal option, and the penalties for early lease termination, unless the company is reasonably certain not to terminate the lease early.

The lease liability is measured at amortised cost using the effective interest method and is remeasured in the event of the modification of future lease payments due deriving from a change in an index or rate, in the event of a change in the amount that the Company expects to have to pay in the form of a guarantee on the residual value when the Company changes its measurement with reference to the exercise or not of a purchase, extension or termination option in the event of a revision of the essentially fixed payments due for the lease.

When the lease liability is remeasured, the lessee proceeds with a corresponding modification of the asset for the right of use. If the book value of the asset for the right of use is reduced to zero, the lessee recognises the change in profit/(loss) for the year.

Short-term leases and leases for low-value assets

The Company decided not to recognise assets for the right of use and lease liabilities relating to low-value assets and short-term leases. The Company recognises the associated payments due for the lease as a cost using the straight-line method over the duration of the lease.

Accounting model for the lessor

At the start of the contract or upon an amendment to a contract that contains a lease component, the Company attributes the contract consideration to each lease component based on the relative stand-alone price.

At the start of the lease, the Company, as lessor, classifies each of its leases as a finance lease or an operating lease.

To this end, the Company generally assesses whether the lease transfers substantially all the risks and rewards connected with ownership of the underlying asset. In that case, the lease is classified as a finance lease, otherwise as an operating lease. As part of said measurement, Piteco considers, among the various indicators, whether the duration of the lease covers the majority of the economic life of the underlying asset.

As regards sub-leasing, the company, as intermediate lessor, classifies its share in the main lease separately from the sub-lease. To this end, it classifies the sub-lease with reference to the asset for the right of use deriving from the main lease, rather than by making reference to the underlying asset.

For contracts containing a lease component and one or more lease and non-lease components, the company distributes the consideration of the contract by applying IFRS 15.

Piteco applies the provisions governing derecognition and provisions for impairment of IFRS 9 to the net investment in the lease. The company periodically reviews the estimates of the residual values not guaranteed used in calculating the gross investment in the lease.

Generally speaking, the accounting standards applicable to Piteco as lessor in the comparative year do not deviate from those set forth in IFRS 16, except for the classification of the sub-lease signed in the year which was classified as a finance lease.

Equity investments in subsidiaries

Subsidiaries are companies over which Piteco autonomously has the power to decide the strategic choices of the company in order to obtain the related benefits. Generally, control is assumed to exist when more than half of the voting rights that can be exercised in the ordinary shareholders meeting are directly or indirectly held, also considering "potential votes", i.e., votes deriving from convertible instruments.

Equity investments in subsidiaries are measured at purchase or subscription cost, possibly permanently decreased as a result of the distribution of share capital or capital reserves or, in the presence of impairment determined as a result of impairment testing. The cost may be restored in the subsequent years if the reasons that gave rise to the write-downs no longer apply. The risk deriving from any impairment exceeding the carrying amount of the investee is recognised in specific provisions in the amount in which the equity investment is committed for the purpose of fulfilling legal or implicit obligations to the investee or to cover its losses.

Impairment

At each reporting date, the Company reviews the carrying amount of its property, plant and equipment and intangible assets (including goodwill) and equity investments to determine whether there are indications of impairment of these assets. When there are indications of impairment, the recoverable amount of those assets is estimated to determine the amount of the write-down. The recoverable amount of goodwill, instead, is estimated annually and each time indicators of potential impairment arise.

For the purposes of identifying any impairment losses, assets are grouped into the smallest identifiable group of cash flow generating assets, significantly separate from cash flows generated by other assets or groups of assets (CGUs or cash generating units). Goodwill acquired through a business combination is allocated to the group of the CGU that is expected to benefit from the synergies of the aggregation.

The recoverable value of an asset or a CGU is the higher of its value in use and its fair value less costs to sell. To determine the value in use, the estimated expected cash flows are discounted using a discount rate that reflects the current market valuation of the time value of money and the specific risks of the asset or CGU.

If the recoverable amount of an asset (or of a cash generating unit) is estimated as being lower than its carrying amount, the carrying amount is decreased to the lower recoverable value. The loss in value is recognised to the income statement.

When there is no longer any reason to maintain a write-down, the carrying amount of the asset (or the cash generating unit), except for goodwill, is increased to the new value deriving from the estimate of its recoverable value, but not more than the net carrying amount that the asset would have had if the write-down for impairment had not been carried out, net of the amortisation and depreciation that would have been calculated prior to the previous write-down. The write-back is posted to the income statement.

Contract assets and liabilities

Contract assets are comprised of services that were not yet completed at the end of the year, relating to contracts pertaining to indivisible services to be completed within the following twelve months and represent the amount expected to be collected from customers for the work performed up to the reporting date. The contractual revenues and the related costs are recognised on the basis of the percentage completion method. The percentage completion method is determined with reference to the ratio between the costs incurred for the activities carried out at the reporting date and the total estimated costs until completion.

The sum of the costs incurred and the profit recognised on each project is compared with the invoices issued at the reporting date. If the costs incurred and the profits recognised (less the losses recorded) are higher than the invoice totals, the difference is classified in the item "Contract assets", under current assets. If the totals of the invoices issued are higher than the costs incurred plus the profits recognised (less losses recorded), the difference is classified under current liabilities, in the item "Contract liabilities". Any losses are booked in full to the income statement when it is likely that the total estimate costs will exceed the total forecast revenues.

Other current and non-current assets, trade receivables and other receivables

Trade receivables, other current and non-current assets and other receivables are financial instruments, mainly relating to receivables from customers, which are not derivatives and are not listed on an active market, from which fixed or determinable payments are expected. Trade receivables and other receivables are classified in the statement of financial position under current assets, with the exception of those with contractual maturity exceeding twelve months from the reporting date, which are classified under non-current assets.

Those assets are measured on initial recognition at fair value and subsequently at amortised cost, using the effective interest rate, less impairment. Exception is made for those receivables whose short duration makes discounting immaterial.

The value of trade receivables is shown net of bad debt provisions.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cheques and bank current accounts and demand deposits, which can be readily converted into cash and are subject to an insignificant risk of changes in value. They are recognised at nominal value, which corresponds to their realisable value.

Financial instruments

Financial assets

Financial assets are classified on the basis of the business model adopted to manage them and the characteristics of the associated cash flows.

Financial assets designated at amortised cost

Financial assets for which the following requirements are verified are classified into said category: the asset is held as part of a business model whose objective is ownership of the asset targeted at collecting the contractual cash flows and the contractual terms of the asset envisage cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

These relate primarily to receivables due from customers, loans and other receivables. Trade receivables that do not contain a significant financial component are recognised at the price defined for the associated transaction (determined according to the provisions of IFRS 15 Revenues from contracts with customers). The other receivables and loans are initially recognised in the financial statements at their fair value, increased by any accessory costs directly attributable to the transaction that generated them. At the time of subsequent measurement, the financial assets at amortised cost, with the exception of receivables that do not contain a significant financial component, are measured using the effective interest rate. The effects of this measurement are recognised under financial income components.

With reference to the impairment model, the company measures receivables by using the "Expected Credit Loss model". In particular, expected losses are generally determined based on the product of: (i) the exposure to the counterparty net of related mitigating factors ("Exposure At Default"); (ii) the probability that the counterparty defaults on its payment obligation ("Probability of Default"); and (iii) the estimate of the percentage of credit that it will not be possible to recover in the event of default ("Loss Given Default") defined on the basis of past experience and the possible recovery actions that can be carried out (e.g. out-of-court actions, legal disputes, etc.). Exposures under dispute are those for which debt collection activities have been activated or are about to be activated, through legal /judicial proceedings. Write-downs of trade receivables and other receivables are recognised in the income statement, net of any write-backs.

Write-downs effected pursuant to IFRS 9 are booked to the income statement net of any positive effects tied to releases or write-backs and are posted under operating costs.

Financial assets at fair value with contra-entry in the comprehensive income statement (FVOCI)

Financial assets for which the following requirements are verified are classified into said category: the asset is held within the framework of a business model whose objective is achieved through both the collection of the contractual cash flows and through the sale of said asset and the contractual terms of the asset envisage cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

These assets are initially recognised in the financial statements at their fair value, increased by any accessory costs directly attributable to the transactions that generated them. At the time of subsequent measurement, the valuation carried out at the time of recognition is re-updated and any fair value changes are recognised in the comprehensive income statement.

With reference to the impairment model, the aspects described in the point detailed above are set out below.

Financial assets at fair value with contra-entry in the income statement (FVPL)

Financial assets not classified in any of the previous categories (i.e. other category) are classified in said category. Assets belonging to this category are booked at fair value at the time of their initial recognition.

The accessory costs incurred at the time of recognition of the asset are charged immediately to the income statement. At the time of subsequent measurement, financial assets at FVPL are measured at fair value. Gains and losses arising from the fair value changes are recognised in the income statement in the period in which they are recorded.

Purchases and sales of financial assets are recognised at the settlement date.

Financial assets are removed from the financial statements when the associated contractual rights expire, or when the company transfers all risks and rewards of ownership of the financial asset.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or at FVTPL. A financial liability is classified at FVTPL when it is held for trading, represents a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and any changes, including interest expense, are recognised under profit /(loss) for the year. Other financial liabilities are subsequently measured at amortised cost, using the effective interest rate criterion. Interest expense and exchange rate gains/(losses) are recognised under profit/(loss) for the year, as well as any gains or losses deriving from elimination from the accounts.

Financial liabilities are eliminated when they have been paid, or when the obligation specified in the contract has been fulfilled or cancelled or has expired.

Financial assets and liabilities are offset in the statement of financial position when there is a legal right to offsetting which can currently be exercised, and there is the intention of settling the account on a net basis (or to sell the assets while paying off the liabilities).

