Financial report as at 31 December 2021

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.

Table of Contents

ORGANI SOCIALI 4

STRUTTURA DEL GRUPPO E PERIMETRO DI CONSOLIDAMENTO 5

SITUAZIONE AL 31 DICEMBRE 2021 5

RELAZIONE DEGLI AMMINISTRATORI SULLA GESTIONE 7

PREMESSA 7
LETTERA AGLI AZIONISTI 7
SITUAZIONE DEL GRUPPO ED ANDAMENTO DELLA GESTIONE 8
PROSPETTO DI RACCORDO TRA DATI DELLA CAPOGRUPPO E DELLE SOCIETA' CONSOLIDATE 13
POLITICA INDUSTRIALE 13
POLITICA DEGLI INVESTIMENTI 14
ATTIVITÀ DI RICERCA E SVILUPPO 14
DESCRIZIONE DEI PRINCIPALI RISCHI ED INCERTEZZE A CUI IL GRUPPO È ESPOSTO 14
INFORMATIVA SUL FENOMENO COVID–19 16
INFORMAZIONI ATTINENTI ALL'AMBIENTE ED AL PERSONALE 16
FATTI DI RILIEVO AVVENUTI DOPO LA CHIUSURA DELL'ESERCIZIO 17
EVOLUZIONE PREVEDIBILE DELLA GESTIONE 17
RAPPORTI CON IMPRESE COLLEGATE, CONTROLLANTI E CONSOCIATE 17
ANDAMENTO DEL TITOLO PITECO E AZIONI PROPRIE 18
DATI SULL'OCCUPAZIONE 18
MODELLO ORGANIZZATIVO E CODICE ETICO 18
ALTRE INFORMAZIONI 19
INFORMATIVA AI SENSI DEGLI ARTICOLI 70 E 71 DEL REGOLAMENTO EMITTENTI 19

PROSPETTI CONTABILI CONSOLIDATI AL 31 DICEMBRE 2021 20

SITUAZIONE PATRIMONIALE-FINANZIARIA 20
CONTO ECONOMICO 22
ALTRE COMPONENTI DI CONTO ECONOMICO COMPLESSIVO 23
RENDICONTO FINANZIARIO 24
VARIAZIONE DEL PATRIMONIO NETTO 26

NOTE ESPLICATIVE AL BILANCIO CONSOLIDATO DEL PERIODO CHIUSO AL 31 DICEMBRE 2021 27

I. INFORMAZIONI GENERALI 27
II. CRITERI DI REDAZIONE E CONFORMITA' AGLI IAS/IFRS 27
III. PRINCIPI E AREA DI CONSOLIDAMENTO 29
IV. PRINCIPI CONTABILI ED EMENDAMENTI AGLI STANDARD ADOTTATI DAL GRUPPO 31
V. PRINCIPALI CRITERI DI VALUTAZIONE 33
VI. INFORMAZIONI SUI RISCHI FINANZIARI 44
VII. INFORMATIVA DI SETTORE 46

VIII. NOTE AI PROSPETTI PATRIMONIALI, FINANZIARI ED ECONOMICI 48
IX. IMPEGNI E GARANZIE 71
X. RAPPORTI CON SOCIETÀ DEL GRUPPO E CON ALTRE PARTI CORRELATE 72
XI. POSIZIONE FINANZIARIA NETTA ERRORE. IL SEGNALIBRO NON È DEFINITO.
XII. AZIONI PROPRIE 73
XIII. EVENTI SUCCESSIVI 73
XIV. OPERAZIONI SIGNIFICATIVE, NON RICORRENTI, ATIPICHE E/O INUSUALI 73
XV. COMPENSI SOCIETÀ DI REVISIONE 74
XVI. INFORMATIVA SUGLI OBBLIGHI DI TRASPARENZA NEL SISTEMA DELLE EROGAZIONI PUBBLICHE 75
(L. N. 124/2017 ART. 1 COMMI 125-129) 75

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.

