

Half-Year financial report as at 30 June 2021

Condensed interim consolidated financial statements prepared in compliance with the IAS/IFRS standards

- Values in thousands of EUR –

The present document is a translation of the original document in Italian, which remains the only valid document issued by the company. The English translation is not an official document but only a reading facility for English-speaking users.

For any official communication of data and concepts, see the official version in Italian.

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CORPORATE BODIES

Board of Directors

(end of term of office - approval of financial statements as at 31 December 2023)

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 and of the Risk Control Committee.

Board of Statutory Auditors

(end of term of office - approval of financial statements as at 31 December 2023)

Name and Surname	Position
Luigi Salandin	Chairman of the Board of Statutory Auditors
Maria Carla Bottini	Standing Auditor
Fabio Luigi Mascherpa	Standing Auditor

Independent Auditors

KPMG S.p.A.

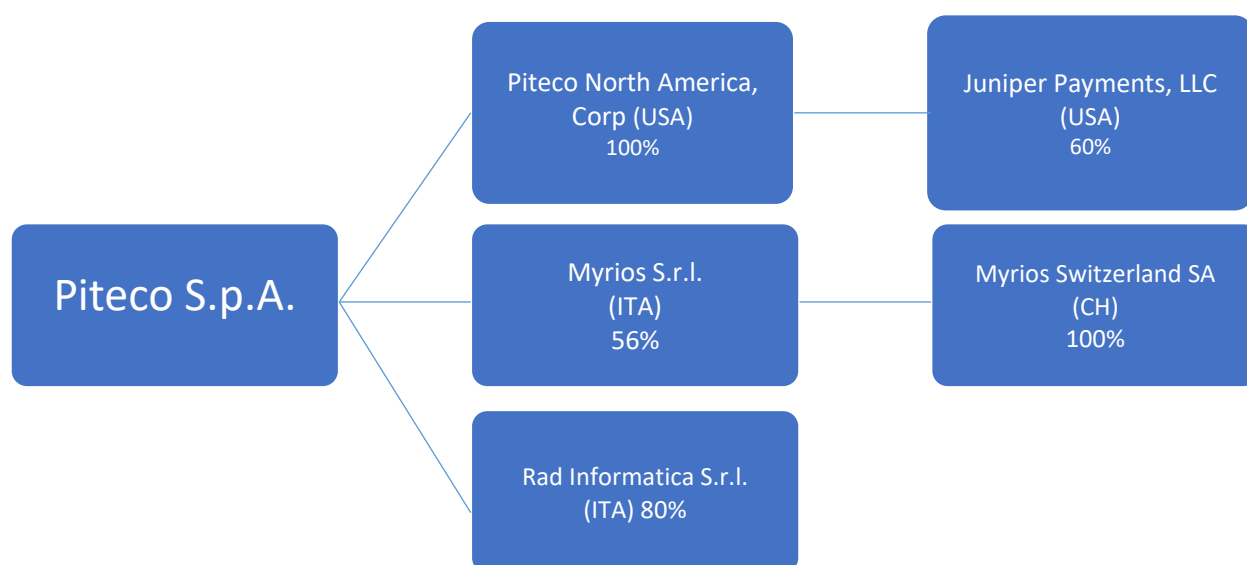
The auditing assignment was granted by the shareholders' meeting of 16 April 2018 for the nine years ending with the approval of the financial statements as at 31 December 2026.

STRUCTURE OF GROUP AND CONSOLIDATION PERIMETER

Situation as at 30 June 2021

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 S.p.A. ("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.	Italy	100	Euro	80% 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 As at 30 June 2021 Piteco S.p.A. held 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. It should be noted that on 28 July 2021 the Put Option reserved to the minority shareholders of Myrios S.r.l. was exercised on 4.85% of its share capital.

⁴ Piteco S.p.A. holds a stake of EUR 80,000 in nominal value, equal to 80% of the share capital of EUR 100,000. For the purposes of these consolidated financial statements, the Put & Call Option reserved respectively for minority shareholders and for Piteco of 20% of the share capital was recorded.

With respect to the situation as at 31 December 2020, there were no changes in the Piteco Group's scope of consolidation

It should be noted that on 24 February 2021 the Put Option reserved to the minority shareholders of Rad Informatica S.r.l. was exercised on 10% of the company's share capital valued at EUR 5,238 thousand; therefore, Piteco holds 80% of the share capital of Rad Informatica S.r.l.

On 28 July 2021, the Put Option reserved to the minority shareholders of Myrios S.r.l. was also exercised on 4.85% of the company's capital valued at EUR 643 thousand. At the date of preparation of this half-yearly financial report, Piteco S.p.A. holds 60.85% of the share capital of Myrios S.r.l.

DIRECTORS' REPORT ON OPERATIONS

INTRODUCTION

This interim Management Report (hereinafter also the "Report") relates to the Condensed Interim Consolidated Financial Statements of Piteco S.p.A. (indicated also as "Piteco" or "Parent Company").

The report should be read alongside the Financial Statements and the Explanatory Notes, which make up the Condensed Interim Consolidated Financial Statements of the Piteco Group as at 30 June 2021.

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

LETTER TO SHAREHOLDERS

Dear Shareholders,

The first half of 2021 recorded a strong business performance, with regards to both the Parent Company Piteco S.p.A. and the subsidiaries.

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

- **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 95 highly qualified employees and three 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 bases 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.**, leader 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 progressively 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 first half of 2021 ended with profit after tax equal to EUR 10,212 thousand. The statements below provide a summary of the economic performance and financial position of the company:

Economic analysis

Income Statement	30/06/2021	%	30/06/2020	%	% Change
Revenue from contracts with customers	17,035	93.7%	11,043	92.3%	54.3%
Other operating revenues	900	5.0%	651	5.4%	38.2%
Change in contract assets	239	1.3%	267	2.2%	-10.5%
Operating revenues	18,174	100.0%	11,961	100.0%	51.90%
Goods and consumables	539	3.0%	148	1.2%	264.2%
Personnel costs	6,997	38.5%	4,958	41.5%	41.1%
Costs for services	2,836	15.6%	1,907	15.9%	48.7%
Other operating costs	337	1.9%	104	0.9%	224.0%
Operating costs	10,709	58.9%	7,117	59.5%	50.5%
EBITDA	7,465	41.1%	4,844	40.5%	54.1%
Amortisation, depreciation and write-downs	2,797	15.4%	1,743	14.6%	60.5%
EBIT	4,668	25.7%	3,101	25.9%	50.6%
Gains (losses) from transactions in foreign currency	205	1.1%	36	0.3%	469.4%
Financial income and charges	-371	-2.0%	-281	-2.3%	32.0%
Financial income and charges from fair value measurement	-3	0.0%	-63	0.5%	-95.2%
Non-recurring income and charges	-318	-1.7%	6	0.1%	-98.1%
Profit before tax	4,181	23.0%	2,798	23.4%	49.4%
Income taxes	-6,031	-33.2%	486	4.1%	>100%
Profit (loss) for the year	10,212	56.2%	2,312	19.3%	341.7%

In the six-month period ended 30 June 2021, the turnover of the Group was equal to EUR 17,035 thousand, marking more than a 54% increase with respect to 30 June 2020. On a like-for-like basis, without considering the turnover contributed by RAD, the Group's turnover amounted to EUR 11,645 thousand, recording an increase of 5% compared to June 2020. Operating revenues amounted to EUR 18,174 thousand (+52% compared to 30 June 2020); EBITDA was EUR 7,465 thousand (+54% compared to 30 June 2020) with an incidence on revenues (EBITDA Margin) of 41%.

EBIT amounted to EUR 4,668 thousand (+51% compared to 30 June 2020) with an incidence on revenues of approximately 26%.

Net profit amounted to EUR 10,212 thousand (+342% compared to 30 June 2020) with an incidence on revenues of 56%.

During the first half of 2021, net exchange rate gains of EUR 205 thousand were recognised, of which EUR 187 thousand not realised, mainly deriving from the conversion at current exchange rates of the USD loan granted by Piteco S.p.A. to the subsidiary Piteco North America, Corp.

The net profit for the half year 2021 is affected by the benefits (in terms of deferred taxes) obtained from the tax recognition of higher values recognized in the financial statements pursuant to Law Decree 104/2020 (EUR 6,777 thousand), as detailed in the explanatory notes. Excluding this effect, the net result would have

been EUR 3,435 thousand, with an increase of EUR 1,123 thousand (+49%) compared to the half-year ended 30 June 2020.

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	30/06/2021					30/06/2020			
	Total	Corporate Treasury	Banking	Risk Mng	NPL	Total	Corporate Treasury	Banking	Risk Mng
Revenue from contracts with customers	17,035	8,483	1,856	1,306	5,390	11,043	7,607	2,205	1,231
Other operating revenues	900	312	45	182	361	651	402	70	179
Change in contract assets	239	58		56	125	267	177		90
Operating revenues	18,174	8,853	1,901	1,544	5,876	11,961	8,186	2,275	1,500
Goods and consumables	539	144	1	3	391	148	118	1	29
Personnel costs	6,997	4,057	666	718	1,556	4,958	3,556	798	604
Costs for services	2,836	1,066	722	191	857	1,907	934	812	161
Other operating costs	337	32	18	4	283	104	82	13	9
Operating costs	10,709	5,299	1,407	916	3,087	7,117	4,690	1,624	803
EBITDA	7,465	3,554	494	628	2,789	4,844	3,496	651	697

The half ended as at 30 June 2021 saw an increase of 8% in operating revenues in the Corporate Treasury sector and 3% in the Risk Management sector, partially offset by a decrease of 16% in the Banking sector. The NPL sector made a contribution in the first half of 2021 with revenues totalling EUR 5,876 thousand.