Derivative financial instruments and hedge accounting

As mentioned above, as the derivative financial instruments are not designated as hedging instruments, they are initially measured at fair value. Following recognition, derivatives are measured at fair value (according to the criteria set out in the point below) and their changes are recorded in profit/(loss) for the year.

Fair value measurement

Fair value is the price that would be received at the measurement date for the sale of an asset, or which would be paid for the transfer of a liability, in an ordinary transaction between market operators in the main (or more advantageous) market which the company can access at that moment. The fair value of a liability reflects the effect of a default risk.

Where available, the company measures the fair value of an instrument by using the listed price of that instrument in an active market. A market is active when the transactions relating to an asset or a liability are verified with a frequency and with volumes sufficient enough to provide useful information for determining the price on a continuing basis.

In the absence of a price listed in an active market, the company uses measurement techniques by maximising the use of observable input and minimising the use of input which cannot be observed. The measurement technique selected in advance includes all factors that the market operators would consider in estimating the price of the transaction.

Buyback and reissue of ordinary shares (treasury shares)

In the event of buyback of shares recognised in shareholders' equity, the price paid, including costs directly attributable to the transaction, is recognised as a decrease in shareholders' equity. The shares bought back are classified as treasury shares and recognised in the reserve for treasury shares. The financial effects of any subsequent sales are recognised as an increase in shareholders' equity. Any positive or negative difference deriving from the transaction is recognised in the share premium reserve.

Composite financial instruments

Composite financial instruments issued by the Company include convertible bonds in Euro which can be converted at the holder's discretion into a fixed number of shares. The debt component of a composite financial instrument is initially recognised at the fair value of a similar liability without a conversion option. The shareholders' equity component is initially recognised at the amount equal to the difference between the fair value of the composite financial instrument as a whole and the fair value of the debt component. Connected transaction costs are posted to the debt and equity components of the instrument in proportion to the value of each component.

Following initial recognition, the debt component is measured at amortised cost, using the effective interest rate criterion. The shareholders' equity component of that instrument is not redetermined following initial recognition.

Interest on financial liabilities are recognised under profit/(loss) for the year. At the time of conversion, the financial liability is reclassified in shareholders' equity without recording any profit or loss.

Employee benefits

Short-term employee benefits are not discounted and are recognised as a cost at the time that the service is provided that gives rise to those benefits. The benefits guaranteed to employees provided on termination of the employment relationship refer to employee severance indemnity ("TFR") accrued by employees of the Company.

With regard to employee severance indemnity, as a result of the amendments made by Italian Law no. 296 of 27 December 2006, and subsequent Decrees and Regulations ("Pension Reform") issued in the initial months of 2007:

- the employee severance indemnity accrued as at 31 December 2006 is considered a defined-benefit plan (without plan assets). The benefits guaranteed to employees in the form of employee severance indemnity that are disbursed on termination of employment are recognised in the period in which the right accrues.
- Employee severance indemnity that accrues after 1 January 2007 is considered a defined-contribution plan. Therefore, the contribution accruing in the period is fully recognised as a cost in the profit (loss) for the year and the portion not yet paid into provisions is shown as a payable under "Other payables".

In order to measure defined-benefit plans according to that set out in IAS 19, the amount of payables for employee severance indemnity accrued prior to 1 January 2007 is projected to the future to estimate the portion to be paid at the time of termination of employment, and subsequently discounted, using the *projected unit credit method*, to take account of the time passing before actual payment;

The discounting rate used consists of the iBoxx Eurozone Corporate AA 10+ index at the reporting date, with average financial duration comparable to that of the group being measured. The calculation was performed by an independent actuary.

The actuarial gains/(losses) are recognised under other components of comprehensive income, net of taxes.

Long-term provisions

Long-term provisions are recognised when the Company has a present obligation as a result of a past event and it is likely that it will be required to fulfil the obligation. Provisions were allocated based on the best estimate of the costs required to fulfil the obligation at the reporting date and are discounted where the effect is significant. In this case the provisions are calculated by discounting the expected future cash flows at a pre-tax discount rate reflecting the market's current valuation of the cost of money over time. The increase in the provisions connected with the passing of time is posted to the income statement under "Financial income and charges".

The occurrence of the event that triggers a commitment of resources to fulfil the obligation may be probable, possible or remote. If there is liability that only possibly may arise, only additional information is provided.

If, instead, the probability of committing own resources to fulfil the obligation is remote, no additional information is required.

The explanatory notes provide a brief description of potential liabilities and, where possible, an estimate of their financial effects and indication of the uncertainties regarding the amount and the time of occurrence of each outlay.

Revenue recognition

In relation to the business conducted by Piteco S.p.A., revenues are recognised in the amount of the fair value of the price that the company considers it has a right to in exchange for the goods and/or services promised to the customer, excluding the amounts collected on behalf of third parties. In particular, identifying the individual performance obligations of the contract and consequently allocating the price among these, as well as the subsequent "separate" recording of each of these. The case of contracts containing sales of licences associated with installation, maintenance and other sundry services has always been treated separately by the Company.

Costs

Costs and other operating charges are recognised in the income statement at the time when they are incurred, based on the accrual principle and the correlation of revenues, when they do not produce future economic benefits and do not meet the requirements to be recorded as assets in the statement of financial position. Financial charges are recognised based on the accruals principle, as a result of the passing of time, using the effective interest rate.

Income taxes

Piteco S.p.A. and its parent company Dedagroup S.p.A. have exercised the option, for the three-year period 2019-2021, for "National tax consolidation" pursuant to art. 117 et. seq. of Italian Presidential Decree 917/86 (Italian Consolidated Income Tax Act, TUIR), which permits determining IRES (Corporate Income Tax) on a taxable base equal to the algebraic sum of the taxable incomes of the individual companies. The economic relationships, reciprocal responsibilities and obligations between the consolidating company and the subsidiaries are defined in the "Tax consolidation regulations for Group companies".

Current taxes represent the estimate of the amount of income taxes due, calculated on the taxable income for the year, determined by applying the tax rates in force or substantially in force at the reporting date and any adjustments to the amount relating to the previous years.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated based on the liability method applied to the temporary differences at the reporting date between the amounts of assets and liabilities in the financial statements and the corresponding amounts recognised for tax purposes.

Deferred tax assets are recognised for all deductible temporary differences and any tax losses carried forward, to the extent it is likely that the existence of adequate future taxable profits will exist against which they can be used. Deferred taxes are not recognised for:

- the temporary differences relating to the initial recognition of assets or liabilities in a transaction other than a business combination which does not influence either the accounting profit (or loss) or the taxable income (or tax loss); and
- the taxable temporary differences relating to the initial recognition of goodwill.

The value of deferred tax assets to be posted in the financial statements is re-examined at each reporting date and decreased to the extent that their recovery is no longer likely. Unrecognised deferred tax assets are re-examined annually at the reporting date and are recognised to the extent it becomes likely that the income for tax purposes is sufficient to permit that said deferred tax assets may be recovered.

Deferred tax assets and liabilities are measured based on tax rates that are expected to be applied in the year in which those assets are realised or those liabilities are extinguished, considering the rates in force and those already released at the reporting date.

Criteria for conversion of items in foreign currency

Transactions in foreign currencies are initially converted into the functional currency using the exchange rate at the transaction date. At the reporting date, monetary assets and liabilities denominated in foreign currency are converted to the functional currency at the exchange rate in force at that date. The resulting exchange rate differences are recognised to the income statement. Non-monetary assets and liabilities denominated in foreign currency, measured at cost, are converted at the exchange rate in force at the transaction date, while those measured at fair value are converted at the exchange rate on the date on which that value is determined.

Use of estimates

The preparation of the separate financial statements and the notes, in compliance with the international accounting standards, requires the Company to make estimates that have an impact on the values of assets, liabilities, income and costs, such as amortisation, depreciation and provisions, as well as on the disclosure relating to contingent assets and liabilities set out in the explanatory notes. These estimates are based on the going concern assumption and are drawn up based on information available at the date they are made and, therefore, could differ from that which may arise in the future. This is particularly clear in the current context of financial and economic crisis, which could produce situations different from that currently estimated, with consequent adjustments, that are currently unforeseeable, to the carrying amounts of the items concerned. Assumptions and estimates are particularly sensitive in terms of the valuation of fixed assets, linked to forecasts of results and future cash flows. Assumptions and estimates are periodically revised and the effects of their changes are immediately reflected in the financial statements.

Business combinations

If these transactions involve companies or company businesses that are already part of the Company, they are considered as lacking economic substance, as they are implemented only for organisational purposes. Therefore, lacking specific indications from the IFRSs, and in line with the assumptions of IAS 8, which requires that, lacking a specific standard, a company must use its own judgment in applying an accounting standard that provides relevant, reliable and prudent disclosure and that reflects the economic substance of the transaction, these shall be recorded on a continuity of values basis.

Otherwise, where the business combination does not involve companies or company businesses under joint control, the identifiable assets and liabilities acquired in the business combination, including goodwill, are recognised and measured in accordance with IFRS 3 – Business Combinations.

V. INFORMATION ON FINANCIAL RISK

This chapter provides a brief description of the Company's policies and principles for management and control of the risks deriving from financial instruments (exchange rate risk, interest rate risk, credit risk and liquidity risk). In accordance with IFRS 7, in line with that set out in the Report on Operations, the sections below set out information on the nature of the risks deriving from financial instruments, based on accounting and management analyses.

The Company is exposed to financial risks connected with its operations. Mainly:

- credit risk, with specific reference to normal trade relationships with customers;
- market risk, relating to the volatility of exchange rates and interest rates;
- liquidity risk, which may arise with the inability to locate the financial resources necessary to guarantee the Company's operations.

Credit risk management - Credit risk constitutes the Company's exposure to potential losses deriving from the non-fulfilment of obligations taken on by both trade and financial counterparties. In order to control that risk, Piteco has consolidated procedures and actions to assess customers' credit standing and has optimised the specific recovery strategies for various customer segments. In selecting counterparties for managing temporarily surplus financial resources, the Company avails itself only of counterparties with high credit standing. The continuous preventive procedures to check the solvency and reliability of customers, as well as the monitoring of payments, guarantee adequate risk reduction.