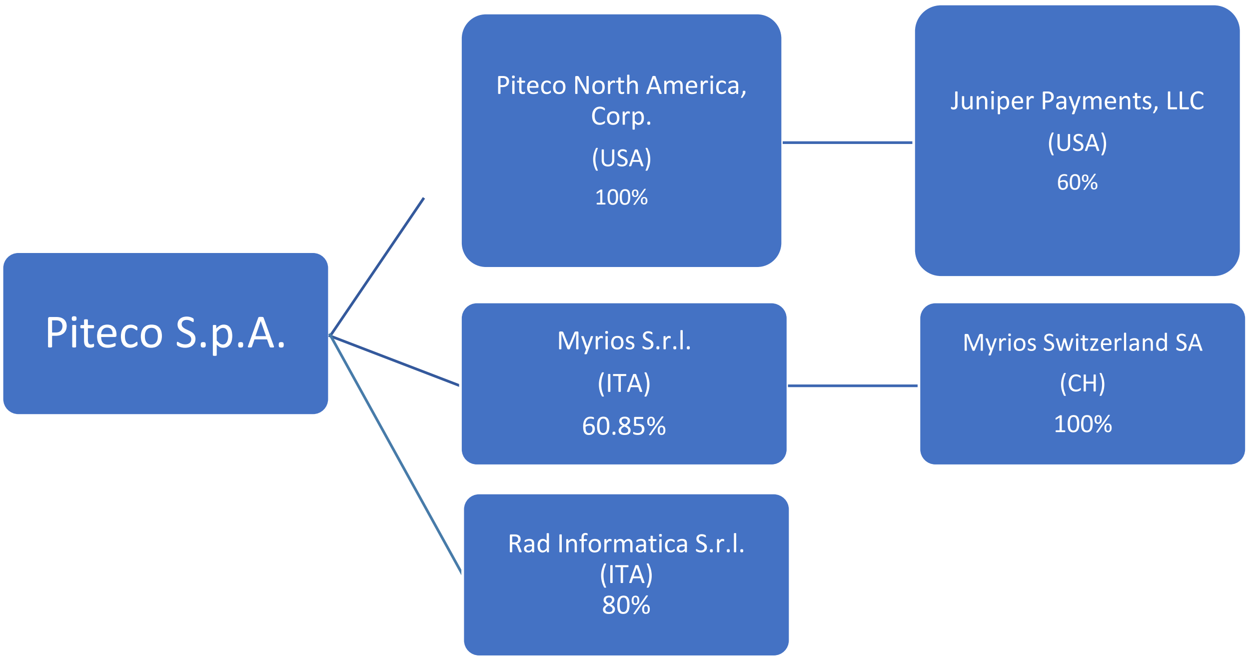
The auditing assignment was granted by the shareholders' meeting of 16 April 2018 for the nine years ending with the approval of the financial statements as at 31 December 2026.

STRUCTURE OF GROUP AND SCOPE OF CONSOLIDATION

SITUATION AS AT 31 DECEMBER 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	60.85%[3]	Piteco S.p.A.	Line-by-line
Myrios Switzerland SA ("Myrios Ch")	Switzerland	100	CHF	60.85%	Myrios S.r.l.	Line-by-line
Rad Informatica S.r.l. ("Rad")	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 Piteco S.p.A. holds a stake of EUR 30,425 in nominal value, equal to 60.85% of the share capital of EUR 50,000. For the purposes of these consolidated financial statements, the Put Option reserved for minority shareholders of 39.15% of the share capital was recorded.

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 and Call Option 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 Note that the following transactions were carried out in 2021:

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 exercised on 4.85% of the company's share capital valued at EUR 643 thousand; therefore, Piteco holds 60.85% of the share capital of Myrios S.r.l.

DIRECTORS' REPORT ON OPERATIONS

INTRODUCTION

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

The report should be read along with the Financial Statements and the Explanatory Notes, which comprise the Consolidated Financial Statements of the Piteco Group and the Separate Financial Statements of Piteco S.p.A. as at 31 December 2021.

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

LETTER TO SHAREHOLDERS

Dear Shareholders,

2021 recorded a strong business performance, with regard to both the Parent Company and the subsidiaries.

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

- **Piteco S.p.A.,** a software house that is an absolute leader in Italy in proprietary solutions for Corporate Treasury and Financial Planning management, used by over 650 national and international groups operating in all business sectors. With 98 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 based on recurring fees, we have significant visibility of expected turnover. Piteco S.p.A. is controlled by Dedagroup S.p.A. and is listed on the Euronext Milan market (EXM).
- **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.**, Italian software house leader in the field of software for banking debt collection management and for the management of disputes. The constant growth of this business

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

In June 2021, the Parent Company Piteco S.p.A. exercised the option of realigning tax values to the higher values of assets recorded in the financial statements as at 31 December 2020, as allowed by art. 110, Law Decree no. 104 of 14 August 2020. Consequently, the Shareholders' Meeting of Piteco S.p.A. resolved to impose a tax restriction in the financial statements for EUR 26,402 thousand on a corresponding portion of available reserves. In December 2021, the 2022 Budget Law (Law no. 234 of 30 December 2021, published in the Official Gazette of 31 December 2021) amended the deadlines for realignment of tax values on intangible assets and goodwill, envisaging a tax recovery period of 50 years rather than the original 18 years. After assessing the economic and financial convenience of the transaction, Piteco decided to confirm the option already exercised, against which it recorded a tax benefit in the financial statements of EUR 2,734 thousand. For further information, please refer to the related paragraph in the Explanatory Notes.

GROUP SITUATION AND PERFORMANCE OF OPERATIONS

Thanks also to the massive start of the vaccination campaign, 2021 was characterised by a good recovery of the economy at international level with a rapidly growing GDP that rose by 5.8% worldwide. 2021 was also characterised by the return of inflation which led to a rise in price levels. For 2022, a slowdown in the pace of expansion of the economic cycle is expected due to the strong uncertainty of the economic context, as well as the volatility of commodity prices and the reappearance of the virus with the onset of new variants.