There was also a 2% increase in gross operating margin in the Corporate Treasury sector, with decreases of 24% in the Banking sector and 10% in the Risk Management sector. The NPL sector made a contribution in the first half of 2021 with revenues totalling EUR 2,789 thousand.

The main reasons that contributed to the decrease in the operating margin of the Banking and Risk Management segments are mainly due to the cumulative delay in the award of contracts with some customers due to the COVID-19 pandemic that slowed down some operating processes.

Equity and cash flow analysis

Reclassified statement of financial position	30/06/2021	31/12/2020	Change
Contract assets	372	133	239
Current trade receivables	11,011	6,818	4,193

Current tax assets	400	165	235
Other current assets	627	487	140
(A) Current assets	12,410	7,603	4,807
Current trade payables	1,628	2,329	-701
Contract liabilities	6,284	1,482	4,802
Current tax liabilities	1,483	542	941
Other current liabilities	5,174	4,651	523
(B) Current liabilities	14,569	9,004	5,565
(A-B) Net working capital	-2,159	-1,401	-758
Property, plant and equipment and rights of use	2,647	3,931	-1,284
Intangible assets and goodwill	118,814	120,518	-1,704
Real estate investments	1,114	-	1,114
Non-current financial assets	38	35	3
Deferred tax assets	8,241	786	7,455
(C) Non-current assets	130,854	125,270	5,584
Employee benefits	2,513	2,382	131
Long-term provisions	60	57	3
Other non-current liabilities	505	129	376
Deferred tax liabilities	11,980	12,330	-350
(D) Non-current liabilities	15,058	14,898	160
(NWC+C-D) Net invested capital	113,637	108,971	4,666
Share Capital	30,796	30,796	-
Reserves	5,652	5,848	-196
Undistributable profits	2,256	254	2,002
Net profit for the year	10,212	7,101	3,111
(SE) Total shareholders' equity	48,916	43,999	4,917
Cash and cash equivalents	6,151	11,080	-4,929
Current financial assets	238	235	3
Non-current financial lease assets	459	510	-51
Current financial liabilities	8,523	9,104	-581
Current lease liabilities	581	610	-29
Non-current financial liabilities	60,554	64,961	-4,407
Non-current lease liabilities	1,911	2,122	-211
(NFP) Net financial position	64,721	64,972	-251
(SE+NFP) Total sources	113,637	108,971	4,666

The consolidated Net Financial Position as at 30 June 2021, including the Put Options on the minority shares of Juniper Payments LLC, Myrios S.r.l. and Rad Informatica S.r.l., the financial receivables and payables deriving from the application of IFRS 16, was a negative EUR 64,721 thousand (negative EUR 64,972 thousand as at 31 December 2020), with a change of EUR 251 thousand. The change is mainly due to the positive cash flow generated in the period despite the payment of dividends for a total of EUR 3,721 thousand by the Group companies.

The Net Financial Position as at 30 June 2021 broke down as follows:

- Cash and banks receivable of EUR 6.151 thousand: the Group's cash and cash equivalents are deposits in EUR and USD.
- Current financial assets of EUR 238 thousand consist of receivables from the parent company Dedagroup S.p.A. deriving from the recognition of the active lease agreement according to IFRS 16, of EUR 102 thousand, of the receivable of the investee Rad Informatica S.r.l. from third parties for EUR 133 thousand and receivables of the parent company Piteco from third parties for EUR 3 thousand.
- Non-current financial lease assets amounting to EUR 459 thousand, are composed of receivables due from the parent company Dedagroup S.p.A. deriving from the accounting of the active lease agreement based on IFRS 16.
- Current financial liabilities of EUR 8,523 thousand consist of bank loans for the portion falling due within 12 months of EUR 7,746 thousand, the payable deriving from the exercise of the Put Option on 4.85% by minority shareholders of Myrios S.r.l. of EUR 643 thousand and the payable of the parent company Piteco S.p.A. to the old selling shareholders of Rad Informatica S.r.l. for EUR 134 thousand.
- Current lease liabilities amounting to EUR 581 thousand derive from the accounting of leases for company cars and property lease agreements based on IFRS 16.
- Non-current financial liabilities, equal to EUR 60,554 thousand, consisted of the medium/long-term portion of the bank loan for EUR 36,160 thousand, the estimated payable for the put option granted to minority shareholders on the residual 39.15% in the share capital of Myrios S.r.l. for EUR 8,074 thousand, the estimated payable for the put option granted to minority shareholders on the residual 40% of the share capital of Juniper Payments for EUR 242 thousand, the estimated payable for the Earn Out relative to the acquisition of the company "Everymake" for EUR 376 thousand and the estimated residual payable for the put option and call option on the residual 20% of the share capital of Rad Informatica S.r.l. for EUR 15,702 thousand.
- Non-current lease liabilities amounting to EUR 1,911 thousand are composed of the medium/long-term payable deriving from the accounting of leases and the property lease agreement in accordance with 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 the latest ESMA guidelines of 4 March 2021 and which deviates from the Net Financial Position calculated above given that it excludes non-current and current financial assets.

The consolidated Net Financial Position as at 30 June 2021, excluding the put options described above, was a negative EUR 40,703 thousand (negative EUR 40,317 thousand as at 31 December 2020), marking a negative change of EUR 386 thousand.

	30/06/2021	31/12/2020	Change
Cash and cash equivalents	6,151	11,080	-4,929
Current financial assets	238	235	3
Non-current financial assets	459	510	-51
Current financial liabilities	8,523	9,104	-581
Current lease liabilities	581	610	-29
Non-current financial liabilities	36,536	40,306	-3,770
Non-current lease liabilities	1,911	2,122	-211
(NFP) Net financial position	40,703	40,317	386

Analysis by ratios

The main economic, equity and financial ratios necessary for understanding the Group's operations are shown below, calculated on the data from the financial statements as at 30 June 2021 and 30 June 2020.

Return On Equity	30/06/2021	30/06/2020
Profit (loss) pertaining to the Group	10,212	2,312
Shareholders' equity	48,916	31,459
ROE	20.88%	7.35%

Return On Investments	30/06/2021	30/06/2020
EBIT	4,668	3,101
Net invested capital	113,637	55,894
ROI	4.11%	5.55%

Return On Sales	30/06/2021	30/06/2020
EBIT	4,668	3,101
Revenue from contracts with customers	17,035	11,043
ROS	27.40%	28.08%

Return On Capital Employed	30/06/2021	30/06/2020
EBIT	4,668	3,101
Total assets - Current liabilities	126,439	58,386
ROCE	3.69%	5.31%

Debt Equity	30/06/2021	30/06/2020
Net Financial Position	64,721	24,435
Total shareholders' equity	48,916	31,459
Debt Equity	1.32	0.78

EBITDA NFP	30/06/2021	30/06/2020
Net Financial Position	64,721	24,436
Gross operating result (*)	12,552	10,740
EBITDA NFP	5.16	2.28

(*) It should be noted that the gross operating result used to calculate this index is that relating to the last four quarters prior to each date considered.

Adjusted Debt Equity	30/06/2021	30/06/2020
Net financial position without put options	40,703	11,508
Total shareholders' equity	48,916	31,459
Debt Equity	0.83	0.37

Adjusted EBITDA NFP	30/06/2021	30/06/2020
Net financial position without put options	40,703	11,508
Gross operating result (*)	12,552	10,740
EBITDA NFP	3.24	1.07

(*) It should be noted that the gross operating result considered for the purposes of the calculation of this index is that relating to the last four quarters prior to each date considered.

BUSINESS POLICY

During the first half of 2021, the Group continued to 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. These new solutions are targeted at adjusting our products to regulatory and procedural changes in the area of company treasury management, intelligent data matching as well as integrating services provided by fintech into our solutions.

INVESTMENT POLICY

The investments made in the first half of 2021 are summarised below:

Description	Amounts
Investments in intangible assets and goodwill	885
Investments in property, plant and equipment	70
Total investments in fixed assets	955

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 S.p.A. 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 S.r.l., which with its proposals and solutions is active in both the industrial and the banking market, has 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 Informatica S.r.l. 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 the first half of 2021, 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 30 June 2021, the residual nominal amount of the loan was EUR 44,305 thousand.

The Group has cash and cash equivalents of EUR 6,151 thousand available as at 30 June 2021 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 economic situation at national and international level showed a recovery in the first half of 2021. In Europe, the second wave of COVID-19 infections had a significant impact on the economies of some countries, in particular Germany and the UK, resulting in negative results as a result of the lockdowns and restrictions imposed, particularly in the first months of 2021. However, Europe recorded a positive overall result, mainly driven by the performance of Eastern Europe. The USA also showed a recovery in the first half of 2021, thanks to progress in the vaccination campaign and significant economic stimuli.

In a global context of high uncertainty, the Piteco Group, like the entire reference market, found itself having to react to mitigate the impacts and call into question the ambitious and challenging growth objectives set.

The resilience of our model, based on a solid order portfolio, on a high percentage of recurring fees and on the ability to react to the new scenario, allowed us to offset the slowdown in activities linked to the sectors particularly affected by the pandemic.