In that regard, note that as at 31 December 2020 there was no significant risk exposure connected with the possible deterioration of the overall financial situation nor significant levels of concentration on single, non-institutional counterparties. The Company allocates bad debt provisions for impairment which reflects the estimate of losses on trade receivables and other receivables, whose main components are individual write-downs of significant exposures and collective write-downs of homogeneous groups of assets in relation to losses that have not been individually identified.

The receivables recognised in the financial statements did not include significant past due amounts.

Exchange rate risk management - Exchange rate risk derives from the Company's business partially conducted in currencies other than the Euro. Revenues and costs denominated in foreign currency may be influenced by the fluctuations the exchange rate, reflecting on commercial margins (economic risk), and trade and financial payables and receivables denominated in foreign currency may be impacted by the conversion rates used, reflecting on the income statement results (transaction risk). As the majority of the Company's trade receivables are from the Euro area, from a commercial perspective, there is no significant exchange rate risk.

Interest rate risk management - As the Company is exposed to fluctuations in interest rates (primarily the Euribor) in relation to the amount of financial charges on indebtedness, it regularly assesses its exposure to interest rate risk and primarily manages it by negotiating loans.

Liquidity risk management - Liquidity risk represents the risk that, due to the inability to obtain new funds (funding liquidity risk) or to liquidate assets on the market (asset liquidity risk), the company is unable to cover its payment commitments, resulting in an impact on the income statement result if the company is forced to incur additional costs to cover its commitments or, as an extreme consequence, a situation of insolvency that puts the company's business at risk.

The Company's objective is to implement, as part of the financial plan, a financial structure which, in line with the objectives of the business and growth through external lines, ensures an adequate level of liquidity for the Company, minimising the opportunity cost, and maintains a balance in terms of duration and composition of debt.

The Company has had access to a wide range of funding sources through the credit system and capital markets (loans from leading national banks and bond loans). Piteco's objective is to maintain a balanced debt structure, in terms of composition between bonds and bank loans, in line with the profile of the business Piteco operates in and in line with its plans for medium/long-term growth by acquiring players that provide products and services complementary to its own.

In order to minimise liquidity risk, the Administrative and Financial Department also***:***

- maintains correct composition of net financial indebtedness, financing investments with own funds and, if necessary, medium/long-term debt;
- systematically checks that short-term cash flows receivable (collections from customers and other inflows) are capable of covering the cash flows payable (short-term financial indebtedness, payments to suppliers and other outflows);
- constantly verifies the forecast financial needs in order to promptly implement any corrective actions.

The analysis of maturities for the main financial liabilities is reported in the table below:

Long-term loans	**31/12/2020**	**31/12/2019**	**Change**
Long-term bank borrowings	39,946	6,261	33,685
Non-current lease liabilities	2,067	2,322	-255
Other non-current financial liabilities	360		360

Current portion of long-term loans	**31/12/2020**	**31/12/2019**	**Change**
Current account overdrafts	-	211	-211
Current bank borrowings	3,854	3,424	430

Current lease liabilities	556	188	368
Current bond loan	-	3,921	-3,921
Other current financial liabilities	-	1,953	-1,953

The following table provides the breakdown by maturity of gross financial indebtedness at the reporting date. Note that these values are not exactly representative of liquidity risk exposure, as they do not show expected nominal cash flows, rather, they are measured at amortised cost or fair value.

	31/12/2020	31/12/2019	Change
Within 6 months	3,720	3,320	400
From 6 to 12 months	690	6,377	-5,687
From 1 to 5 years	35,034	7,604	27,430
Over 5 years	7,339	979	6,360

Fair Value Hierarchy

Various accounting standards and several disclosure obligations require that the company measures the fair value of financial and non-financial assets and liabilities. In measuring the fair value of an asset or a liability, the Company uses observable market data as much as possible. The fair values are divided into the various levels of the hierarchy based on the inputs used in the measurement techniques:

- Level 1: prices listed (unadjusted) on active markets for identical assets or liabilities;
- Level 2: inputs other than the listed prices included in "Level 1" which can be directly (prices) or indirectly (price derivatives) observed for the asset or liability;
- Level 3: inputs relating to the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability can be classified in the various levels of the fair value hierarchy, the entire measurement is included in the same level of the hierarchy of the lowest level input that is significant for the entire measurement.

The table below shows the assets and liabilities measured at fair value as at 31 December 2020, by level of the fair value measurement hierarchy. The fair value information of financial assets and liabilities not measured at fair value is excluded, when the book value represents a reasonable approximation of the fair value.

Description	Amounts	Level 1	Level 2	Level 3
Other non-current financial assets	5,064			
Current trade receivables	3,975			
Other current receivables	337			
Other current financial assets	2,045			
Cash and cash equivalents	7,014			
Financial assets	**18,435**			

Other non-current liabilities	129	
Non-current financial liabilities	42,374	360
Current trade payables	1,903	
Other current payables	3,007	
Current financial liabilities	4,410	
Financial liabilities	**51,823**	**360**

VI. NOTES TO THE STATEMENT OF FINANCIAL POSITION, STATEMENT OF CASH FLOWS AND INCOME STATEMENT

1 Property, plant and machinery

The changes in the items of Property, plant and machinery as at 31 December 2020 are shown below:

Property, plant and machinery	31/12/2019	Increases	Decreases	Other changes	31/12/2020
Land	201				201
Buildings	1,527				1,527
Accum. depreciation - buildings	-545	-46			-591
Land and buildings	**1,183**	**-46**			**1,137**
Plants and machinery	275	21			296
Accum. depreciation - plant and machinery	-154	-22			-176
Plants and machinery	**121**	**-1**			**120**
Ind. and commercial equipment	6				6
Accum. depreciation - ind. and commercial equipment	-6				-6
Ind. and commercial equipment					
Furniture and furnishings	165	31			196
Accum. depreciation - furniture and furnishings	-164	-2			-166
Electronic machines	173	32	-1		204
Accum. depreciation - electronic machines	-118	-20			-138
Other property, plant and equipment	15	2			17
Accum. depreciation - other property, plant and equipment	-12	-1		1	-12
Other assets	**59**	**42**	**-1**	**1**	**101**
Total	**1,363**	**-5**	**-1**	**1**	**1,358**

In addition, the changes that occurred in the year ended as at 31 December 2019 are reported below:

Property, plant and machinery	31/12/2018	Increases	Decreases	Other changes	31/12/2019
Land	201				201
Buildings	1,527				1,527
Accum. depreciation - buildings	-499	-46			-545
Land and buildings	**1,229**	**-46**			**1,183**
Plants and machinery	152	123			275

Accum. depreciation - plant and machinery	-147	-7		-154
Plants and machinery	**5**	**116**		**121**
Ind. and commercial equipment	6			6
Accum. depreciation - ind. and commercial equipment	-6			-6
Ind. and commercial equipment				
Furniture and furnishings	165			165
Accum. depreciation - furniture and furnishings	-164			-164
Electronic machines	140	33		173
Accum. depreciation - electronic machines	-101	-17		-118
Other property, plant and equipment	11	4		15
Accum. depreciation - other property, plant and equipment	-11	-1		-12
Other assets	**40**	**19**		**59**
Total	**1,274**	**89**		**1,363**

Land and buildings

These amounted to EUR 1,137 thousand (EUR 1,183 thousand as at 31 December 2019) and refer to the property in Via Mercalli 16, Milan, the registered office and operational headquarters of Piteco until December 2019.

It should be noted that the Directors, no longer using this building, decided to give a mandate to a real estate agency to deal with its sale or lease. This investment property continues to be measured at cost, less depreciation and accumulated impairment losses, in line with the accounting treatment used in the previous year. Depreciation is arranged on a straight-line basis at the expected rate with respect to the estimated useful life of the asset (equal to 33 years). The market value of the property as at 31 December 2020 amounted to around EUR 1,300 thousand based on letters of intent submitted by potential buyers. The property is free of guarantees.

The value of the land on which the buildings stand has been separated out and recorded separately.

Plants and machinery

This amounted to EUR 120 thousand (EUR 121 thousand as at 31 December 2019) and mainly refers to accessory plant at the headquarters.

Other assets

These amounted to EUR 101 thousand (EUR 59 thousand as at 31 December 2019) and referred mainly to furniture and furnishings and electronic office machines and other assets. The EUR 65 thousand increase was due to purchases for hardware and furnishing upgrades.

2 Assets for rights of use

The changes in assets for rights-of use as at 31 December 2020 are shown below:

Assets for rights of use	31/12/2019	Increases	Decreases	31/12/2020
Buildings - rights-of-use	1,481			1,481
Accum. depreciation - Buildings - rights-of-use	-52	-209		-261
Buildings - rights-of-use	**1,429**	**-209**		**1,220**
Other assets - rights-of-use	446	382	-2	826
Accum. depreciation - other assets	-109	-203		-312
Other assets - rights-of-use	**337**	**179**	**-2**	**514**
Total	**1,766**	**-30**	**-2**	**1,734**

The item "Buildings - rights-of-use" is mainly attributable to the signing in 2019, of the lease agreement on the property located in via Imbonati 18 in Milan.

The increase recorded in the item "Other assets" is attributable to the lease agreements entered into for furniture and furnishings for the offices located in via Imbonati 18 in Milan.