2021 closed with profit after tax of EUR 11,866 thousand. Through the tables below, we provide a summary of the economic performance and statement of financial position for company operations in 2021.

Economic analysis

Income Statement	31/12/2021	%	31/12/2020	%	% Change
Revenue from contracts with customers	37,012	94.9%	23,546	95.3%	57.2%
Other operating revenues	1,743	4.5%	1,362	5.5%	28.0%
Change in contract assets	263	0.7%	-188	-0.8%	-239.9%
Operating revenues	**39,018**	**100.0%**	**24,720**	**100.0%**	**57.8%**
Goods and consumables	806	2.1%	383	1.5%	110.4%
Personnel costs	13,729	35.2%	10,271	41.5%	33.7%
Costs for services	6,358	16.3%	3,944	16.0%	61.2%
Other operating costs	493	1.3%	191	0.8%	158.1%
Operating costs	**21,386**	54.8%	**14,789**	59.8%	44.6%
EBITDA	**17,632**	45.2%	**9,931**	40.2%	77.5%
Amortisation and depreciation	5,697	14.6%	3,553	14.4%	60.3%
Write-downs and write-backs	19	0.0%	64	0.3%	-70.3%
EBIT	**11,916**	30.5%	**6,314**	25.5%	88.7%

Gains (losses) from transactions in foreign currency	520	1.3%	-614	-2.5%	-184.7%
Financial income and charges	-669	-1.7%	-593	-2.4%	12.8%
Financial income and charges from fair value measurement	1,026	2.6%	3,121	12.6%	-67.1%
Non-recurring income and charges	-411	-1.1%	-970	-3.9%	-57.6%
Profit before tax	**12,382**	31.7%	**7,258**	29.4%	70.6%
Income taxes	516	1.3%	157	0.6%	228.7%
Profit (loss) for the year	**11,866**	30.4%	**7,101**	28.7%	67.1%

During the year ended as at 31 December 2021, Group turnover came to EUR 37,012 thousand, an increase of around 57.2% compared to 31 December 2020. To better understand the increase, note that in 2020 the contribution of Rad Informatica S.r.l.'s turnover had only a one-month impact on the consolidation; therefore, on a like-for-like scope of consolidation (excluding the contribution of Rad Informatica S.r.l.), the Group's turnover as at 31 December 2021 amounted to EUR 23,696 thousand compared to EUR 22,619 thousand in the financial statements as at 31 December 2020 with an increase of approximately 4.8%.

Operating revenues amounted to EUR 39,018 thousand (+58% compared to 2020). EBITDA was EUR 17,632 thousand (+78% compared to 2020) and its impact on revenues was 45% (40% in 2020).

During the year, net exchange rate gains of EUR 520 thousand were recognised, of which EUR 501 thousand unrealised, deriving mainly from the conversion at current exchange rates of the USD loan made by Piteco S.p.A. to the subsidiary Piteco North America, Corp. That loan served the acquisition of the “LendingTools.com” business unit in 2017.

EBIT amounted to EUR 11,916 thousand and its weight on revenues came to 30%. Net Profit amounted to EUR 11,866 thousand and its weight on revenues came to 30%.

The profit for the year includes net financial income deriving from the fair value measurement of the Put and Call Options linked to the acquisition of Myrios S.r.l., Rad Informatica S.r.l. and Juniper Payments, LLC for a total amount of EUR 1,026 thousand, as well as from benefits (in terms of deferred taxes) from the tax recognition of higher values recorded in the financial statements pursuant to Law Decree 104/2020 (EUR 2,582 thousand).

The net result, excluding the net financial income deriving from measurement of the Options and the deferred tax assets as better described above, would have been EUR 8,258 thousand compared to EUR 3,980 thousand in 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”);

Piteco
FINANCIAL SOFTWARE & CONSULTING

- IT solutions for Risk Management (“Risk Mng”)
- IT solutions for debt collection (“NPL”)

Income Statement	31/12/2021					31/12/2020				
	Total	Corporate Treasury	Banking	Risk Mng	NPL	Total	Corporate Treasury	Banking	Risk Mng	NPL
Revenue from contracts with customers	37,012	17,178	3,627	2,891	13,316	23,546	15,842	4,006	2,771	927
Other operating revenues	1,743	756	82	278	627	1,362	687	357	318	
Change in contract assets	263	-17		66	214	-188	56		-40	-204
Operating revenues	**39,018**	**17,917**	**3,709**	**3,235**	**14,157**	**24,720**	**16,585**	**4,363**	**3,049**	**723**
Goods and consumables	806	318	1	2	485	383	277	1	105	
Personnel costs	13,729	7,844	1,374	1,365	3,146	10,271	7,340	1,533	1,215	183
Costs for services	6,358	2,275	1,494	395	2,194	3,944	1,945	1,487	287	225
Other operating costs	493	67	28	5	393	191	136	24	27	4
Operating costs	**21,386**	**10,504**	**2,897**	**1,767**	**6,218**	**14,789**	**9,698**	**3,045**	**1,634**	**412**
EBITDA	**17,632**	**7,413**	**812**	**1,468**	**7,939**	**9,931**	**6,887**	**1,318**	**1,415**	**311**

In 2021, EBITDA recorded an increase compared to 2020 in the “Risk Management” segment (+4%) and in the "Cash Pooling" segment (+8%), and a decrease in the “Banking” segment (-38%). The “NPL” segment, which contributed with EBITDA of EUR 7,939 thousand, cannot be compared with 2020 as last year it only contributed for one month.