In the course of 2021, the public health emergency of international importance linked to the COVID-19 pandemic continued: in this context, the Piteco Group continued to implement all the measures necessary to guarantee, on the one hand, the health of its employees and on the other the operational continuity of its assets in safe conditions.

The main organizational measure adopted, as also recommended by the competent Authorities, was smart working, extended to all Group offices in Italy and abroad.

Piteco continues to manage its personnel very carefully through the adoption of appropriate “Organizational” security measures (to ensure social distancing and the restructuring of operational and logistics activities) and “Prevention and Protection” (training and information, personal protection equipment, personal hygiene measures and cleaning/sanitation of the workplace), in compliance with the anti-COVID Protocol in the workplace and the instructions of the Competent Authorities.

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 28 July 2021, Piteco S.p.A. completed the acquisition of an additional 4.85% stake in the share capital of Myrios S.r.l. The acquisition of this additional equity investment was carried out in execution of the put agreements in place between the parties. The price for the acquisition of 4.85% of the share capital was equal to EUR 643 thousand and 50% of the same was paid with shares of Piteco S.p.A.

BUSINESS OUTLOOK

The first months of the second part of 2021 confirm the growth trend of receivables and the stability of operating costs, thanks to the diversification of the services offered by the Group and the recovery in the demand for software products in general, which will be reflected in further business and margin growth in the second half of 2021.

TRANSACTIONS WITH ASSOCIATES, PARENT COMPANIES AND AFFILIATES

In the first half of 2021, the companies of the Piteco Group conducted commercial, financial and economic transactions with companies in the Dedagroup Group, to which the Piteco Group in turn belongs.

The table below provides a summary of the transactions carried out in the first half of 2021.

Company name	Receivables	Payables	Revenues	Costs
DEDAGROUP SPA (parent company)	651	712	71	53
DEDAGROUP BUSINESS SOLUTION	18	17	29	27
DEDAGROUP DIGITAL SRL FORMER WIZ SRL (affiliate)	-	19	-	14
DEDA CLOUD SRL	-	57	-	121
DEDAGROUP STEALTH SPA	14	-	12	-
MD SPA (affiliate)	11	-	28	-
Total	695	805	140	215

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 and the parent company of 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 472 thousand as at 30 June 2021.

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 Piteco S.p.A. 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 the first half of 2021, the share of the Parent Company Piteco S.p.A. recorded an official maximum price of EUR 12.00 on 15 February 2021 and a low of EUR 9.42 on 5 January 2021. As at 30 June 2021, the share was listed at EUR 9.58.

During the first half of 2021, the Parent Company purchased treasury shares as per the authorisation from the Shareholders' Meeting, by way of resolution dated 29 April 2021 and previous ones. As at 30 June 2021 the Group held 791,932 treasury shares, equal to 3.924% of the share capital, for a total value of EUR 5,444 thousand (equal to the amount reflected in the "Negative reserve for treasury shares on hand", posted as a decrease to consolidated shareholders' equity).

DATA ON EMPLOYMENT

As at 30 June 2021, there were in total 172 employees, against 156 at 31 December 2020, with a total increase of 16.

Personnel	30/06/2021	31/12/2020	Average for the period
Executives	11	11	11
Middle Managers	41	37	39
Office Workers	99	89	94
Other (Juniper Payments, LLC)	21	19	20
Total	172	156	164

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 simultaneously set up the Supervisory Body and appointed its members Miriam Giorgioni, as Chairman, Renato Toscana as external member and Raffaella Giordano as internal member.

OTHER INFORMATION

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

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.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2021

STATEMENT OF FINANCIAL POSITION

(values in thousands of Euro)

Assets	Notes	30/06/2021	Of which related parties	31/12/2020	Of which related parties	Change
Non-current assets						
Property, plant and machinery	1	981		2,090		-1,109
Assets for rights of use	2	1,666		1,841		-175
Goodwill	3	70,094		70,094		-
Other intangible assets	4	48,720		50,424		-1,704
Real estate investments	5	1,114		-		1,114
Deferred tax assets	6	8,241		786		7,455
Other non-current financial assets	7	497	459	545	510	-48
Total non-current assets		131,313		125,780		5,533
Current assets						
Contract assets	8	372		133		239
Current trade receivables	9	11,011	134	6,818	244	4,193
Other current receivables	10	627		487		140
Current tax assets	11	400		165		235
Other current financial assets	12	238	102	235	101	3
Cash and cash equivalents	13	6,151		11,080		-4,929
Total current assets		18,799		18,918		-119
Total assets		150,112		144,698		5,414

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

Shareholders' equity and liabilities	Notes	30/06/2021	Of which related parties	31/12/2020	Of which related parties	Change
Shareholders' equity						
Share Capital	14	30,796		30,796		-
Share premium reserve	14	5,943		5,943		-
Negative reserve for treasury shares in portfolio	14	-5,444		-4,107		-1,337
Other reserves	14	5,154		4,012		1,141
Undistributable profits	14	2,256		254		2,002
Net profit for the year	14	10,212		7,101		3,111
Shareholders' equity		48,916		43,999		4,917
Non-current liabilities						
Non-current financial liabilities	15	38,447		42,428		-3,981
Long-term derivative financial instruments	16	24,018		24,655		-637
Deferred tax liabilities	17	11,980		12,330		-350
Employee benefits	18	2,513		2,382		131
Long-term provisions	19	60		57		3
Other non-current liabilities	20	505		129		376
Total non-current liabilities		77,523		81,981		-4,458
Current liabilities						
Current trade payables	21	1,628	108	2,329	342	-701
Contract liabilities	22	6,284		1,482		4,802
Other current payables	23	5,174		4,651		523
Current tax liabilities	24	1,483	225	542	218	941
Current financial liabilities	25	9,104		9,714		-610
Total current liabilities		23,673		18,718		4,955
Total Shareholders' equity and liabilities		150,112		144,698		5,414

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

INCOME STATEMENT

(values in thousands of Euro)

Income Statement	Notes	30/06/2021	Of which related parties	30/06/2020	Of which related parties	Change
Revenue from contracts with customers	26	17,035	139	11,043	126	5,992
Other operating revenues	27	900		651	2	249
Change in contract assets	28	239		267		-28
Operating revenues		18,174		11,961		6,213
Goods and consumables	29	539	109	148	5	391
Personnel costs	30	6,997		4,958		2,039
Costs for services	31	3,166	98	2,036	90	1,130
Other operating costs	32	337	28	198		139
Operating costs		11,039		7,340		3,699
EBITDA		7,135		4,621		2,514
Amortisation and depreciation	33	2,797		1,649		1,148
EBIT		4,338		2,972		1,366
Gains (losses) from transactions in foreign currency	34	205		36		169
Financial income	35	510		23		487
Financial charges	36	884		368		516
Financial income and charges		-374		-345		-29
Profit before tax		4,169		2,663		1,506
Income taxes	37	-6,043		351		-6,394
Profit (loss) for the year		10,212		2,312		7,900

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

OTHER COMPONENTS OF COMPREHENSIVE INCOME

(values in thousands of Euro)

Other components of comprehensive income	Notes	30/06/2021	30/06/2020	Change
Profit (loss) for the year		10,212	2,312	7,900
Other comprehensive income (loss) that will not be subsequently reclassified under profit (loss)				
Actuarial gains/losses on employee benefits	14	-62	-18	-44
Taxes on actuarial gains/losses on employee benefits	14	15	5	10
Net gains (losses) no conversion of foreign subsidiaries	14	9	-2	11
Total comprehensive income (loss)		10,174	2,297	7,877

BASE EARNINGS PER SHARE

Description	30/06/2021	30/06/2020
Net profit attributable to shareholders	10,212	2,312
Number of outstanding ordinary shares at the beginning of the year	18,397,197	17,864,361
- reduction of share capital	337,629	176,364
- increase in share capital	1,332,745	708,000
Number of outstanding ordinary shares at the end of the year	19,392,313	18,395,997
Weighted average number of outstanding shares	19,133,918	17,894,194
Basic earnings per share in EUR	0.5337	0.1292
Diluted earnings per share in EUR	0.5337	0.1769

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

STATEMENT OF CASH FLOWS

(values in thousands of Euro)

Statement of cash flows	Notes	30/06/2021	30/06/2020
Cash flows from operating activities			
Profit for the period		10,212	2,312
Adjustments for:			
- Financial loss (income)	33-34	375	345
- Current income taxes	35	923	387
- Deferred tax liabilities (assets)	35	-6,966	-37
- Amortisation and depreciation	31	2,799	1,649
Cash flows from operating activities before changes in working capital		7,343	4,656
(Increases)/decreases in contract assets	7	-239	-266
(Increases)/decreases in trade receivables and other receivables	8-9	-4,327	-852
Increases/(decreases) in trade payables and other liabilities	19-21	4,803	3,927
Increases/(decreases) in provisions and employee benefits	18-17	86	35
Increases/(decreases) in deferred taxes and current taxes		-268	-14
Financial income collected		8	23
Financial charges paid		-379	-299
Taxes paid		-790	-
Net cash and cash equivalents deriving from operating activities		6,237	7,220
Cash flows from investment activities			
(Increases) in fixed assets:			
- Property, plant and equipment	1	-70	-88
- Intangible assets	3-4	-885	-507
- Business combination purchase price		-	-500
Other changes in fixed assets:			
- Financial assets	6	-3	59
Net cash and cash equivalents used in investment activities		-958	-1,036
Cash flows from financing activities			
Increases/(decreases) in financial payables		-4,976	-1,692
of which:			
- New disbursements		500	1,470
- Repayments		-5,476	-3,162
Payment of lease liabilities		-33	-179
Dividends distributed	13	-3,721	-3,457
Purchase/sale of treasury shares	13	-1,337	-785
Exchange rate conversion differences		-141	-27
Net cash and cash equivalents used in financing activities		-10,208	-6,140
Increases/(decreases) in cash and cash equivalents		-4,931	44
Cash and cash equivalents at the beginning of the period		11,080	2,835
Cash and cash equivalents at the end of the period		6,151	2,879