In addition, the changes that occurred in the year ended as at 31 December 2019 are reported below:

Assets for rights of use	31/12/2018	First application change	Increases	Decreases	31/12/2019
Buildings - rights-of-use			2,189	-708	1,481
Accum. depreciation - Buildings - rights-of-use			-52		-52
Buildings - rights-of-use			**2,137**	**-708**	**1,429**
Other assets - rights-of-use		262	184		446
Accum. depreciation - other assets - rights-of-use			-109		-109
Total		**262**	**2,212**	**-708**	**1,766**

3 Goodwill

The changes in Goodwill as at 31 December 2020 are shown below:

Avviamento	31/12/2019	Incrementi	31/12/2020
Goodwill	27.691	329	28.020
Totale	**27.691**	**329**	**28.020**

In addition, the changes that occurred in the year ended as at 31 December 2019 are reported below:

Goodwill	31/12/2018	Increases	Decreases	31/12/2019
Goodwill	27,691			27,691
Total	**27,691**			**27,691**

Goodwill, amounting to EUR 28,020 thousand as at 31 December 2020 (EUR 27,691 thousand as at 31 December 2019) comprises EUR 27,219 thousand for the deficit arising as a result of the reverse merger following the leveraged buyout, with legal effect from 11 July 2013, EUR 472 thousand for the value attributed to goodwill following the acquisition of the "Centro Data" business unit in 2015 and EUR 329 thousand for the value attributed to goodwill following the acquisition of the "Everymake" business unit in March 2020.

The goodwill acquired in the three business combinations mentioned above is allocated to a single cash generating unit, given the complementary nature of the products and services provided (CGU Piteco).

As at 31 December 2020, the capitalisation of Piteco amounted to approximately EUR 192 million, a value higher than the Group's equity at the same date.

CGU Piteco

As at 31 December 2020 the Parent Company subjected the carrying amount of the CGU Piteco to impairment testing, determining its recoverable value, considered equal to the value in use, by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2021-2023 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 8.89% (9.69% in 2019) and a growth rate (g) of 1.40% (1.50% in 2019), equal to expected inflation in the markets where the company operates. The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 61,993 thousand (EUR 57,346 thousand as at 31 December 2019), against a carrying amount of the assets allocated to the CGU Piteco of EUR 30,180 thousand (EUR 31,091 thousand as at 31 December 2019).

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the CGU Piteco, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 16.70% (16.72% as at 31 December 2019).

As an additional sensitivity analysis, it is noted that using a constant WACC (of 8.89%) and a perpetual growth rate g (of 1.40%), only a reduction in the EBITDA Margin greater than 17.65% would involve issues of impairment (16.50% as at 31 December 2019).

4 Other intangible assets

The changes in other intangible assets as at 31 December 2020 are shown below:

Other intangible assets	31/12/2019	Increases	Reclassifications	Other changes	31/12/2020
Concessions, licences and trademarks	18	2			20
Accum. amortisation - Concessions, licences and trademarks	-11	-2			-13
Software	10,029	1,137	153		11,319
Accum. amortisation - software	-8,854	-518		1	-9,371
Concessions, licences and trademarks	**1,182**	**619**	**153**	**1**	**1,955**
Intangible assets under construction	**153**	**13**	**-153**		**13**
Total	**1,335**	**632**			**1,968**

In addition, the changes that occurred in the year ended as at 31 December 2019 are reported below:

Other intangible assets	31/12/2018	Increases	Reclassifications	Other changes	31/12/2019
Concessions, licences and trademarks	18				18
Accum. amortisation - Concessions, licences and trademarks	-9	-2			-11
Software	9,626	395	8		10,029
Accum. amortisation - software	-8,501	-353			-8,854
Concessions, licences and trademarks	**1,134**	**40**	**8**		**1,182**
Intangible assets under construction	**49**	**112**	**-8**		**153**
Total	**1,183**	**152**			**1,335**

Concessions, licences and trademarks

The net balance amounted to EUR 1,955 thousand (EUR 1,182 thousand as at 31 December 2019) and is comprised of EUR 8 thousand for the PITECO™ trademark and the costs incurred to register the Match.it™ trademark, and EUR 1,948 thousand for software rights. The item software includes the rights relating to the proprietary software Piteco and the proprietary software Match.it, in addition to rights to use third party software. In particular, the increases in software comprise EUR 575 thousand for the internal development of new modules of Piteco and Match.it software, EUR 555 thousand for the value attributed to the software deriving from the acquisition of the Everymake S.r.l. business unit and EUR 7 thousand for the acquisition of the rights to use third party software.

Fixed assets under construction

Fixed assets under construction, equal to EUR 13 thousand (EUR 153 thousand as at 31 December 2019), refer to capitalised costs incurred in the development of software by the Company, not completed by the end of the year. The project is expected to be completed by the end of 2021.

5 Equity investments accounted for using the cost method

The changes that occurred during the year are represented in the following table:

Investimenti	Apertura	Incrementi	Altri movimenti	Saldo di chiusura
Partecipazioni in imprese controllate	13.952	34.750	-1	48.701
Partecipazioni controllate	**13.952**	**34.750**	**-1**	**48.701**
Totale	**13.952**	**34.750**	**-1**	**48.701**

The increase in equity investments in subsidiaries relates to the acquisition made on 30 November 2020 of 70% of the share capital of Rad Informatica S.r.l. The total purchase cost is estimated at EUR 54,953 thousand, including the put and call options on 30% of the share capital. The estimated price of the options at the closing date is EUR 20,203 thousand. Subsequently, on 24 February 2021, the option was exercised on an additional 10% of the company's share capital, owned by Rad Informatica SpA, valued at EUR 5,250 thousand plus the NFP defined contractually at the exercise date. For the purpose of providing a complete analysis of the operation, it is noted that in drawing up the financial statements ended as at 31 December 2020, the Directors considered the options on the residual 30% of the share capital of the acquired company as a financial instrument recognised at *fair value* at the date of initial recognition, with subsequent changes to be posted to the income statement. At the date of initial recognition and at the closing date, the Directors decided that the fair value delta of the options was not significant, as the options were contracted based on conditions that provide for a variable forward price based on the multiples of forecast results to be treated as equivalent to the fair value at the time the option is exercised.

The Shareholders' Equity figures of the subsidiaries, broken down in the table below, are taken from the draft separate financial statements or consolidation packages as at 31 December 2020 approved by the respective boards of directors and adjusted, where necessary, to align them with the accounting standards adopted by the Company.

Name	Country	Share Capital (*)	Profit (loss) for the year	Shareholders' equity	% Directly held	% Indirectly held	Book value
Piteco North America, Corp.	America	8	(110)	2,253	100%		2,818
Juniper Payments, LLC [9]	America	2,445	(215)	991		60%	
Myrios S.r.l.	Italy	50	1,344	2,379	56%		11,134
Myrios Switzerland SA[10]	Switzerland	93	(127)	(167)		56%	
Rad Informatica S.r.l.	Italy	100	(1,374)	40,326	70%		34,750

(*) Amounts in thousands of Euros.

As at 31 December 2020 an analysis was conducted of the sustainability of the value of the equity investments, which did not result in any impairment of the equity investments.

Piteco North America (and, indirectly, Juniper)

As at 31 December 2020, the Company subjected the recognition values to a test of recoverability. The recoverable value of the equity investment was assumed as equal to its value in use (equity value),

[9] Company controlled by Piteco North America, Corp.

[10] Subsidiary of Myrios S.r.l.

estimated as equal to the NAV (net asset value) of Piteco North America, Corp. redetermined based on the equity value of the subsidiary Juniper Payments, LLC. The latter was determined by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2021-2023 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 10.95% (12.04% as at 31 December 2019) and a growth rate (g) of 2.20% (2.30% as at 31 December 2019), equal to expected inflation in the market in which the subsidiary operates. The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 3,832 thousand (EUR 6,676 thousand as at 31 December 2019), against a carrying amount of the equity investment of EUR 2,818 thousand (EUR 2,818 thousand as at 31 December 2019).

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the equity investment in Piteco North America, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 16.87% (18.05% as at 31 December 2019).

As an additional sensitivity analysis, it is noted that using a constant WACC (of 10.95%) and a perpetual growth rate g (of 2.20%), only a reduction in the EBITDA Margin greater than 10.98% (14.15% as at 31 December 2019) would result in issues of impairment.

Myrios S.r.l.

As at 31 December 2020, the Company subjected the recognition values to a test of recoverability. The recoverable value of the investment was assumed to be equal to its estimated value in use (equity value) equal to the NAV (net asset value) of Myrios S.r.l. The latter was determined by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2021-2023 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 8.89% (9.69% as at 31 December 2019) and a growth rate (g) of 1.40% (1.50% as at 31 December 2019), equal to expected inflation in the markets in which the company operates. The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 14,911 thousand (EUR 13,744 thousand as at 31 December 2019), against a carrying amount of the equity investment of EUR 11,134 thousand (EUR 11,134 thousand as at 31 December 2019).

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the CGU Myrios, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 11.67% (11.68% as at 31 December 2019).

As an additional sensitivity analysis, it is noted that using a constant WACC (of 8.89%) and a perpetual growth rate g (of 1.40%), only a reduction in the EBITDA Margin greater than 14.65% (11.44% as at 31 December 2019) would involve issues of impairment.

Rad Informatica S.r.l.

As at 31 December 2020, the Company subjected the recognition values to a test of recoverability. The recoverable value of the investment was assumed to be equal to its estimated value in use (equity value) equal to the NAV (net asset value) of Rad Informatica S.r.l. The latter was determined by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2021-2023 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 8.89% and a growth rate (g) of 1.40%, equal to expected inflation in the markets where the company operates. The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 59,030 thousand, against a carrying amount of the equity investment of EUR 34,750 thousand.

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the CGU Myrios, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 13.99%.

As an additional sensitivity analysis, it is noted that using a constant WACC (of 8.89%) and a perpetual growth rate g (of 1.40%), only a reduction in the EBITDA Margin greater than 26.18% would result in issues of impairment.

Based on the analyses conducted, the Company’s Directors deemed the recognition value of the equity investments in subsidiaries posted in the separate financial statements as at 31 December 2020 to be recoverable.