Equity and cash flow analysis

Reclassified statement of financial position	31/12/2021	31/12/2020	Change
Contract assets	396	133	263
Current trade receivables	9,656	6,818	2,838
Current tax assets	19	165	-146
Discontinued operations	1,137		1,137
Other current assets	420	487	-67
(A) Current assets	**11,628**	**7,603**	**4,025**
Current trade payables	1,344	2,329	-985
Contract liabilities	2,457	1,482	975
Current tax liabilities	2,434	542	1,892
Other current liabilities	5,489	4,651	838
(B) Current liabilities	**11,724**	**9,004**	**2,720**
(A-B) Net working capital	**-96**	**-1,401**	**1,305**
Property, plant and equipment and rights of use	2,559	3,931	-1,372
Intangible assets and goodwill	117,238	120,518	-3,280
Non-current financial assets	630	35	595
Deferred tax assets	3,287	786	2,501
(C) Non-current assets	**123,714**	**125,270**	**-1,556**
Employee benefits	2,492	2,382	110
Long-term provisions	61	57	4
Other non-current liabilities	606	129	477
Deferred tax liabilities	11,672	12,330	-658

(D) Non-current liabilities	**14,831**	**14,898**	**-67**
(NWC+C-D) Net invested capital	**108,787**	**108,971**	**-184**
Share Capital	30,796	30,796	
Reserves	5,935	5,848	87
Undistributable profits	2,253	254	1,999
Net profit for the year	11,866	7,101	4,765
(SE) Total shareholders' equity	**50,850**	**43,999**	**6,851**
Cash and cash equivalents	7,877	11,080	-3,203
Current financial assets	103	235	-132
Non-current financial lease assets	407	510	-103
Current financial liabilities	8,644	9,104	-460
Current lease liabilities	567	610	-43
Non-current financial liabilities	55,373	64,961	-9,588
Non-current lease liabilities	1,740	2,122	-382
(NFP) Net financial position	**57,937**	**64,972**	**-7,035**
(SE+NFP) Total sources	**108,787**	**108,971**	**-184**

The consolidated Net Financial Position as at 31 December 2021, including the Put and Call Options on the minority interests in Juniper Payments, LLC, Myrios S.r.l. and Rad Informatica S.r.l. and the financial payables and related financial receivables deriving from the application of IFRS 16, was a negative EUR 57,937 thousand (negative EUR 64,972 thousand as at 31 December 2020), with a change of EUR 7,035 thousand mainly due to the cash flow generated by the Group despite the payment of dividends for a total of EUR 3,921 thousand.

The Net Financial Position as at 31 December 2021 broke down as follows:

- Cash and banks receivable of EUR 7.877 thousand: the Group's cash and cash equivalents are deposits in EUR and USD.
- Current financial assets amounting to EUR 103 thousand, are composed of receivables due to the parent company Piteco S.p.A. from the controlling entity Dedagroup S.p.A. deriving from accounting of the active lease agreement based on IFRS 16.
- Non-current financial lease assets amounting to EUR 407 thousand, are composed of receivables due to the parent company Piteco S.p.A. from the controlling entity Dedagroup S.p.A. deriving from accounting of the active lease agreement based on IFRS 16.
- Current financial liabilities of EUR 8,644 thousand consist of bank loans for the portion falling due within 12 months of EUR 8,601 thousand, and payables falling due within 12 months of the parent company Piteco S.p.A. to the former selling shareholders of Rad Informatica S.r.l. for EUR 43 thousand.
- Current financial lease liabilities amounting to EUR 567 thousand derive from the accounting of leases for company cars, furniture and furnishings and property lease agreements based on the IFRS 16 accounting standard.
- Non-current financial liabilities, equal to EUR 55,373 thousand, consisted of the medium/long-term portion of the bank loans for EUR 31,961 thousand, the estimated payable for the put option granted to minority shareholders on the residual 39.15% of the share capital of Myrios S.r.l. for EUR 7,937

thousand, the estimated payable for the put option granted to minority shareholders on the residual 40% of the share capital of Juniper for EUR 1,139 thousand, the estimated payable for the earn-out on the acquisition of the business unit of Everymake for EUR 394 thousand and the estimated debt for the put option and call option on the residual 20% of the share capital of Rad Informatica S.r.l. for EUR 13,942 thousand. Overall, the Put and Call Options recognised amounted to EUR 23,018 thousand (EUR 24,655 thousand as at 31 December 2020).