The explanatory notes reported below are an integral part of these condensed interim 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 2019	19,125	5,943	-1,624	2,705	2,253	3,017	31,419
Net profit for the first half of 2020	-	-	-	-	-	2,312	2,312
Actuarial gain (loss) of benefit plans net of taxes	-	-	-	-13	-	-	-13
Conversion differences	-	-	-	-2	-	-	-2
Total statement of comprehensive income	-	-	-	-15	-	2,312	2,297
Allocation of 2019 profit	-	-	-	4,247	-1,230	-3,017	-
Conversions of bonds	2,050	-	-	-	-	-	2,050
Purchase of treasury shares	-	-	-785	-	-	-	-785
Purchase of bonds	-	-	-	-41	-	-	-41
Distribution of dividends	-	-	-	-2,696	-761	-	-3,457
Other changes	-	-	-	3	-27	-	-24
Value as at 30 June 2020	21,175	5,943	-2,409	4,203	235	2,312	31,459
Value as at 31 December 2020	30,796	5,943	-4,107	4,012	254	7,101	43,999
Net profit for the first half of 2021	-	-	-	-	-	10,212	10,212
Actuarial gain (loss) of benefit plans net of taxes	-	-	-	-47	-	-	-47
Conversion differences	-	-	-	9	-	-	9
Total statement of comprehensive income	-	-	-	-38	-	10,212	10,174
Allocation of 2020 profit	-	-	-	4,092	3,009	-7,101	-
Purchase of treasury shares	-	-	-1,337	-	-	-	-1,337
Distribution of dividends pertaining to third parties	-	-	-	-2,913	-1,007	-	-3,920
Value as at 30 June 2021	30,796	5,943	-5,444	5,154	2,256	10,212	48,916

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

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE HALF-YEAR ENDED AS AT 30 JUNE 2021

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 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 condensed consolidated financial statements for the half-year ended as at 30 June 2021 including the financial statements of the Parent Company and its subsidiaries (hereinafter, also the “Piteco Group” or the “Group”).

The publication of these condensed interim consolidated financial statements as at 30 June 2021, was authorised by resolution of the Company’s Board of Directors of 29 September 2021.

These interim 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.

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

II. PREPARATION CRITERIA AND COMPLIANCE WITH IAS/IFRS

General principles

These consolidated half-yearly financial statements as at 30 June 2021 were prepared in compliance with the provisions of art. 154-ter of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance - TUF) as amended and in application of IAS 34. They do not include all the information required by IFRS for the drafting of the annual financial statements and, therefore, must be read together with the consolidated financial statements as at 31 December 2020.

Although not all information required for the full financial statements are provided, explanatory notes were included to describe events and transactions that are relevant to understand the changes in the financial position and performance of the Group since the most recent financial statements. The interim consolidated financial statements were prepared on the basis of the accounting records as at 30 June 2021 on the basis of the going concern assumption, which is supported by the financial and management indicators of the Group.

Use of estimates and evaluations

In drawing up the interim condensed consolidated financial statements, the company management had to formulate evaluations 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.

The relevant subject measurements of the company management in applying the Group accounting principles and the main sources of uncertainty of estimates were the same as those carried out to prepare the consolidated financial statements for the year ended as at 31 December 2020.

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 condensed interim 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 condensed interim consolidated financial statements as at 30 June 2021 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 30 June 2021, indicating the consolidation method, is shown below.

Company Name	Registered Office	Share Capital	currency	% Ownership	held by	Type of consolidation
Piteco S.p.A. ("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
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.	Italy	100	Euro	80% 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 period exchange rates, while those of the income statement are converted at the average exchange rate for the period. 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 period resulting from the conversion at average exchange rates and that resulting from the conversion based on the period-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 at 30 June 2021 (*)	Average exchange rate as at 30 June 2021 (*)	Exchange rate as at 31 December 2020 (*)	Average exchange rate as at 30 June 2020 (*)
USD - US dollar	1.188	1.205	1.227	1.102
CHF - Swiss Franc	1.098	1.095	1.080	1.064

(*) Source: Bank of Italy.

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

The accounting standards adopted for the preparation of the condensed consolidated interim financial statements are consistent with those used for the preparation of the consolidated financial statements as at 31 December 2020 and illustrated in the Annual financial report under note V. "Accounting principles and amendments to the standards adopted by the group" with the exception of the of the standards,

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

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 80,000 in nominal value, equal to 80% of the share capital of EUR 100,000. For the purposes of these consolidated financial statements, the put & call option reserved for minority shareholders of 20% of the share capital was recorded.

interpretations and amendments whose application is mandatory starting from 1 January 2021. An in-depth description of the newly applied standards, interpretations and amendments is provided below.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2021

The standards, amendments, interpretations and improvements in force since 1 January 2021 for which no significant impact on the Group's 2021 half-yearly financial report are highlighted are reported below:

- with Regulation no. 2020/2097, issued by the European Commission on 16 December 2020, the amendments to IFRS 4 "Insurance contracts" were approved. The amendments aim to remedy the temporary accounting consequences caused by the mismatch between the date of entry into force of IFRS 9 "Financial instruments" and the date of entry into force of the future IFRS 17 "Insurance contracts". In particular, the amendments to IFRS 4 extend the expiry of the temporary exemption from the application of IFRS 9 until 2023 in order to align the date of entry into force of IFRS 9 with the new IFRS 17. The provisions are effective from 1 January 2021;
- with Regulation no. 2021/25, issued by the European Commission on 13 January 2021, the document "*Interest Rate Benchmark Reform - Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the amendments)*", with which the IASB initiated the second phase of the reform of the change in interest rates, was approved. These amendments concern the accounting treatment to be applied in the event of changes in the basis for determining the contractual cash flows of financial assets or liabilities and the impacts of these changes on the hedging relationships affected by the IBOR reform (hedging instrument and/or hedged item). The above amendments are effective from 1 January 2021;
- with Regulation no. 2021/1080, issued by the European Commission on 28 June 2021, the documents "*Annual Improvements to IFRS Standards 2018-2020 Cycle*" and the amendments to IAS 16 "*Property, plant and equipment*" and IAS 37 "*Provisions, contingent liabilities and contingent assets*" and IFRS 3 "*Business combinations*" were approved. The *Annual Improvements* and amendments to the standards indicated will be effective from 1 January 2022.

V. 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 and in entering into any financial hedging contracts (derivatives), 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 30 June 2021 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). As the majority of the Group's trade receivables are from the Euro area, 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). 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 financial liabilities	30/06/2021	31/12/2020	Change
Long-term bank borrowings	36,160	39,946	-3,786
Non-current lease liabilities	1,911	2,122	-211
Other non-current financial payables	376	360	16
Derivative financial instruments	24,018	24,655	-637

Current portion of long-term financial liabilities	30/06/2021	31/12/2020	Change
Current bank borrowings	7,746	3,854	3,892
Current lease liabilities	581	610	-29
Other current financial liabilities	777	5,250	-4,473

The following table provides the breakdown by maturity of 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.

	30/06/2021	31/12/2020	Change
Within 6 months	637	5,250	-4,613
From 6 to 12 months	8,467	4,464	4,003
From 1 to 5 years	58,740	59,651	-911
Over 5 years	3,725	7,432	-3,707

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 30 June 2021, by level of the fair value measurement hierarchy.

Description	Value at 30/06/2021	Level 1	Level 2	Level 3
Other non-current financial assets	497			
Current trade receivables	11,011			
Other current receivables	627			
Other current financial assets	238			
Cash and cash equivalents	6,151			
Financial assets	18,524			
Non-current financial liabilities	38,447			376
Long-term derivative financial instruments	24,018			24,018
Current trade payables	1,628			
Other current payables	10,852			
Current financial liabilities	9,104			643
Financial liabilities	84,049			25,037

VI. 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	30/06/2021					30/06/2020			
	Total	Corporate Treasury	Banking	Risk Mng	NPL	Total	Corporate Treasury	Banking	Risk Mng
Revenue from contracts with customers	17,035	8,483	1,856	1,306	5,390	11,043	7,607	2,205	1,231
Other operating revenues	900	312	45	182	361	651	402	70	179
Change in contract assets	239	58	-	56	125	267	177	-	90
Operating revenues	18,174	8,853	1,901	1,544	5,876	11,961	8,186	2,275	1,500
Goods and consumables	539	144	1	3	391	148	118	1	29
Personnel costs	6,997	4,057	666	718	1,556	4,958	3,556	798	604
Costs for services	3,166	1,112	722	193	1,139	1,907	934	812	161
Other operating costs	337	32	18	4	283	199	177	13	9
Operating costs	11,039	5,345	1,407	918	3,369	7,344	4,912	1,624	808
EBITDA	7,135	3,508	494	626	2,507	4,619	3,276	651	692