6 Deferred tax assets

Deferred tax assets of EUR 450 thousand (EUR 865 thousand as at 31 December 2019) are comprised of the temporary differences which the Company expects to recover in future years, based on the expected taxable income. Refer to the specific tables hereinafter in these explanatory notes for further details.

7 Other non-current financial assets

The item in question breaks down as follows:

Other non-current financial assets	31/12/2020	31/12/2019	Change	Within 12 months	From 1 to 5 years	Over 5 years
Non-current loans to subsidiaries	4,531	5,820	-1,289		3,398	1,133
Non-current financial receivables due from parent companies	510	609	-99		425	85
Loans to parent companies, subsidiaries associates and non-current affiliates	**5,041**	**6,429**	**-1,388**		**3,823**	**1,218**
Receivables for tax assets and due from employees	5		5		5	
Security deposits	17	19	-2		17	
Other non-current assets	**22**	**19**	**3**		**22**	
Total	**5,063**	**6,448**	**-1,385**		**3,845**	**1,218**

Non-current loans to subsidiaries

These regard the long-term portion of the interest-bearing loan granted to the subsidiary Piteco North America, Corp. with a nominal value of USD 10 million, for the purpose of the acquisition of the LendingTools.com business unit through Juniper Payments, LLC. The loan has a duration of 10 years and the interest rate applied is 2.5% annually.

Non-current financial receivables due from parent companies

The non-current financial receivable due from the parent company Dedagroup S.p.A. of EUR 510 thousand relates to the accounting of the concession agreement for the long-term use of the equipped premises at the registered office in via Imbonati 18, Milan, deriving from application of IFRS 16 accounting standard.

8 Contract assets

The item in question breaks down as follows:

Attività derivanti da contratto	Apertura	Incrementi	Decrementi	Saldo di chiusura
Attività derivanti da contratto	67	123	-67	123
Attività derivanti da contratto	**67**	**123**	**-67**	**123**
Totale	**67**	**123**	**-67**	**123**

The assets deriving from contracts of Piteco refer to services that were not yet completed at the end of the year, relating to contracts pertaining to indivisible services to be completed within twelve months. They are measured based on the agreed considerations, based on the progress of the forecast number of hours necessary to complete the order.

9 Current trade receivables

The item in question breaks down as follows:

Crediti commerciali correnti	31/12/2020	31/12/2019	Variazione
Crediti correnti clienti	3.884	4.648	-764
F.do svalut. crediti vs clienti correnti	-178	-147	-31
Crediti vs clienti	**3.706**	**4.501**	**-795**
Crediti correnti vs controllate	24	24	
Crediti correnti vs controllanti	220	59	161
Crediti correnti vs correlate	24	22	2
Crediti verso controllate, consociate e collegate	**268**	**105**	**163**
Totale	**3.974**	**4.606**	**-632**

Current receivables from customers, amounting to EUR 3,706 thousand (EUR 4,501 thousand as at 31 December 2019), are shown net of the corresponding bad debt provisions which, as at 31 December 2020, amounted to EUR 178 thousand. Current receivables from subsidiaries, parent companies and related parties are composed of trade receivables from the subsidiary Myrios S.r.l. and trade receivables from the parent company Dedagroup S.p.A. and affiliates that are part of the Dedagroup group.

During the year the following changes occurred in the bad debt provision:

Descrizione	Saldo iniziale	Utilizzo	Accantonamento	Saldo finale
Fondo svalutazione crediti verso clienti	147	(33)	64	178

10 Other current receivables

The item in question breaks down as follows:

Altri crediti correnti	31/12/2020	31/12/2019	Variazione
Ratei attivi correnti	46	45	1
Crediti tributari	3		3
Crediti vs enti previdenziali correnti	5	1	4
Risconti attivi correnti	139	108	31
Altri crediti comm.li correnti	2	51	-49
Crediti per IVA correnti	109	24	85
Crediti vs dipendenti	9	12	-3
Acconti fornitori	26	7	19
Totale	**339**	**248**	**91**

Other current receivables mainly include VAT credits of EUR 109 thousand and current prepaid expenses of EUR 139 thousand.

11 Other current financial assets

The item in question breaks down as follows:

Altre attività finanziarie correnti	31/12/2020	31/12/2019	Variazione
Finanziamenti vs controllate correnti	1.905	2.303	-398
Attività finanziarie vs controllanti correnti	101	99	2
Attività finanziarie vs gruppo correnti	**2.006**	**2.402**	**-396**
Attività finanziare vs altri correnti	39		39
Altre attività finanziarie correnti	**39**		**39**
Totale	**2.045**	**2.402**	**-357**

Current loans to subsidiaries regard the short-term portion (within 12 months) of the interest-bearing loan granted to the subsidiary Piteco North America, Corp. with a nominal value of USD 10 million, plus the additional short-term credit line again to the subsidiary Piteco North America, Corp. for a total of USD 1,118 thousand.

The financial receivable due from the parent company of EUR 101 thousand relates to the accounting of the concession agreement for the long-term use of the equipped premises at the registered office in via Imbonati 18, Milan, to the parent company Dedagroup deriving from application of IFRS 16 accounting standard. It should be noted that in 2020 the rent receivable invoiced to the parent company amounted to EUR 108 thousand.

Current financial assets from others, amounting to EUR 39 thousand, consist of receivables from shareholders of the investee Rad Informatica S.r.l.

12 Cash and cash equivalents

The balance of the item in question represents cash and cash equivalents, as illustrated below:

Cassa e disponibilità liquide	31/12/2020	31/12/2019	Variazione
Depositi bancari	7.014	215	6.799
Totale	**7.014**	**215**	**6.799**

13 Shareholders' equity

As at 31 December 2020 the share capital was fully subscribed and paid in, composed of 20,184,245 shares with no nominal value.

It should be noted that the origin of the share capital is broken down as follows: EUR 1,520 thousand derive from profit reserves, EUR 14,030 thousand derive from share exchange rate differences booked to share capital, EUR 2,576 thousand derive from shareholders' payments following the share capital increase in service of the AIM listing, EUR 4,670 thousand from the conversion of no. 1,112 bonds in 1,112,000 new shares and EUR 8,000 thousand deriving from the share capital increase, with the exclusion of the option right pursuant to art. 2441, paragraph 4, second sentence, of the Italian Civil Code, through the issue of 946,745 new ordinary shares, reserved for the directors and shareholders Marco Podini and Maria Luisa Podini, carried out on 1 December 2020.

For the detailed breakdown of the single items, see the statement of changes in shareholders' equity, while the statement showing a summary of the changes at the balance sheet date is shown below.

Shareholders' equity	31/12/2020	31/12/2019	Change
Capital paid-in	30,796	19,125	11,671
Share Capital	**30,796**	**19,125**	**11,671**
Share premium reserve	**5,943**	**5,943**	
Negative reserve for treasury shares in portfolio	**-4,107**	**-1,624**	**-2,483**
Legal reserve	1,067	854	213
Extraordinary reserve	7,097	5,521	1,576
IAS reserve	-59	-59	
Other reserves	143	376	-233
Reserve for share capital increase costs	-149		-149
Listing reserve	-963	-963	
Convertible bond issue reserve	41	41	
Remeasurement of defined-benefit plans (IAS 19)	-120	-53	-67
Other reserves	**7,056**	**5,717**	**1,339**
Undistributable profits	**2,400**	**2,400**	
Net profit for the year	**4,092**	**4,247**	**-155**
Total	**46,180**	**35,808**	**10,372**

Details are provided below of the reserves comprising Shareholders' equity, specifying their possibility of use, distribution limits and use made in the previous years.

Description	Amount as at 31/12/2020	Possibility of use	Portion available	Summary of use in the previous three years	
				To cover losses	for other reasons
Share Capital	30,796				
Legal reserve	1,067	B			
Share premium reserve	5,943	A, B, C	5,943		
Extraordinary reserve	7,097	A, B, C	7,097		9,917
Undistributable profits	2,400	A, B, C	2,400		
Other unavailable reserves	143	A, B, C,			
Reserve for capital increase costs	-149				
IAS reserve	-59				

Listing reserve	-963	
Convertible bond issue reserve	41	
Remeasurement of defined-benefit plans (IAS 19)	-120	
Total	**46,196**	**13,864**
Negative reserve for treasury shares in portfolio	-4,107	-4,107
Portion available		**9,757**
Undistributable portion		**5,943**
Residual distributable portion		**3,814**

Key A: for share capital increase, B: for loss coverage, C: for distribution to shareholders.

On approving the financial statements for the year ended as at 31 December 2019, the shareholders' meeting of the Company approved the distribution of dividends of EUR 2,759 thousand.

During 2020, the company purchased treasury shares as per the authorisation from the Shareholders' Meeting, by way of resolution dated 23 January 2020. As at 31 December 2020 Piteco S.p.A. held 664,710 treasury shares, equal to 3.29% of the share capital, for a total value of EUR 4,107 thousand (equal to the amount reflected in the "Negative reserve for treasury shares in portfolio", posted as a decrease to shareholders' equity).