- Non-current financial lease liabilities amounting to EUR 1,740 thousand are composed of the medium/long-term payable deriving from the accounting of leases and the property lease agreement based on the new 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 financial assets other than cash and cash equivalents.

The consolidated Net Financial Position as at 31 December 2021, excluding the put and call options described above, was a negative EUR 34,919 thousand (negative EUR 40,317 thousand as at 31 December 2020), marking a change of EUR 5,398 thousand.

Reclassified statement of financial position	31/12/2021	31/12/2020	Change
Cash and cash equivalents	7,877	11,080	-3,203
Current financial assets	103	235	-132
Non-current financial assets	407	510	-103
Current financial liabilities	8,644	9,104	-460
Current lease liabilities	567	610	-43
Non-current financial liabilities	32,355	40,306	-7,951
Non-current lease liabilities	1,740	2,122	-382
(NFP) Net financial position	**34,919**	**40,317**	**-5,398**

Analysis by ratios

The main economic, equity and financial ratios useful for understanding the Group's operations are shown below, calculated on the data from the consolidated financial statements for 2021 and 2020.

Return On Equity	31/12/2021	31/12/2020
Profit (loss) pertaining to the Group	11,866	7,101
Shareholders' equity	50,850	43,999
ROE	**23.34%**	**16.14%**

Return On Investments	31/12/2021	31/12/2020
EBIT	11,916	6,314
Net invested capital	108,787	108,971
ROI	**10.95%**	**5.79%**

Return On Sales	31/12/2021	31/12/2020
EBIT	11,916	6,314

Revenue from contracts with customers	37,275	23,546
ROS	**31.97%**	**26.82%**

Return On Capital Employed	**31/12/2021**	**31/12/2020**
EBIT	11,916	6,314
Total assets - Current liabilities	122,794	125,980
ROCE	**9.70%**	**5.01%**

Debt Equity	**31/12/2021**	**31/12/2020**
Net Financial Position	57,937	64,972
Total shareholders' equity	50,851	43,999
Debt Equity	**1.14**	**1.48**

EBITDA NFP	**31/12/2021**	**31/12/2020**
Net Financial Position	57,937	64,972
EBITDA	17,632	9,931
EBITDA NFP	**3.29**	**6.54**

Adjusted Debt Equity	**31/12/2021**	**31/12/2020**
Net financial position without put options	34,919	40,317
Total shareholders' equity	50,850	43,999
Debt Equity	**0.69**	**0.92**

Adjusted EBITDA NFP	**31/12/2021**	**31/12/2020**
Net financial position without put options	34,919	40,317
EBITDA	17,632	9,931
EBITDA NFP	**1.98**	**4.06**

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

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

Reconciliation of shareholders' equity	**Group shareholders' equity**	**Net profit for the year**
Piteco S.p.A.	51,795	9,580
Effect of consolidation of financial statements of subsidiaries	-945	2,286
Consolidated	**50,850**	**11,866**

BUSINESS POLICY

During 2021 the Group continued to invest in research into increasingly greater quality of the solutions offered on the market, both in terms of software components and services provided to customers, in relation to cash pooling and business finance, NPL management solutions and the integration of services provided by fintechs into our solutions.

INVESTMENT POLICY

The investments made in 2021 are illustrated in the table below:

Description	Amounts
Investments in intangible assets (including increases in internal work) and goodwill	1,701
Investments in property, plant and equipment	140
Total investments in fixed assets	**1,841**

RESEARCH AND DEVELOPMENT

Research and development are conducted for the purpose:

- of developing new products in the treasury, business finance, digital banking and NPL 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 onset of a pandemic can jeopardise the health of people and the stability of the health and socio-economic systems of the countries involved, the duration of which depends, among other things, on the effectiveness of the health actions implemented internationally. In relation to COVID-19, the Piteco Group's performance can be affected by the variability of certain risk factors, including: market instability, inflationary repercussions, the economic recovery trend, the ability of customers and suppliers to comply with contracts and to undertake new initiatives.

The Piteco Group, in addition to making every possible effort to preserve the safety and health of its people, in full compliance with reference regulations, has activated specific action plans to contain the possible repercussions induced by the risk factors relating to the pandemic. The action plans concern, among other things: timely reorganisation of the sales strategy, management of customer relations, adoption of suitable financial solutions and an even more selective approach to expense items.

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 and RAD operate in a highly specialised market, in which they have occupied positions of high standing in the domestic market for years, making them less subject to price pressure 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 in the Risk Management software segment continues to successfully compete on the domestic market with the major foreign competitors, focusing on the innovation and flexibility of its solutions.

Risk linked to demand/macroeconomic cycle

The trend in the sector the Group operates in is correlated to the general economic scenario. Therefore, any negative economic, inflationary or recession periods 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 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 December 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 Liquidity Decree.