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

Statement of financial position	30/06/2021					31/12/2020				
	Total	Corporate Treasury	Banking	Risk Mng	NPL	Total	Corporate Treasury	Banking	Risk Mng	NPL
Non-current assets	131,313	82,801	5,880	13,627	29,005	125,780	77,091	6,211	13,564	28,914
Current assets	18,799	9,738	1,715	2,104	5,242	18,918	11,518	1,982	2,264	3,154
Non-current liabilities	77,523	76,002	281	372	868	81,981	80,690	137	344	810
Current liabilities	23,673	18,245	143	1,574	3,711	18,718	15,475	88	913	2,242

VII. 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 30 June 2021 are shown below:

Property, plant and machinery	31/12/2020	Increase s	Decrease s	Reclassification s	Exchange rate effect	Other change s	30/06/2021
Land	312	-	-	-201	4	-	115
Buildings	1,973	-	-	-1,527	15	-1	460
Accum. depreciation - buildings	-620	-6	-	591	-1	1	-35
Land and buildings	1,665	-6	-	-1,137	18	-	540
Plants and machinery	314	-	-	-	-	-	314
Accum. depreciation - plant and machinery	-179	-12	-	-	-	-	-191
Plants and machinery	135	-12	-	-	-	-	123
Vehicles	50	-	-	-	-	-	50
Accum. depreciation - vehicles	-43	-2	-	-	-	-1	-46
Furniture and furnishings	324	-	-	-	3	1	328
Accum. depreciation - furniture and furnishings	-230	-8	-	-	-2	-	-240
Electronic machines	294	8	-	-	-	-	302
Accum. depreciation - electronic machines	-188	-13	-	-	-	-1	-202
Other property, plant and equipment	317	62	-	-	9	-	388
Accum. depreciation - other property, plant and equipment	-234	-20	-	-	-7	-1	-262
Other assets	290	27	-	-	3	-2	318
Total	2,090	9	-	-1,137	21	-2	981

Land and buildings

These amounted to EUR 540 thousand (EUR 1,665 thousand as at 31 December 2020) and refer to the property in Wichita, Kansas, operational headquarters of the US subsidiary Juniper Payments, LLC. The decrease is due to the reclassification carried out for the real estate unit in Via Mercalli 16 in Milan, the Parent Company's registered and operational headquarters until December 2019. The Group no longer uses the property and therefore has decided to value it as an investment property (recording it in a specific item of the balance sheet) using the cost criterion net of depreciation and accumulated impairment losses.

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

Plants and machinery

These amounted to EUR 123 thousand (EUR 135 thousand as at 31 December 2020) and mainly refers to accessory plants at the Parent Company headquarters.

Other assets

These amounted to EUR 318 thousand (EUR 290 thousand as at 31 December 2020) and referred mainly to furniture and furnishings, electronic office machines and other assets. The increase of EUR 62 thousand mainly refers to investments of the subsidiary Juniper Payments, LLC.

2 Assets for rights-of-use

The changes in assets for rights of use as at 30 June 2021 are shown below:

Assets for rights of use	31/12/2020	Increases	Decreases	Reclassifications	Exchange rate effect	Other changes	30/06/2021
Buildings - rights-of-use	1,638	-	-	-81	3	-	1,560
Accum. depreciation - Buildings - rights-of-use	-330	-116	-	24	-1	-	-423
Buildings - rights-of-use	1,308	-116	-	-57	2	-	1,137
Other assets - rights-of-use	873	70	-32	81	-	-1	991
Accum. depreciation - other assets - rights-of-use	-340	-129	32	-24	-	-1	-462
Other assets - rights-of-use	533	-59	-	57	-	-2	529
Total	1,841	-175	-	-	2	-2	1,666

The increase in other assets is attributable for EUR 70 thousand to the signing of vehicle rental agreements of the parent company Piteco S.p.A.

3 Goodwill

The changes in Goodwill as at 30 June 2021 are shown below:

Goodwill	31/12/2020	Increases	Decreases	30/06/2021
Goodwill	70,094	-	-	70,094
Total	70,094	-	-	70,094

Goodwill, amounting to EUR 70,094 thousand (EUR 70,094 thousand as at 31 December 2020) refers to:

- 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;
- EUR 330 thousand attributed to the value posted to goodwill following the acquisition of the “Everymake S.r.l.” business unit on 31 March 2020 by Piteco;
- 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.

The Group conducts an impairment test annually (as at 31 December) and when the circumstances indicate the possibility of a reduction in the recoverable value of goodwill. The impairment tests conducted as at 31 December 2020 had highlighted significant positive margins (headroom) for all Cash Generating Units (“CGUs”) to which Group goodwill is allocated. The broadly positive margins were also confirmed following the sensitivity analyses conducted on the main assumptions underpinning the tests. As at 30 June 2021, taking into consideration of the impacts of COVID-19 may have had or may have on the Group’s performance, in addition to the normal analysis of the presence of trigger events, no impairment test was conducted, as no indicator of impairment had been recorded as such to suggest significant risks regarding the possible existence of long-lasting impairment in relation to the goodwill booked to the financial statements.

4 Other intangible assets

The changes in other intangible assets as at 30 June 2021 are shown below:

Other intangible assets	31/12/2020	Increase	Decrease	Exchange rate effect	Other changes	30/06/2021
Concessions, licences and trademarks	19	1	-	-	-	20
Accum. amortisation - Concessions, licences and trademarks	-13	-1	-	-	-	-14
Software	39,136	477	-	270	-	39,883
Accum. amortisation - software	-16,021	-1,824	-	-154	-1	-18,000
Concessions, licences and trademarks	23,121	-1,347	-	116	-1	21,889
Other intangible assets	27,606	15	-	3	-	27,624
Accum. amortisation - other intangible assets	-787	-644	-	-2	-	-1,433
Other intangible assets	26,819	-629	-	1	-	26,191
Intangible assets under construction	484	389	-240	7	-	640
Total	50,424	-1,587	-240	124	-1	48,720

Concessions, licences and trademarks

The net balance amounted to EUR 21,889 thousand (EUR 23,121 thousand as at 31 December 2020) and is comprised of EUR 6 thousand for the PITECO™ trademark and the costs incurred to register the Match.it™ trademark, and EUR 21,883 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 288 thousand for the internal development of new modules of Piteco and IDM software, EUR 150 thousand for the internal development of new modules of Myrios software, EUR 23 thousand for the internal development of new modules by Juniper Payments, LLC, and EUR 16 thousand for the acquisition of the rights to use third party software by the subsidiary Rad Informatica S.r.l.

Other intangible assets

Other intangible assets, equal to EUR 26,191 thousand (EUR 26,819 thousand as at 31 December 2020), comprise EUR 3,284 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 22,883 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.; EUR 9 thousand for the five-year non-competition agreement entered into as part of the closing for the acquisition of the LendingTools.com business unit by Juniper Payments and EUR 15 thousand for the investments made, again, by Juniper Payments, LLC. The non-competition agreement is amortised over the term of the agreement. The amortisation of the customer list of the company Myrios S.r.l. is expected to be amortised over 14 years and the amortisation of the customer list of Rad Informatica S.r.l. is expected to be amortised over 24 years. These durations were estimated with the support of an external expert.

Fixed assets under construction

Fixed assets under construction, equal to EUR 640 thousand (EUR 484 thousand as at 31 December 2020), mainly represent capitalised costs incurred in the development of software and refer to the subsidiary Juniper Payments, LLC, for EUR 279 thousand and to the subsidiary Rad Informatica S.r.l. for EUR 361 thousand.

5 Real estate investments

The changes in the item Real estate investments as at 30 June 2021 are shown below:

Real estate investments	Opening balance	Reclassifications	Increases	Decreases	Closing balance
Land and buildings	-	1,728	-	-	1,728
Accum. depreciation - buildings not used in operations	-	-591	-23	-	-614
Total	-	1,137	-23	-	1,114

The item is represented by the real estate unit in via Mercalli 16 in Milan, the Parent Company's registered and operational headquarters until December 2019. The Group no longer uses the property and therefore has decided to value it as an investment property (recording it in a specific item of the balance sheet) using the cost criterion net of depreciation and accumulated impairment losses. It should also be noted that the fair value of the property is in line with its book value at the closing date.

6 Deferred tax assets

Deferred tax assets of EUR 8,241 thousand (EUR 786 thousand as at 31 December 2020) 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 to the financial statements for further details.

7 Other non-current financial assets

The item in question breaks down as follows:

Other non-current financial assets	30/06/2021	31/12/2020	Change	From 1 to 5 years	Over 5 years
Non-current financial assets due from parent companies	459	510	-51	429	30
Non-current financial assets due from parent companies, affiliates and associates	459	510	-51	429	30
Receivables for tax assets and due from employees	4	5	-1	4	-
Security deposits	34	30	4	34	-
Other non-current assets	38	35	3	38	-
Total	497	545	-48	467	30

The non-current financial receivable due from the parent company of EUR 459 thousand relates to the accounting of the multi-year lease agreement for 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:

Contract assets	Opening balance	Increases	Decreases	Closing balance
Contract assets	133	372	-133	372
Total	133	372	-133	372

The assets deriving from contract of the Parent Company and the subsidiaries Myrios S.r.l. and Rad Informatica S.r.l. refer to services that were not yet completed at the end of the period, 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:

Current trade receivables	30/06/2021	31/12/2020	Change
Current receivables from customers	11,053	6,752	4,301
Bad debt prov. - current receivables from customers	-177	-178	1
Receivables from customers	10,876	6,574	4,302
Current receivables from parent companies	91	220	-129
Current receivables from related parties	44	24	20
Receivables due from parent companies, affiliates and associates	135	244	-109
Total	11,011	6,818	4,193

Receivables from customers

Receivables from customers, amounting to EUR 10,876 thousand (EUR 6,574 thousand as at 31 December 2020), are shown net of the corresponding bad debt provisions which, as at 30 June 2021, amounted to EUR 177 thousand. During the year the following changes occurred in the bad debt provision:

Description	Opening balance	Use	Allocation	Closing balance
Bad debt provision - receivables due from customers	178	(1)	-	177

The increase in the item receivables from customers compared to 31 December 2020 is mainly due to the method of invoicing revenues for recurring fees, which normally takes place in the first months of the calendar year.