14 Non-current financial liabilities

The balance of non-current financial liabilities is set out in the table below:

Passività finanziarie non correnti	31/12/2020	31/12/2019	Variazione	Da 1 a 5 anni	Oltre 5 anni
Finanziamenti bancari non correnti	39.946	6.261	33.685	32.899	7.047
Finanziamenti bancari non correnti	**39.946**	**6.261**	**33.685**	**32.899**	**7.047**
Passività per leasing non correnti	2.067	2.322	-255	1.776	292
Passività per leasing non correnti	**2.067**	**2.322**	**-255**	**1.776**	**292**
Altri debiti finanziari non correnti	360		360	360	
Altre passività finanziarie non correnti	**360**		**360**	**360**	
Totale	**42.373**	**8.583**	**33.790**	**35.035**	**7.339**

Long-term bank borrowings

Amounts due to banks refer to four loans with an original amount totalling EUR 44.2 million and, in particular:

- EUR 36 million loan taken out with a pool of Banks, parent company ICCREA Bancaimpresa S.p.A., in

November 2020 with maturity date on 30 December 2026, 6-month Euribor interest rate +1.2% spread. As a guarantee for the aforementioned loan, Piteco S.p.A. pledged a 70% stake in Rad Informatica S.r.l. The outstanding loan also features the following covenants to be observed in relation to the Consolidated Financial Statements: NFP net of put and call options/SE <1 and NFP net of put and call options/EBITDA <3. These limits must be observed starting from the financial statements as at 31 December 2021;

- EUR 3 million loan taken out with Cassa di Risparmio di Bolzano S.p.A. in August 2020 with maturity date on 30 June 2026, 3-month Euribor interest rate +0.9% spread;
- Euro 2 million loan taken out with Unicredit S.p.A., in October 2020 with maturity date on 31 October 2025, 3-month Euribor interest rate +1.1% spread. The outstanding loan also features the following covenants to be observed in relation to the Consolidated Financial Statements: NFP net of put and call options/SE <1 and NFP net of put and call options/EBITDA <3. With regard to these indicators, whose measurement is contractually envisaged starting from the financial statements as at 31 December 2020, the Bank approved a Waiver on 4 December 2020 that provides for the calculation of financial covenants including the EBITDA of the company RAD Informatica S.r.l. on a 12-month basis. In fact, as at 31 December 2020, following the extraordinary acquisition of the equity investment in RAD Informatica S.r.l. on 30 November 2020, the Group would have exceeded the aforementioned maximum EBITDA threshold determined according to the original contract. This waiver is being issued by the Bank's decision-making body. In any case, the Group has sufficient cash and cash equivalents for a possible early repayment.
- EUR 3.2 million loan taken out with ICCREA Bancaimpresa S.p.A., in January 2020 with maturity date on 31 December 2024, 3-month Euribor interest rate +1% spread. The outstanding loan also features the following covenants to be observed in relation to the Consolidated Financial Statements: NFP net of put option/SE <1 and NFP net of put option/EBITDA <3. With regard to these indicators, whose measurement is contractually envisaged starting from the financial statements as at 31 December 2020, a Waiver is being issued by the decision-making body of the bank, which provides for the entry into force of these covenants with the financial statements as at 31 December 2021, following the extraordinary purchase of the equity investment of RAD Informatica S.r.l. on 30 November 2020.

Non-current lease liabilities

Non-current lease liabilities refer to the accounting of lease agreements based on IFRS 16.

Other non-current financial payables

The amount derives from the *earn-out* to be paid as part of the purchase transaction of the Everymake business unit upon verification of given performances.

15 Deferred tax liabilities

Passività per imposte differite	31/12/2020	31/12/2019	Variazione	Da 1 a 5 anni
Altre imposte differite non correnti	252	263	-11	252
Totale	**252**	**263**	**-11**	**252**

For further details on the composition of "Deferred tax liabilities", refer to the specific table in this report.

16 Employee benefits

The changes in employee benefits as at 31 December 2020 are shown below:

Benefici ai dipendenti	31/12/2019	Valutazioni attuariali	Incrementi	Decrementi	31/12/2020
TFR	1.211	89	14	-2	1.311
Totale	1.211	**89**	**14**	**-2**	1.311

In addition, the changes that occurred in the year ended as at 31 December 2019 in employee benefits are reported below:

Employee benefits	31/12/2018	Actuarial profit/ (loss)	Financial charges	Paid	31/12/2019
Employee severance indemnity	1,151	50	18	-8	1,211
Total	**1,151**	**50**	**18**	**-8**	**1,211**

The employee severance indemnity as at 31 December 2020 was measured based on the following assumptions:

Financial assumptions	31/12/2020	31/12/2019
Technical discount rate	-0.02%	0.77%
Inflation rate	1.00%	1.00%
Overall annual rate of salary increase	1.50%	1.50%
Employee severance indemnity growth rate	2.25%	2.25%

Demographic assumptions	31/12/2020	31/12/2019
Probability of death	State General Accounting Office data - table RG48	
Probability of disability	INPS Model for 2010 projections	
Probability of resignations	3.00%	3.00%
Probability of retirement	Reaching of the first of the retirement requirements valid for the General Mandatory Insurance	
Probability of advance	3.00%	3.00%

The liability relating to employee severance indemnity was measured with the support of an external independent actuarial expert.

The verification of reasonably possible changes in the actuarial assumptions at the reporting date would not have had a significant impact on the defined benefits obligation.

17 Long-term provisions

The changes recorded during 2020 are shown below:

Fondi a lungo termine	31/12/2019	Incrementi	31/12/2020
Altri fondi non correnti	54	4	57
Totale	**54**	**4**	**57**

Long-term provisions are solely composed of the provisions for agents' severance indemnities, to cover the amounts to be paid to agents in the event of termination of the agency relationship by Piteco. This provision was not discounted as the results were not significant.

18 Other non-current liabilities

The change in other non-current liabilities is shown below:

Other non-current liabilities	31/12/2020	31/12/2019	Change	Within 12 months	From 1 to 5 years	Over 5 years
Non-current payables for wages and salaries	129	-	129	-	129	-
Other non-current payables	**129**	**-**	**129**	**-**	**129**	**-**
Total	**129**	**-**	**129**	**-**	**129**	**-**

These are payables to employees for incentives under the three-year Business Plan, which accrue from 2020 for 3 years and will be paid with the approval of the 2022 financial statements.

19 Current trade payables

The change in current trade payables is shown below:

Current trade payables	31/12/2020	31/12/2019	Change
Current payables due to suppliers	1,300	714	586
Trade payables	**1,300**	**714**	**586**
Current payables due to subsidiaries	261	138	123
Current payables due to parent companies	266	61	205
Current payables to related parties	76		76
Payables due to parent companies, affiliates and associates	**603**	**199**	**404**
Total	**1,903**	**913**	**990**

Payables due to suppliers, including the allocations for invoices to be received, amounted to EUR 1,300 thousand as at 31 December 2020 (EUR 714 thousand as at 31 December 2019) and are all short term.

Payables to subsidiaries refer to trade payables to the subsidiary Myrios S.r.l.

Current payables due to parent companies represent trade payables to the parent company Dedagroup S.p.A.

20 Contract liabilities

Contract liabilities	31/12/2020	31/12/2019	Change
Advances from customers - current	946	766	180
Total	**946**	**766**	**180**

Contract liabilities are composed of EUR 507 thousand (EUR 511 thousand as at 31 December 2019) for advances from customers for works still not completed and EUR 439 thousand (EUR 255 thousand as at 31 December 2019) for revenues for software maintenance fees collected early with respect to the period of accrual.

The amount of EUR 766 thousand recorded under contract liabilities as at 31 December 2019 was accounted for under revenues during 2020.

21 Other current payables

Other current payables are shown in the table below:

Other current payables	31/12/2020	31/12/2019	Change
Current payables for wages and salaries	1,691	1,556	135
Payables for social security charges	713	658	55
Current accrued trade expenses	48	117	-69
Other current payables	91	15	76
Payables for withholdings	400	289	111
Other social security payables	64	59	5
Total	**3,007**	**2,694**	**313**

22 Current tax liabilities

Current tax liabilities amounted to EUR 219 thousand as at 31 December 2020 (EUR 972 thousand as at 31 December 2019) and break down as follows:

Passività per imposte correnti	31/12/2020	31/12/2019	Variazione
Debiti verso società controllante per consolidato fiscale	218	837	-619
Debiti per imposte IRAP	1	135	-134
Totale	**219**	**972**	**-753**

23 Current financial liabilities

The changes in current financial liabilities are shown in the table below:

Current financial liabilities	31/12/2020	31/12/2019	Change
Current account overdrafts		211	-211
Current bank borrowings	3,854	3,425	429
Current bank borrowings	**3,854**	**3,636**	**218**
Current lease liabilities	556	188	368
Current lease liabilities	**556**	**188**	**368**
Current bonds		3,921	-3,921
Other current financial liabilities		1,953	-1,953
Other current financial liabilities		**5,874**	**-5,874**
Total	**4,410**	**9,698**	**-5,288**

Current bank borrowings

These regard the short-term portion (within 12 months) of amounts due to banks for unsecured loans with original total amount of EUR 44.2 million. For details on the characteristics of the loans, refer to point 14 of these explanatory notes.

Current lease liabilities

The amount relates to the short-term portion of the liabilities relating to lease agreements accounted for on the basis of IFRS 16 accounting standard.

24 Revenue from contracts with customers

Revenues from contracts with customers amounted to EUR 15,898 thousand (EUR 15,074 thousand as at 31 December 2019), recording an increase of EUR 824 thousand (+5.5%) compared to the corresponding figure in 2019.

Revenues by service type

The breakdown of revenues by service type is shown below:

Ricavi provenienti da contratti con i clienti	31/12/2020		31/12/2019		Variazione
Canoni di manutenzione	6.282		6.171		111
Canoni application management	1.612		1.407		205
Canoni di utilizzo	1.371		905		466
Totale Canoni	**9.265**	**58,28%**	**8.483**	**56,28%**	**782**
Vendite software	971		1.402		-431
Totale Software	**971**	**6,11%**	**1.402**	**9,30%**	**-431**
Attività e servizi professionali	4.784		4.332		452
Altri ricavi di vendita	110		40		70
Personalizzazioni	764		811		-47
Provvigioni e Royalties	4		6		-2
Totale attività e servizi	**5.662**	**35,61%**	**5.189**	**34,42%**	**473**
Totale	**15.898**		**15.074**		**824**

As regards the breakdown of revenues by geographic area, note that these are generated mainly in Italy.

The following table presents the main services offered by the company and the nature and associated terms for the fulfilment of performance obligations.