As at 31 December 2021, the residual nominal amount of the loans was EUR 40,842 thousand.

The Group has cash and cash equivalents of EUR 7,877 thousand available as at 31 December 2021 and EUR 1,000 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

In 2021, the emergency generated by the COVID-19 pandemic was managed in continuity with that already organised in 2020 and consistent with the epidemiological scenario and its development. In particular, the Group followed up on all indications expressed by the competent health authorities, as well as the legal measures issued from time to time. From 15 October 2021, access to Italian business workplaces was regulated by showing a valid Green Pass or medical certification of exemption from compulsory vaccination.

INFORMATION ON THE ENVIRONMENT AND CLIMATE

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".

In this regard, note that in consideration of the business model, the Group does not have significant exposures to environmental risks connected in particular to *Climate Change*.

MILITARY CONFLICT BETWEEN RUSSIA AND UKRAINE

The Group does not operate directly in the countries involved in the Russia-Ukraine conflict. However, in this context, various types of risk become significant, in particular those related to:

- business development of the Group's direct customers in these countries;

- macroeconomic and financial factors, such as energy commodity price volatility, commodity price volatility, expected volatility of global financial markets, exchange rates and interest rates;
- cyber crime, e.g. direct attacks on the assets of companies operating locally or in neighbouring countries or their intensification with a potential impact on the interruption of services and critical infrastructures.

The Group has processes and procedures that support the identification, management and monitoring of events with potential significant impacts on the company's resources and business. These processes aim to maximise the timeliness and effectiveness of the actions undertaken.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

On 9 February 2022, Piteco S.p.A. purchased a further 0.6% of the share capital of the subsidiary Rad Informatica S.r.l., consequently reaching 80.6% of the share capital.

BUSINESS OUTLOOK

At the time of approval of the consolidated financial statements of the Piteco Group as at 31 December 2021, the conflict between Russia and Ukraine is unfortunately in full swing despite the fact that diplomatic channels are actively seeking a solution.

It is not possible at present, therefore, to predict developments in the conflict or the timing of a possible return to normality. However, it is reasonable to believe that the effects on global economies will not be short-term, also due to the substantial package of sanctions and embargoes that the West has placed on Russia as a measure to combat the escalation of military violence.

That being said, the Group's business is continuing normally and no direct negative effect on the performance of its business activities can be forecast.

The first months of 2022 confirm the growth trend of the Group companies and the soundness of the investments and strategies implemented.

Piteco S.p.A. is enjoying significant success with the market launch of Piteco Evo 5.0 and IDM products, especially in the Cloud versions.

In the early months of 2022, RAD Informatica is confirming the good results of 2021 with further growth in revenues and in its product mix.

TRANSACTIONS WITH ASSOCIATES, PARENT COMPANIES AND AFFILIATES

During 2021 the Piteco Group conducted commercial, financial and economic transactions with companies in the Dedagroup Group, which is the parent company.

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

Company name	Receivables	Payables	Revenues	Costs
DEDAGROUP SPA (parent company)	517	507	135	190
DEDAGROUP BUSINESS SOLUTION (affiliate)	18	58	44	153

DEDAGROUP WIZ SRL (affiliate)		2		15
DEDA CLOUD SRL (affiliate)	20	65	22	287
PEGASO 2000 SRL (affiliate)	6		5	
DEDAGROUP STEALTH SPA (affiliate)	2		22	
MD SPA (affiliate)			40	
Total	**563**	**632**	**268**	**645**

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

- commercial transactions, relating to purchases and sales of services in the Information Technology sector with affiliates in the Dedagroup group;
- transactions implemented as part of the national tax consolidation, in which the consolidating company is the parent company Dedagroup S.p.A., with regard to which the Group had a payable of EUR 392 thousand as at 31 December 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.

PERFORMANCE OF THE PITECO SHARE AND TREASURY SHARES

In 2021, the share of the Parent Company Piteco S.p.A. recorded an official peak price of EUR 12.00 on 15 February and 31 August and a low of EUR 9.2 on 15 July. As at 30 December 2021, the listed share price was EUR 11.00.

In 2021, the Parent Company purchased treasury shares as per the authorisation in the Shareholders' Meeting resolution of 29 April 2021. As at 31 December 2021 the Group held 764,593 treasury shares, equal to 3.8% of the share capital, for a total value of EUR 5,267 thousand (equal to the amount reflected in the "Negative reserve for treasury shares in portfolio", posted as a decrease in consolidated shareholders' equity).

DATA ON EMPLOYMENT

As at 31 December 2021, there were in total 174 employees, against 156 at 31 December 2020, with a total increase of 18.