Receivables due from parent companies, affiliates and associates

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.

10 Other current receivables

The item in question breaks down as follows:

Other current receivables	30/06/2021	31/12/2020	Change
Tax receivables	40	33	7
Current receivables from social security institutions	37	5	32
Current prepaid expenses	447	233	214
Other current trade receivables	84	87	-3
Current VAT credits	-	110	-110
Receivables from employees	19	19	-
Total	627	487	140

Tax receivables are represented by the receivables for withholdings made by the parent company for EUR 10 thousand and tax credits for research and development of the subsidiary Myrios S.r.l. for EUR 30 thousand. Other trade receivables are comprised mainly of accounts to suppliers.

11 Current tax assets

The item in question breaks down as follows:

Current tax assets	30/06/2021	31/12/2020	Change
IRAP Receivables	74	24	50
Other current tax assets	39	43	-4
IRES Receivables	287	98	189
Total	400	165	235

Other current tax assets for EUR 39 thousand are comprised of receivables for current taxes of the subsidiary Piteco North Africa.

12 Other current financial assets

The item in question breaks down as follows:

Other current financial assets	30/06/2021	31/12/2020	Change
Current financial receivables due from parent companies	102	101	1
Current financial assets from the group	102	101	1
Current financial assets due from others	136	134	2
Other current financial assets	136	134	2
Total	238	235	3

The financial receivable due from the parent company Dedagroup S.p.A. of EUR 102 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.

The financial receivable due from others of EUR 136 thousand consists of EUR 133 thousand due to the investee Rad Informatica S.r.l. from third parties and EUR 3 thousand of receivables of the Parent Company Piteco S.p.A. from third parties.

13 Cash and cash equivalents

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

Cash and cash equivalents	30/06/2021	31/12/2020	Change
Bank deposits	6,150	11,080	-4,930
Cash	1	-	1
Total	6,151	11,080	-4,929

14 Shareholders' equity

As at 30 June 2021 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	30/06/2021	31/12/2020	Change
Capital paid-in	30,796	30,796	-
Share Capital	30,796	30,796	-
Share premium reserve	5,943	5,943	-
Negative reserve for treasury shares in portfolio	-5,444	-4,107	-1,337
Legal reserve	1,271	1,067	204
Extraordinary reserve	8,211	7,097	1,114
IAS reserve	-59	-59	-
Other reserves	-145	-6	-139
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)	-181	-134	-47
Effect of conversion of Shareholders' Equity	-595	-604	9
Other reserves	5,154	4,012	1,141
Undistributable profits	2,256	254	2,002
Net profit for the year	10,212	7,101	3,111
Total	48,916	43,999	4,917

On approving the financial statements for the year ended as at 31 December 2020, the Shareholders' Meeting of the Parent Company Piteco S.p.A. approved the distribution of dividends of EUR 2,913 thousand.

In addition, the shareholders' meetings of the subsidiaries Myrios S.r.l., Rad Informatica S.r.l. and Juniper LLC, during the first half of 2021, resolved the distribution of dividends. The portion of dividends due to minority shareholders amounted to EUR 808 thousand.

During the first half of 2021, the Parent Company purchased treasury shares as per the authorisation from the Shareholders' Meeting, by way of resolution dated 29 April 2021 and previous ones. As at 30 June 2021 the Group held 791,932 treasury shares, equal to 3.924% of the share capital, for a total value of EUR 5,444 thousand (equal to the amount reflected in the "Negative reserve for treasury shares on hand", posted as a decrease to consolidated shareholders' equity).

The Parent Company took advantage of the possibility of realigning the tax values to the higher values of the assets recorded in the financial statements as at 31 December 2020, specifically the value of goodwill of EUR 27,219 thousand, as required by Law Decree 104/2020, art. 110, paragraphs 8 and 8 bis. This determines, against the payment of a substitute tax of 3% (EUR 817 thousand) on the value of the realigned goodwill, the deduction over 18 years, starting from 2021, of the tax amortisation of the realigned goodwill of EUR 27,219 thousand.

It should be noted that the shareholders' equity of the Parent Company Piteco S.p.A. is large enough to impose the restriction in tax suspension of EUR 26,402 thousand to satisfy the conditions set by Law Decree 104/2020, art. 110, paragraph 8, in relation to the tax recognition of higher values recorded in the financial statements. The total deferred tax liability for tax purposes of EUR 26,402 thousand is as follows:

- Share premium reserve of EUR 5,943 thousand;
- Legal reserve for EUR 1,271 thousand;
- Extraordinary reserve of EUR 8,211 thousand;
- Retained earnings (losses) of EUR 2,400 thousand;
- Share capital of EUR 8,577 thousand.

15 Non-current financial liabilities

The balance of amounts due to banks and other long-term financial liabilities is set out in the table below:

Non-current financial liabilities	30/06/2021	31/12/2020	Change	Within 12 months	From 1 to 5 years	Over 5 years
Long-term bank borrowings	36,160	39,946	-3,786	-	32,784	3,376
Long-term bank borrowings	36,160	39,946	-3,786	-	32,784	3,376
Non-current lease liabilities	1,911	2,122	-211	-	1,804	107
Non-current lease liabilities	1,911	2,122	-211	-	1,804	107
Other non-current financial payables	376	360	16	-	376	-
Other non-current financial liabilities	376	360	16	-	376	-
Total	38,447	42,428	-3,981	-	34,964	3,483

Long-term bank borrowings

Amounts due to banks refer to four loans with an original amount totalling EUR 44.7 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. On the basis of current and anticipated results, the company's Management has not identified any critical issue with regard to these financial parameter 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. On the basis of current and anticipated results, the company's Management has not identified any critical issue with regard to these financial parameter as at 31 December 2021;
- EUR 3.7 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 call options/SE <1 and NFP net of put options/EBITDA <3. On the basis of current and anticipated results, the company's Management has not identified any critical issue with regard to these financial parameter as at 31 December 2021.

Non-current lease liabilities

These 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 S.r.l. business unit upon verification of given performances.

16 Long-term derivative financial instruments

The changes recorded in the first half of 2021 are shown below.

Long-term derivative financial instruments	30/06/2021	31/12/2020	Change	From 1 to 5 years	Over 5 years
NCI Put options	24,018	24,655	-637	23,776	242
Total	24,018	24,655	-637	23,776	242

The amount of EUR 24,018 thousand (EUR 24,655 thousand as at 31 December 2020) 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 same minority shareholders 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 shareholders 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 30 June 2021 came to USD 287 thousand (EUR 242 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. At least 50% of this price will be paid with shares of Piteco S.p.A. It should be noted that on 28 July 2021 the Put option reserved to the minority shareholders of Myrios S.r.l. was exercised on 4.85% of the capital of the company itself and valued at EUR 643 thousand. This amount was classified under current financial liabilities in the financial statements as at 30 June 2021. The estimated price of the put option on the residual portion of 39.15% of Myrios recognized in the financial statements as at 30 June 2021 is EUR 8,074 thousand;
- 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 sell 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 30 June 2021 came to EUR 15.7 million.

Note that for the Juniper option, the recalculation of the fair value as at 30 June 2021, 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 an increase of USD 174 thousand (EUR 146 thousand at the exchange rate at that date). For the Myrios S.r.l. option, the recalculation of the fair value, determined mainly by considering the estimate of the equity value of Myrios S.r.l. 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 an increase of EUR 158 thousand; finally, for the Rad Informatica S.r.l. option, the recalculation of the fair value, determined mainly by considering the estimate of the equity value of Rad Informatica S.r.l. at the date of exercising the option and a discount factor calculated based on the risk-free rate and the credit spread of Piteco S.p.A., in compliance with the provisions of IFRS 9, resulted in an increase of EUR 187 thousand.

17 Deferred tax liabilities

The changes recorded in the first half of 2021 are shown below:

Deferred tax liabilities	30/06/2021	31/12/2020	Change	From 1 to 5 years	Over 5 years
Other non-current deferred tax liabilities	11,980	12,330	-350	11,980	-
Total	11,980	12,330	-350	11,980	-

For further details on the composition of the item, refer to the specific table in this report.

18 Employee benefits

The changes in employee benefits are shown below:

Employee benefits	31/12/2020	Actuarial measurements	Increases	Decreases	Other changes	30/06/2021
Employee severance indemnity	2,382	62	90	-20	-1	2,513
Total	2,382	62	90	-20	-1	2,513

19 Long-term provisions

The changes recorded in the first half of 2021 are shown below:

Long-term provisions	31/12/2020	Increases	Decreases	30/06/2021
Agents' leaving indemnities	57	2	-	60
Total	57	2	-	60

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.