Goods and services	Nature and terms for fulfilment of obligations
Fees	The Company records revenues over the duration of the contract, generally 12 months.
Software	The Company records the revenue at the time the software is provided to the customer, which generally occurs straight after the contract is signed.
Professional activities and services	Revenues are recognised over the course of time according to the cost-to-cost method. The relevant costs are booked to profit/(loss) for the year when they are incurred. Advances are recognised under contract liabilities.

25 Other operating revenues

"Other operating revenues", whose balance as at 31 December 2020 amounted to EUR 687 thousand (EUR 862 thousand as at 31 December 2019) included contingent assets of EUR 6 thousand, increases in internal work capitalised of EUR 576 thousand, expense reimbursements from customers of EUR 79 thousand and reimbursements from employees for professional and personal use of company cars of EUR 26 thousand. The increases in internal work capitalised relate to development expenses on proprietary software.

Other operating revenues	31/12/2020	31/12/2019	Change
Recovery of costs for services	105	351	-244
Other operating revenues	576	482	94
Contingent assets	6	30	-24
Total	**687**	**863**	**-174**

26 Change in contract assets

Variazione delle attività derivanti da contratto	31/12/2020	31/12/2019	Variazione
Variazioni attività derivanti da contratto	56	-55	111
Totale	**56**	**-55**	**111**

The item relates to the change in contracts still not completed at the end of the year pertaining to indivisible services that will be finished in the next 12 months.

27 Goods and consumables

Costs for the purchase of goods and consumables amounted to EUR 329 thousand (EUR 232 thousand as at 31 December 2019).

Merci e materiali di consumo	31/12/2020	31/12/2019	Variazione
Acquisto prodotti finiti	322	228	94
Altri acquisti	7	4	3
Merci e materiali di consumo	**329**	**232**	**97**

28 Personnel costs

Personnel costs for employees are shown in the table below:

Personnel costs	31/12/2020	31/12/2019	31/12/2019
Wages and salaries	5,321	4,896	425
Social security charges	1,634	1,482	152
Allocations to pension funds and other	366	353	13
Other personnel costs	18	15	3
Total	**7,339**	**6,746**	**593**

Employees as at 31 December 2020, net of directors and external contractors, totalled 91 resources (89 resources as at 31 December 2019).

29 Costs for services

Costs for services are shown in the table below:

Costs for services	31/12/2020	31/12/2019	Change
External maintenance	313	347	-34
Consulting, administrative and legal services	1,868	1,075	793
Utilities	54	80	-26
Promotion and advertising fees	84	116	-32
Bonuses and commissions	85	113	-28
Sundry consulting	301	303	-2
Insurance	44	47	-3
Travel and transfer expenses	84	386	-302
Fees and compensation to directors	85	40	45
Services for personnel	115	126	-11
Costs for services	**3,033**	**2,633**	**400**
Rent payable	51	102	-51
Rentals and other	108	57	51
Leases and rentals	**159**	**159**	
Total	**3,192**	**2,792**	**400**

The recorded increase of EUR 400 thousand is mainly due to the increase in expenses related to the acquisition of the business unit Everymake and of the controlling interest in the company Rad Informatica S.r.l. for a total of EUR 897 thousand, partly offset by the decrease in expenses for travel and business trips, due to the pandemic situation, of EUR -302 thousand.

Costs for rentals and other items relate to lease agreements excluded from the application of IFRS 16 (low-value assets, short-term contracts, contracts with variable payment).

30 Other operating costs

Other operating costs are shown in the table below:

Other operating costs	31/12/2020	31/12/2019	Change
Capital losses on property, plant and equipment	1		1
Other taxes (not on income)	13	14	-1
Fines and penalties	3	2	1
Contributions and donations	22	3	19
Contingent liabilities	90	36	54
Allocations to agents severance indemnities	5	4	1
Allocations to bad debt provision	64	47	17
Total	**198**	**106**	**92**

31 Amortisation and depreciation

The amortisation of intangible assets and depreciation of property, plant and equipment and assets for rights of use is summarised in the table below:

Amortisation and depreciation	31/12/2020	31/12/2019	Change
Depreciation of buildings used in operations	46	46	
Depreciation of generic plant	22	7	15
Depreciation of electronic machines	20	17	3
Depreciation of other property, plant and equipment	2	1	1
Depreciation of property, plant and equipment	**90**	**71**	**19**
Depreciation of buildings - rights of use	209	52	157
Depreciation of other assets - rights of use	217	109	108
Depreciation of assets for rights of use	**426**	**161**	**265**
Amortisation of concessions, licences and trademarks	2	2	
Amortisation of software	518	353	165
Amortisation of intangible assets	**520**	**355**	**165**
Total	**1,036**	**587**	**449**

32 Gains (losses) from transactions in foreign currency

The table below provides details of gains and losses deriving from transactions in foreign currency:

Gains (losses) from transactions in foreign currency	31/12/2020	31/12/2019	Change
Exchange rate gains	12	159	-147
Exchange rate losses	-621	-2	-619
Total	**-609**	**157**	**-766**

During the year, the Group recorded net exchange losses of EUR 609 thousand, of which EUR 596 thousand unrealised.

33 Financial income

The table below provides details of financial income:

Financial income	31/12/2020	31/12/2019	Change
Dividends from equity investments in subsidiaries	765	1,060	-295
Other financial revenues from subsidiaries	184	217	-33
Other interest income	23	12	11
Total	**972**	**1,289**	**-317**

Dividends from subsidiaries refer to the distribution of dividends by the subsidiary Myrios S.r.l. Other financial revenues from subsidiaries related to the interest accrued on the loan in USD disbursed to the subsidiary Piteco North America, Corp.

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34 Financial charges

The table below provides details of financial charges:

	31/12/2020	31/12/2019	Change
Interest on non-current bank borrowings	295	222	73
Interest on other non-current payables	303	1,731	-1,428
Interest on other current payables	8	39	-31
Financial charges on employee severance indemnity	9	18	-9
Total	**615**	**2,010**	**-1,395**

Interest expense on other non-current payables includes EUR 86 thousand deriving from measurement at *fair value* of the *Earn-out to* be paid to the sellers of the business unit, as envisaged in the acquisition contract.

35 Income taxes

Income taxes estimated for 2020 are analysed in the table below:

Imposte sul reddito	31/12/2020	31/12/2019	Variazione
Imposte sul reddito IRAP	68	216	-148
Imposte sul reddito IRES	289	851	-562
Imposte esercizi precedenti	-28	45	-73
Imposte anticipate	-115	-532	417
Imposte differite	-11	29	-40
Totale	**203**	**609**	**-406**

Changes in deferred tax assets (liabilities) are shown below:

	Temporary Difference	Taxes (rate of 24%)	Temporary Difference	Taxes (rate of 24%)
Amortisation of trademarks	11	3	33	8
Agents’ leaving indemnities	7	2	7	2
Actuarial measurement of employee severance indemnity	299	72	210	50
Other costs with deferred deductibility	235	56	2,169	520
Exchange rate differences from measurement	1,320	317	857	206
Deferred tax assets	**1,872**	**450**	**3,276**	**786**
Higher value of property	380	91	395	95
Amortisation of “Centro data” (data centre) goodwill	176	42	131	31
Other deferred tax liabilities	405	97	484	116
Deferred tax liabilities	**961**	**230**	**1,010**	**242**
Total	**-911**	**-220**	**-2,266**	**-544**

Effects of deferred tax assets and liabilities - IRAP	31/12/2020		31/12/2019	
	Temporary Difference	Taxes (rate of 3.9%)	Temporary Difference	Taxes (rate of 3.9%)
Amortisation of trademarks	11		33	1
Agents' leaving indemnities	4		4	
Other costs with deferred deductibility			1,976	77
Deferred tax assets	**15**		**2,013**	**78**
Higher value of property	380	15	395	15
Amortisation of "Centro data" (data centre) goodwill	176	7	131	5
Deferred tax liabilities	**556**	**22**	**526**	**20**
Total	**541**	**22**	**-1,487**	**-58**

The analysis of the reconciliation between the theoretical tax charge, determined by applying the IRES and IRAP tax rates in force in Italy, and the actual tax charge for the year, is shown below:

	2020			2019
Profit before tax	**4,295**		**4,856**	
Theoretical tax charge %	**24%**	**1,031**	**24%**	**1,165**
Tax effect of permanent differences		-788		-319
Tax effect of temporary differences		-128		-423
Taxes from previous years		-28		45
Total	**2.02%**	**87**	**9.65%**	**468**
IRAP income taxes		116		141
Total		**203**		**609**

In order to better understand the reconciliation in question, the impact of IRAP was kept separate to avoid any distortions, as that tax is proportionate to a different taxable base than the profit (loss) before tax.

VII. COMMITMENTS AND GUARANTEES

Information on the composition and nature of commitments and guarantees is provided below.

Memorandum accounts	31/12/2020	31/12/2019
Sureties, personal guarantees and collateral to third parties	304	318
Guarantees given	**304**	**318**
Total	**304**	**318**

As at 31 December 2020 the Company granted guarantees of EUR 304 thousand mainly in the form of sureties for participation in tenders.

VIII. TRANSACTIONS WITH GROUP COMPANIES AND OTHER RELATED PARTIES

In compliance with the Company's specific policies, the economic, equity and financial transactions in place with related parties as at 31 December 2020, in accordance with the disclosure required by IAS 24, are shown below. These are transactions implemented as part of the normal course of operations, settled at contractual conditions established by the parties in line with ordinary market practices.

During 2020 transactions with related parties regarded the following counterparties:

- directors, statutory auditors and managers with strategic responsibilities with which only transactions pertaining to the legal relationships regulating the position of the counterparty within the Company were carried out;
- subsidiaries, associates, parent companies and affiliates.