Personnel	31/12/2021	31/12/2020	Average for the period
Executives	12	11	12
Middle Managers	43	37	40
Office Workers	101	89	95
Other (Juniper payments, LLC)	18	19	19
Total	**174**	**156**	**165**

ORGANISATIONAL MODEL AND CODE OF ETHICS

On 9 April 2015 the Board of Directors of PITECO S.p.A. approved the Code of Ethics and Organisational Model, as envisaged by Italian Legislative Decree 231/2001, and on 9 April 2015 it set up the Supervisory Body and appointed its members Miriam Giorgioni, as Chairman, Renato Toscana as external member and Raffaella Giordano as internal member. The mandate to this body was renewed on 24 March 2021 for a further 3 years, therefore until 23 March 2024.

OTHER INFORMATION

Pursuant to art. 2428 of the Italian Civil Code, note that during 2021 the following branches were established:

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

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

CORPORATE GOVERNANCE

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

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

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

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

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CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

STATEMENT OF FINANCIAL POSITION

(values in thousands of Euro)

Assets	Notes	31/12/2021	Of which related parties	31/12/2020	Of which related parties	Change
Non-current assets						
Property, plant and equipment	1	1,001		2,090		-1,089
Assets for rights of use	2	1,558		1,841		-283
Goodwill	3	70,095		70,094		1
Other intangible assets	4	47,143		50,424		-3,281
Financial fixed assets	5	606				606
Deferred tax assets	6	3,287		786		2,501
Other non-current financial assets	7	431	407	545	510	-114
Total non-current assets		**124,121**		**125,780**		**-1,659**
Current assets						
Contract assets	8	396		133		263
Current trade receivables and other current receivables	9	10,076	53	7,305	244	2,771
Current tax assets	10	19		165		-146
Other current financial assets	11	103	103	235	101	-132
Cash and cash equivalents	12	7,877		11,080		-3,203
Total current assets		**18,471**		**18,918**		**-447**
Discontinued operations	13	1,137				1,137
Total assets		**143,729**		**144,698**		**-969**

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

(values in thousands of Euro)

Shareholders' equity and liabilities	Notes	31/12/2021	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	6,046		5,943		103
Negative reserve for treasury shares in portfolio	14	-5,267		-4,107		-1,160
Other reserves	14	5,156		4,012		1,144
Undistributable profits	14	14,119		7,355		6,764
Group shareholders' equity		**50,850**		**43,999**		**6,851**
Non-current liabilities						
Non-current financial liabilities	15	57,113		67,083		-9,970
Deferred tax liabilities	16	11,672		12,330		-658
Employee benefits	17	2,492		2,382		110
Long-term provisions	18	61		57		4
Other non-current liabilities	19	606		129		477
Total non-current liabilities		**71,944**		**81,981**		**-10,037**
Current liabilities						
Current trade payables and other current payables	20	6,833	240	6,980	342	-147
Contract liabilities	21	2,457	0	1,482	0	975
Current tax liabilities	22	2,434	392	542	218	1,892
Current financial liabilities	23	9,211		9,714		-503
Total current liabilities		**20,935**		**18,718**		**2,217**
Total Shareholders' equity and liabilities		**143,729**		**144,698**		**-969**

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

INCOME STATEMENT

(values in thousands of Euro)

Income Statement	Notes	31/12/2021	Of which related parties	31/12/2020	Of which related parties	Change
Revenue from contracts with customers	24	37,275	187	23,358	259	13,917
Other operating revenues	25	1,767	81	1,362	3	405
Operating revenues		**39,042**		**24,720**		**14,322**
Goods and consumables	26	806	241	383	100	423
Personnel costs	27	13,729	1,410	10,271	1,379	3,458
Costs for services	28	6,805	404	4,943	225	1,862
Other operating costs	29	512		255		257
Operating costs		**21,852**		**15,852**		**6,000**
EBITDA		**17,190**		**8,868**		**8,322**
Amortisation and depreciation	30	5,697		3,553		2,144
EBIT		**11,493**		**5,315**		**6,178**
Gains (losses) from transactions in foreign currency	31	520	0	-614	0	1,134
Financial income	32	2,069		3,712		-1,643
Financial charges	33	1,712		1,184		528
Financial income and charges		**357**		**2,528**		**-2,171**
Profit before tax		**12,370**		**7,229**		**5,141**
Income taxes	34	504		128		376
Profit (loss) for the year		**11,866**		**7,101**		**4,765**

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

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OTHER COMPONENTS OF COMPREHENSIVE INCOME

(values in thousands of Euro)

Other components of comprehensive income	Notes	31/12/2021	31/12/2020	Change
Profit (loss) pertaining to the Group		**11,866**	**7,101**	**4,765**
Components that will not be reclassified to profit/(loss) for the year				
Revaluations of liabilities for defined benefits	14	39	-107	146
Tax effect of revaluations of liabilities for defined benefits	14	-9	26	-35
Costs related to share capital increase	14		-201	201
Tax effect of costs related to share capital increase	14		56	-56
Components which will subsequently be reclassified to profit/loss for the year				
Net gains (losses) no conversion of foreign subsidiaries	14	-65	-20	-45
Total comprehensive income (loss)		**11,831**	**6,855**	**4,976**