20 Other non-current liabilities

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

Other non-current liabilities	30/06/2021	31/12/2020	Change	From 1 to 5 years
Non-current payables for wages and salaries	233	129	104	233
Other non-current payables	272	-	272	272
Other non-current payables	505	129	376	505
Total	505	129	376	505

The payables for non-current salaries and wages refer to payables to the employees of the Parent Company Piteco S.p.A. for incentives under the three-year Business Plan, which accrue from 2020 for three years and which will be paid with the approval of the 2022 financial statements.

The other non-current payables consist of the third instalment of the substitute tax due by the parent company Piteco S.p.A. for the tax recognition of higher values recorded in the financial statements pursuant to Law Decree 104/2020.

21 Current trade payables

The change in current payables is shown below:

Current trade payables	30/06/2021	31/12/2020	Change
Current payables due to suppliers	1,494	1,944	-450
Invoices to be received	38	43	-5
Trade payables	1,532	1,987	-455
Current payables due to parent companies	9	266	-257
Current payables to related parties	87	76	11
Payables due to parent companies, affiliates and associates	96	342	-246
Total	1,628	2,329	-701

Payables due to suppliers, including the allocations for invoices to be received, amounted to EUR 1,532 thousand (EUR 1,987 thousand as at 31 December 2020) and are all short term.

Current payables due to parent companies, subsidiaries and affiliates represent trade payables for EUR 96 thousand (EUR 342 thousand as at 31 December 2020).

22 Contract liabilities

The changes recorded in the first half of 2021 are shown below:

Contract liabilities	30/06/2021	31/12/2020	Change
Advances from customers - current	6,284	1,482	4,802
Total	6,284	1,482	4,802

Contract liabilities amount to EUR 6,284 thousand (EUR 1,482 thousand as at 31 December 2020) and include advances from customers for works still not completed and from revenues for software maintenance fees collected early with respect to the period of accrual.

The amount of EUR 1,482 thousand recorded under contract liabilities as at 31 December 2020 was accounted for under revenues in the six-month period ended at 30 June 2021.

23 Other current payables

Other current payables are shown in the table below:

Other current payables	30/06/2021	31/12/2020	Change
Current payables for wages and salaries	3,055	2,511	544
Payables for social security charges	963	1,036	-73
Payables for fees	3	106	-103
Other tax payables	12	11	1
Current accrued trade expenses	76	48	28
Other current payables	392	105	287
Deferred income	89	123	-34
VAT payables due to tax authorities	239	134	105
Payables for withholdings	279	502	-223
Other social security payables	66	75	-9
Total	5,174	4,651	523

The item "Other current payables" includes payables to minority shareholders of Rad Informatica S.r.l. for dividends of EUR 200 thousand.

24 Current tax liabilities

Current tax liabilities amounted to EUR 1,483 thousand as at 30 June 2021 (EUR 542 thousand as at 31 December 2020) and break down as follows:

Current tax liabilities	30/06/2021	31/12/2020	Change
Payables due to parent company for tax consolidation	472	218	254
Payables for IRES taxes	605	278	327
Payables for IRAP taxes	134	46	88
Other current tax liabilities	272	-	272
Total	1,483	542	941

The other current tax liabilities consist of payables for the second instalment of the substitute tax due by the Parent Company Piteco for the realignment of the tax values of goodwill pursuant to Law Decree 104/2020.

25 Current financial liabilities

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

Current financial liabilities	30/06/2021	31/12/2020	Change
Current bank borrowings	7,746	3,854	3,892
Current bank borrowings	7,746	3,854	3,892
Current lease liabilities	581	610	-29
Current lease liabilities	581	610	-29
Other current financial liabilities	777	5,250	-4,473
Other current financial liabilities	777	5,250	-4,473
Total	9,104	9,714	-610

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 44.7 million. For details on the characteristics of the loans, refer to point 15 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 777 thousand refers for EUR 643 thousand to the price to be paid to the minority shareholders of the company Myrios S.r.l. for the exercise of the put option on 4.85% of the company's share capital and for EUR 134 thousand to payables of the parent company Piteco S.p.A. to the selling shareholders of Rad Informatica S.r.l., which will be paid within 12 months when certain conditions are met.

26 Revenue from contracts with customers

Revenues from contracts with customers amounted to EUR 17,035 thousand (EUR 11,043 thousand as at 30 June 2020), recording an increase of EUR 5,992 thousand compared to the figure for the corresponding half of 2020. It should be noted that the increase is due to the consolidation of the company Rad Informatica S.r.l., not present as at 30 June 2020. On a like-for-like basis, revenues from contracts would have been EUR 11,645 thousand and the increase compared to the corresponding figure for the first half of 2020 would have been EUR 602 thousand.

The revenues of the Parent Company Piteco S.p.A. were equal to EUR 8,483 thousand (EUR 7,607 thousand as at 30 June 2020).

Revenues by service type

The breakdown of revenues by service type is shown below:

Revenue from contracts with customers	30/06/2021		30/06/2020		Change
Maintenance fees	3,882		3,271		611
Application management fees	2,012		849		1,163
Usage fees	1,502		1,188		314
Total Fees	7,396	43.42%	5,308	48.07%	2,088
Software sales	1,152		751		401
Total Software	1,152	6.76%	751	6.80%	401
Professional activities and services	4,313		2,390		1,923
Other revenues from sales	51		42		9
Personalisations	2,264		345		1,919
Commissions and Royalties	3		2		1
Total activities and services	6,631	38.93%	2,779	25.17%	3,852
Digital payments and clearing house revenues	1,856		2,205		-349
Total digital payments and clearing house revenues	1,856	10.90%	2,205	19.97%	-349
Total	17,035		11,043		5,992

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 SA exclusively 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 licences (one-off amount)	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.

27 Other operating revenues

The balance of "Other operating revenues" as at 30 June 2021 was EUR 900 thousand (EUR 651 thousand as at 30 June 2020) including increases in internal work capitalised for EUR 838 thousand. The increases in internal work capitalised relate to development expenses on proprietary software.

Other operating revenues	30/06/2021	30/06/2020	Change
Recovery of costs for services	19	90	-71
Other operating revenues	838	525	313
Contingent assets	43	36	7
Total	900	651	249

28 Changes in assets deriving from contracts

The changes recorded during the reference period are shown below:

Change in contract assets	30/06/2021	30/06/2020	Change
Changes in contract assets	239	267	-28
Total	239	267	-28

The item "Changes in assets deriving from contracts" relates to the change in contracts still not completed at the end of the period pertaining to indivisible services that will be finished in the next 12 months.

29 Goods and consumables

Costs for the purchase of goods and consumables amounted to EUR 539 thousand (EUR 148 thousand as at 30 June 2020).

Goods and consumables	30/06/2021	30/06/2020	Change
Purchase of finished products	536	141	395
Other purchases	3	7	-4
Total	539	148	391

The increase recorded by the item compared to the same period of the previous year is mainly due to the inclusion in the scope of the Group of the company Rad Informatica S.r.l.

30 Personnel costs

Personnel costs for employees are shown in the table below:

Personnel costs	30/06/2021	30/06/2020	Change
Wages and salaries	5,197	3,817	1,380
Social security charges	1,532	917	615
Allocations to pension funds and other	266	224	42
Other personnel costs	2	-	2
Total	6,997	4,958	2,039

Employees of the Group as at 30 June 2021 totalled 172 resources (126 resources as at 30 June 2020). The increase in the item recorded in the period is mainly due to the inclusion in the scope of the Group of the company Rad Informatica S.r.l. and partially to the increase in the employees of the other Italian companies.

31 Costs for services and leases and rentals

Other costs are shown in the table below:

Costs for services	30/06/2021	30/06/2020	Change
External maintenance	232	147	85
Consulting, administrative and legal services	1,729	873	856
Utilities	59	65	-6
Promotion and advertising fees	58	55	3
Bonuses and commissions	81	40	41
Sundry consulting	405	391	14
Insurance	83	85	-2
Travel and transfer expenses	23	87	-64
Fees and compensation to directors	280	53	227
Services for personnel	49	65	-16
Other	11	20	-9
Costs for services	3,010	1,881	1,129
Rent payable	88	34	54
Rentals and other	26	60	-34
Royalties	42	61	-19
Leases and rentals	156	155	1
Total	3,166	2,036	1,130

As a percentage of revenues, the incidence of costs for services was essentially unchanged compared to the previous half, standing at roughly 17%.

The increase in the item “consulting, administrative and legal services” is attributable to expenses for consultancy and administrative and legal services incurred by the subsidiary Rad Informatica S.r.l.

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

32 Other operating costs

Other costs are shown in the table below:

Other operating costs	30/06/2021	30/06/2020	Change
Other taxes (not on income)	21	16	5
Fines and penalties	1	3	-2
Contributions and donations	1	17	-16
Magazine and subscription fees	8	3	5
Contingent liabilities	304	65	239
Allocations to agents severance indemnities	2	-	2
Allocations to bad debt provision	-	94	-94
Total	337	198	139

The increase in contingent liabilities is attributable to costs not pertaining to the period recognized in the half-year by the consolidated company Rad Informatica S.r.l.

33 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	30/06/2021	30/06/2020	Change
Depreciation of property, plant and equipment and amortisation of rights of use	324	325	-1
Amortisation of intangible assets	2,473	1,324	1,149
Total	2,797	1,649	1,149

The increase in amortisation of intangible assets is almost exclusively due to the amortisation generated by the acquisition of the investee Rad Informatica S.r.l., which was completed in November 2020.