Company name	Receivables	Payables	Revenues	Costs
DEDAGROUP SPA (parent company)	831	484	208	283
DEDAGROUP BUSINESS SOLUTION (affiliate)	22		21	
DEDA CLOUD SRL (affiliate)		76		40
MD SPA (affiliate)	2		35	
MYRIOS SPA (subsidiary)	12	211	785	346
MYRIOS CH (subsidiary)	7		37	
PITECO NA (subsidiary)	6,436		184	
Total	**7,310**	**771**	**1,270**	**669**

Transactions of Piteco S.p.A. with subsidiaries, associates, parent companies and affiliates mainly refer to:

- commercial transactions, relating to purchases and sales of services in the Information Technology sector with affiliates in the Dedagroup group, with Dedagroup S.p.A. and with the subsidiary Myrios S.r.l. and Myrios CH;
- financial transactions, represented by loans disbursed to the US subsidiaries and by dividends received from Myrios S.r.l.;
- transactions implemented as part of the national tax consolidation, in which the consolidating company is the parent company Dedagroup S.p.A.

Managers with strategic responsibilities include the 6 first-level managers. Their total fees and salaries, including social security costs, were equal to EUR 1,379 thousand.

IX. NET FINANCIAL POSITION

The reclassification and the breakdown of the Net Financial Position of the Company is shown below.

	31/12/2020	31/12/2019	Change
A. Cash			
B. Other cash and cash equivalents	7,014	215	6,799
C. Securities held for trading			
D. Liquidity (A+B+C)	**7,014**	**215**	**6,799**
E. Current financial receivables	**2,045**	**2,401**	**-356**
F. Current bank borrowings		211	-211
G. Current portion of non-current indebtedness	3,854	7,346	-3,492
H. Other current financial payables	556	2,141	-1,585
I. Current financial indebtedness (F+G+H)	**4,410**	**9,698**	**-5,288**
J. Net current financial indebtedness (I-E-D)	**-4,649**	**7,082**	**-11,731**
K. Long-term bank borrowings	39,946	6,261	33,685
L. Bonds issued			
M. Other non-current payables	2,427	2,322	105
N. Non-current financial indebtedness (K+L+M)	**42,373**	**8,583**	**33,790**
O. Net financial indebtedness (J+N)	**37,724**	**15,665**	**22,059**

Net financial indebtedness, as determined in point O is consistent with the provisions of Consob Communication DEM/6064293 of 28 July 2006, which excludes non-current financial assets.

The Net Financial Position as at 31 December 2020 was a negative EUR 37,724 thousand (negative EUR 15,665 thousand as at 31 December 2019), with a change of EUR -22,059 thousand, taking into account the acquisitions made during the year.

Also including non-current financial assets in the Net Financial Position calculated above, this would amount to EUR 32,684 thousand (EUR 9,236 thousand as at 31 December 2019).

Pursuant to IAS 7 “Statement of cash flows”, the changes in liabilities from financing activities are shown below:

Description	31/12/2019	Monetary flow	Non-monetary flow		31/12/2020
			Fair value measurement	Other changes	
Current financial liabilities	9,487	-1,523		-3,553	4,410
Non-current financial liabilities	8,583	34,045		-255	42,374
Current financial assets	2,401	-359		2	2,045
Non-current financial assets	6,429	-1,289		-99	5,041
Net liabilities from financing activities	**9,238**	**34,170**		**-3,711**	**39,698**
Cash and cash equivalents (net of bank overdrafts)	4	7,010			7,014
Net financial indebtedness	**9,234**	**27,160**		**-3,711**	**32,684**

X. TREASURY SHARES

During 2020, the company purchased treasury shares as per the authorisation from the Shareholders' Meeting, by way of resolution dated 23 January 2020. As at 31 December 2020 Piteco S.p.A. held 664,710 treasury shares, equal to 3.29% of the share capital, for a total value of EUR 4,107 thousand (equal to the amount reflected in the "Negative reserve for treasury shares in portfolio", posted as a decrease to shareholders' equity).

XI. SUBSEQUENT EVENTS

On 24 February 2021, Piteco SpA completed the acquisition of an additional 10% interest in the share capital of RAD Informatica S.r.l., held by RAD Informatica S.p.A. The overall investment held by Piteco in the subsidiary thus rose from 70% to 80%. The acquisition of this additional equity investment is in execution of the Put and Call agreements in place between the parties, as amended by mutual consent in order to anticipate this acquisition. Indeed, these agreements originally envisaged, only for the equity investment held by RAD Informatica SpA, a window for the exercise of the Put and Call Options at the end of March 2021. The price for the acquisition of this additional 10% of the share capital was equal to EUR 5.25 million and is subject to a contractually defined price adjustment mechanism. Piteco paid EUR 2.5 million at the closing and the remaining part of the price will be paid on 30 June 2021.

XII. SIGNIFICANT, NON-RECURRING, ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Note that in 2020 the Company did not implement atypical and/or unusual transactions, as defined by CONSOB Communication of 28 July 2006 no. DEM/6064293.

XIII. FEES TO THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

The table shows the fees pertaining to 2020 due to the Directors and the Board of Statutory Auditors. These fees represent the costs incurred and posted to the separate financial statements, net of expense reimbursements and VAT.

Fees to the Directors

Name and Surname	Position	Period	End of term of Office	Fees (thousands of EUR)
Marco Podini	Chairman of the BoD	01.01.2020-31.12.2020	Approval of the 2020 financial statements	50
Paolo Virenti	Chief Executive Officer	01.01.2020-31.12.2020	Approval of the 2020 financial statements	5
Annamaria Di Ruscio	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	10
Andrea Guido	Director	01.01.2020-	Approval of the 2020 financial	5

Guillermaz		31.12.2020	statements	
Riccardo Veneziani	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	5
Maria Luisa Podini	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	5
Francesco Mancini	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	11
Rossi Mauro	Director	01.01.2020-31.12.2020	Approval of the 2020 financial statements	7
Total				**97**

Fees to the Board of Statutory Auditors

Name and Surname	Position	Period	End of term of Office	Fees (thousands of EUR)
Luigi Salandin	Chairman of the Board of Statutory Auditors	01.01.2020-31.12.2020	Approval of the 2020 financial statements	31
Marcello Del Prete	Standing Auditor	01.01.2020-31.12.2020	Approval of the 2020 financial statements	21
Fabio Luigi Mascherpa	Standing Auditor	01.01.2020-31.12.2020	Approval of the 2020 financial statements	20
Claudio Stefanelli	Alternate Auditor	01.01.2020-31.12.2020	Approval of the 2020 financial statements	-
Gianandrea Borghi	Alternate Auditor	01.01.2020-31.12.2020	Approval of the 2020 financial statements	-
Total				**72**

XIV. FEES FOR INDEPENDENT AUDITORS

The table below shows the fees pertaining to 2020 for auditing services and other services provided by the independent auditors and the companies in their network. These fees represent the costs incurred and posted to the separate financial statements, net of expense reimbursements and VAT.

Type of services	Party providing the service	Fees (thousands of EUR)
Auditing of the accounts	KPMG S.p.A.	58
Opinion on the correspondence to the market value of the issue price of the shares relating to the share capital increase, with the exclusion of the option right pursuant to art. 2441, fourth paragraph, second sentence, of the Italian Civil Code	KPMG S.p.A.	30

XV. DISCLOSURE ON TRANSPARENCY OBLIGATIONS IN SYSTEM OF PUBLIC GRANTS (NATIONAL LAW 124/2017 ART. 1 PARAGRAPHS 125-129)

As required by the regulations on transparency in public grants introduced by art. 1, paragraphs 125-129 of Italian Law no. 124/2017 and subsequently supplemented by the Legislative Decree on "Security" (no. 113/2018) and the Legislative Decree on "Simplification" (no. 135/2018), it is noted that in 2020 the Company received subsidies, grants and economic benefits from public administrations and equivalent entities, from companies controlled by the public administration and from government-owned companies, as reported in the National Register of State Aid.

XVI. PROPOSED RESOLUTION

Dear Shareholders,

We hereby ask you to approve your Company's financial statements as at 31 December 2020, which close with profit of EUR 4,091,577. As regards the proposed allocation of profits show in the financial statements of Piteco S.p.A., the Board of Directors proposes allocating EUR 204,600 to legal reserves and EUR 3,886,977 to extraordinary reserves and distributing a dividend from extraordinary reserves of EUR 0.15 per each of the outstanding ordinary shares lacking nominal value, excluding treasury shares, at the ex-dividend date, establishing that the dividend shall be paid starting on 12 May 2021, with record date on 11 May 2021. It is proposed, however, that the undistributable reserve of EUR 139,240 be zeroed pursuant to art. 2426, paragraph 8 of the Italian Code and the entire amount be allocated to the extraordinary reserve.

Milan, 24 March 2021

The Chairman of the BoD

Mr. Marco Podini

Piteco
FINANCIAL SOFTWARE & CONSULTING

Certification of the Separate Financial Statements pursuant to Art. 81-ter of Consob Regulation No. 11971 of 14 May 1999 as amended and supplemented

The undersigned Paolo Virenti, as Chief Executive Officer, and Riccardo Veneziani, as the Manager responsible for drafting the corporate accounting documents of Piteco S.p.A., hereby certify, taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the company *and*
- the effective application of the administrative and accounting procedures for drawing up the separate financial statements of Piteco S.p.A., in the period included between 1 January 2020 and 31 December 2020.

In this regard, no significant aspects came to light.

Furthermore, it is certified that the separate financial statements of Piteco S.p.A.:

a) are drafted in compliance with the applicable international accounting standards recognised in the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July 2002;
b) correspond to the results of the accounting books and records;
c) are suitable to provide a true and fair representation of the capital, economic and financial situation of the issuer.

The Report on Operations includes a reliable analysis of the references to the important events that occurred in the year and their impact on the separate financial statements, together with a description of the main risks and uncertainties to which the issuer is exposed. The Report on Operations also includes a reliable analysis of the information on significant transactions with related parties.

Milan, 24 March 2021

The Chief Executive Officer	Manager responsible for drafting the corporate accounting documents
___________________________	_______________________________