34 Gains/(losses) from transactions in foreign currency

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

Gains (losses) from transactions in foreign currency	30/06/2021	30/06/2020	Change
Exchange rate gains	210	36	174
Exchange rate losses	-5	-	-5
Total	205	36	169

Exchange rate gains include unrealized exchange gains of EUR 187 thousand.

35 Financial income

The table below provides details of financial income:

Financial income	30/06/2021	30/06/2020	Change
Other interest income on non-current loans	-	5	-5
Bank and postal account interest	2	3	-1
Interest and trade discounts receivable	6	7	-1
Income on options and similar	502	8	494
Total	510	23	487

36 Financial charges

The table below provides details of financial charges:

Financial charges	30/06/2021	30/06/2020	Change
Interest on non-current bank borrowings	354	281	73
Interest on other current payables	25	16	9
Charges on options and similar	505	71	434
Total	884	368	516

37 Income taxes

Income taxes estimated for the first half of 2021 are analysed in the table below:

Income taxes	30/06/2021	30/06/2020	Change
IRAP income taxes	150	144	6
IRES income taxes	802	338	464
Taxes from previous years	-34	-134	100
Deferred tax assets	-7,432	50	-7,482
Deferred tax liabilities	-351	-87	-264
Substitute tax	817	-	817
Income taxes of foreign subsidiaries	5	40	-35
Total	-6,043	351	-6,393

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

Effects of deferred tax assets and liabilities - IRES	30/06/2021		31/12/2020	
	Temporary Difference	Taxes (rate of 24%-20%)	Temporary Difference	Taxes (rate of 24%-20%)
Amortisation of trademarks	9	2	11	3
Agents' leaving indemnities	7	2	7	2
Actuarial measurement of employee severance indemnity	578	139	516	124
Other costs with deferred deductibility	348	83	348	83
Exchange rate differences from measurement	1,320	317	1,320	317
Goodwill realignment	26,463	6,351	-	-
Amortisation of software - Piteco North America	1,577	315	1,284	257
Deferred tax assets	30,302	7,209	3,486	786
Higher value of property	373	89	380	91
Amortisation of "Centro data" (data centre) goodwill	198	47	176	42
Consolidation adjustments	41,857	10,046	43,289	10,389
Other deferred tax liabilities	592	142	405	97
Deferred tax liabilities	43,020	10,324	44,250	10,619
Total	12,718	3,115	40,764	9,833

Effects of deferred tax assets and liabilities - IRAP	30/06/2021		31/12/2020	
	Temporary Difference	Taxes (rate of 3.9%)	Temporary Difference	Taxes (rate of 3.9%)
Goodwill realignment	26,463	1,032	-	-
Deferred tax assets	26,463	1,032	-	-
Higher value of property	373	15	380	15
Amortisation of "Centro data" (data centre) goodwill	198	8	176	7
Consolidation adjustments	41,857	1,632	43,289	1,688
Deferred tax liabilities	42,428	1,655	43,845	1,710
Total	15,952	623	43,830	1,710

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 consolidation and conversion adjustments of the financial statements of the subsidiaries.

As already previously stated, the Parent Company Piteco S.p.A. took advantage of the possibility of realigning the tax values to the higher values of the assets recorded in the financial statements as at 31 December 2020, specifically the value of goodwill of EUR 27,219 thousand, as required by Law Decree 104/2020, art. 110, paragraphs 8 and 8 bis. This will determine, against the payment of a substitute tax of 3% (EUR 817 thousand) on the value of the realigned goodwill, the deduction over 18 years, starting from 2021, of the tax amortisation of the realigned goodwill of EUR 27,219 thousand. These deductions will generate overall benefits in terms of IRES and IRAP, recognized under deferred tax assets, amounting to EUR 7,594 thousand.

VIII. COMMITMENTS AND GUARANTEES

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

Commitments and guarantees	30/06/2021	31/12/2020
Sureties, personal guarantees and collateral to third parties	304	304
Total	304	304

As at 30 June 2021 the Parent Company had granted guarantees of EUR 304 thousand, mainly in the form of sureties for participation in tenders.

IX. TRANSACTIONS WITH GROUP COMPANIES AND OTHER RELATED PARTIES

In addition to the information provided in the Report on Operations on transactions with parent companies and affiliates, note that during the first half of 2021 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 851 thousand.

X. NET FINANCIAL POSITION

The breakdown of the net financial position of the Group is shown below:

	30/06/2021	31/12/2020	Change
A. Cash	6,151	11,080	-4,929
B. Cash equivalents	238	235	3
C. Other current financial assets	-	-	-
D. Liquidity (A+B+C)	6,389	11,315	-4,926
E. Current financial debt (including debt instruments but excluding the non-current financial debt portion)	777	5,250	-4,473
F. Current portion of non-current financial debt	8,327	4,464	3,863
G. Current financial indebtedness (E+F)	9,104	9,714	-610
H. Net current financial indebtedness (G-D)	2,715	-1,601	4,316
I. Non-current financial debt (excluding the current portion and debt instruments)	38,071	42,068	-3,997
J. Debt instruments	24,394	25,015	-621
K. Trade payables and other non-current payables	-	-	-
L. Non-current financial indebtedness (I+J+K)	62,465	67,083	-4,618
M. Total financial indebtedness (H+L)	65,180	65,482	-302

Starting from 5 May 2021, the references contained in previous CONSOB communications are replaced with the ESMA Guidelines of 4 March 2021.

The consolidated Net Financial Position as at 30 June 2021, including the put options on the minority shares of Juniper Payments, LLC, Myrios S.r.l. and Rad Informatica S.r.l. and the financial payables deriving from the application of IFRS 16, was a negative EUR 65,180 thousand (negative EUR 65,482 thousand as at 31 December 2020), with a negative change of EUR 302 thousand mainly due to the positive cash flow generated during the period, despite the payment of dividends of EUR 3,721 thousand.

Pursuant to IAS 7 "Statement of cash flows", the changes in liabilities from financing activities are shown below:

Description	31/12/2020	Non-monetary flow			30/06/2021
		Monetary flow	Fair value measurement	Other changes	
Current financial liabilities	9,714	-5,705	15	5,080	9,104
Non-current financial liabilities and derivatives	67,083	-	-637	-3,981	62,465
Current financial assets	235	-	-	3	238
Non-current financial assets	510	-	-	-51	459
Net liabilities from financing activities	76,052	-5,705	-622	1,147	70,872
Cash and cash equivalents	11,080	-4,929	-	-	6,151
Net financial indebtedness	64,972	-776	-622	1.147	64,721

XI. TREASURY SHARES

During the first half of 2021, the Parent Company purchased treasury shares as per the authorisation from the Shareholders' Meeting, by way of resolution dated 29 April 2021 and previous ones. As at 30 June 2021 the Group held 791,932 treasury shares, equal to 3.924% of the share capital, for a total value of EUR 5,444 thousand (equal to the amount reflected in the "Negative reserve for treasury shares on hand", posted as a decrease to consolidated shareholders' equity).

XII. SUBSEQUENT EVENTS

As already previously stated, on 28 July 2021, Piteco S.p.A. completed the acquisition of an additional 4.85% stake in the share capital of Myrios S.r.l. The acquisition was carried out in execution of the put agreements in place between the parties. The price for the acquisition of 4.85% of the share capital was EUR 643 thousand.

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

There are no events to report.

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

The table shows the fees (net of reimbursements of expenses and VAT) pertaining to 2021 due to the Directors and the Board of Statutory Auditors.

Fees due to the Directors

Name and Surname	Position	Period	End of term of Office	Fees (thousands of EUR)
Marco Podini	Chairman of the BoD	01.01.2021-31.12.2021	Approval of the 2023 financial statements	50
Paolo Virenti	Chief Executive Officer	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5
Annamaria Di Ruscio	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5
Andrea Guido Guillermaz	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5
Riccardo Veneziani	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5
Maria Luisa Podini	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5
Francesco Mancini	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5
Mauro Rossi	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5
Total				85

Fees due 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	01.01.2021-31.12.2021	Approval of the 2023 financial statements	22
Maria Carla Bottini	Standing Auditor	01.01.2021-31.12.2021	Approval of the 2023 financial statements	15
Fabio Luigi Mascherpa	Standing Auditor	01.01.2021-31.12.2021	Approval of the 2023 financial statements	15
Luigi Rabuini	Alternate Auditor	01.01.2021-31.12.2021	Approval of the 2023 financial statements	-

Anna Postal	Alternate Auditor	01.01.2021- 31.12.2021	Approval of the 2023 financial statements	-
Total				52

XV. INDEPENDENT AUDITORS

The table below shows the fees (net of the reimbursement of expenses and VAT) pertaining to 2021 for auditing services and other services provided by the independent auditors and the companies in their network.

Type of services	Party providing the service	Fees (thousands of EUR)
Auditing of the accounts	KPMG S.p.A.	70

Milan, 29 September 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 the preparation of the condensed consolidated half-year financial statements in the first half of 2021.

In this regard, no significant aspects came to light.

It is also hereby certified that the condensed consolidated half-year 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 first six months of the year and their impact on the condensed consolidated half-year 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, 29 September 2021

The Chief Executive Officer

Manager responsible for drafting
the corporate accounting documents