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

Basic earnings per share

Description	31/12/2021	31/12/2020
Net profit attributable to shareholders	**11,866**	**7,101**
Number of outstanding ordinary shares at the beginning of the year	**19,519,535**	**18,034,850**
- reduction of share capital	99,883	336,060
- increase in share capital		1,820,745
Number of outstanding ordinary shares at the end of the year	**19,419,652**	**19,519,535**
Weighted average number of outstanding shares	**19,423,644**	**18,476,778**
Basic earnings per share in EUR	0.6109	0.3843
Diluted earnings per share in EUR	0.6109	0.3891

STATEMENT OF CASH FLOWS

(values in thousands of Euro)

Statement of cash flows	Notes	31/12/2021	31/12/2020
Operating activity			
Profit for the year		**11,866**	**7,101**
Adjustments for:			
Financial charges (income)	32-33	-357	-2,528
Income taxes	34	2,835	481
Deferred tax liabilities (assets)	34	-3,148	-353
Amortisation and depreciation	30	5,698	3,553
Other adjustments for non-monetary costs		199	
Cash flows from operating activity before changes in working capital		**17,093**	**8,254**
(Increases)/decreases in contract assets	8	-263	-25
(Increases)/decreases in trade receivables and other receivables	9	-2,770	5,388
Increases/(decreases) in trade payables and other payables	20	1,035	-2,307
Increases/(decreases) in provisions and employee benefits	17-18	*144*	*906*
Increases/(decreases) in deferred taxes and current taxes	34	*797*	*165*
Financial income collected		15	25
Financial charges paid		-566	-585
Income taxes paid		-1,334	-935
Cash flows from operating activities		**14,151**	**10,886**
Investment activity			
(Increases) in fixed assets:			
- Property, plant and equipment	1	-140	-100
- Intangible assets	4	-1,701	-1,168
- Financial assets	5	-606	
Decreases due to disposal of fixed assets:			
- Property, plant and equipment	1		1
- Intangible assets	4		14
Business combination purchase price			-35,285
Cash flows from investment activities		**-2,447**	**-36,538**
Financial assets			
Increases/(decreases) in financial payables	15-23	-9,327	32,017
of which:			
- New disbursements			51,355
- Repayments		-9,327	-19,388
Payment of lease liabilities		-202	-467
Share capital increase	14		8,000
Dividends distributed	14	-3,923	-3,463
Purchase/(sale) of treasury shares	14	-1,377	-2,483
Other changes	14	320	-149
Exchange rate conversion differences	14	-398	442
Cash flows from financing activities		**-14,907**	**33,897**
Increases/(decreases) in cash and cash equivalents		**-3,204**	**8,245**

Cash and cash equivalents at the beginning of the year	**11,080**	**2,835**
Cash and cash equivalents at the end of the year	**7,877**	**11,080**

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

CHANGES IN SHAREHOLDERS' EQUITY

(values in thousands of Euro)

	Capital paid-in	Share premium reserve	Negative reserve for treasury shares	Other reserves	Undistributable profits	Total shareholders' equity
Value as at 31 December 2019	**19,125**	**5,943**	**(1,624)**	**2,705**	**5,269**	**31,418**
Total statement of comprehensive income				**(246)**	**7,101**	**6,855**
Allocation of profit				4,247	(4,247)	
Conversions of bonds	3,671					3,671
Share capital increase	8,000					8,000
Purchase of treasury shares			(2,483)			(2,483)
Purchase of bonds						
Distribution of dividends				(2,696)		(2,696)
Other changes				2	(768)	(766)
Value as at 31 December 2020	**30,796**	**5,943**	**(4,107)**	**4,012**	**7,355**	**43,999**
Total statement of comprehensive income				**(35)**	**11,866**	**11,831**
Allocation of profit				4,091	(4,091)	
Conversions of bonds						
Share capital increase						
Purchase of treasury shares			(1,377)			(1,377)
Purchase of bonds						
Distribution of dividends				(2,912)	(1,011)	(3,923)
Other changes		103	217			320
Value as at 31 December 2021	**30,796**	**6,046**	**(5,267)**	**5,156**	**14,119**	**50,850**

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE PERIOD ENDED AS AT 31 DECEMBER 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 Milan Euronext Market (EXM) since 25 September 2018 (on the AIM market up to that date). The company is recorded in the Milan Register of Companies with Economic and Administrative Repertoire no. 1726096.

Piteco S.p.A. is a subsidiary of Dedagroup S.p.A., with registered office in Trento (Province of Trento). Piteco S.p.A., in its role as Parent Company, drafts these consolidated financial statements for the period ended 31 December 2021 including the financial statements of the parent company and its subsidiaries (hereinafter, also the "Piteco Group" or the "Group").

The publication of these consolidated financial statements was authorised by resolution of the Company's Board of Directors of 23 March 2022.

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

II. PREPARATION CRITERIA AND COMPLIANCE WITH IAS/IFRS

General principles

These financial statements as at 31 December 2021, prepared in consolidated form pursuant to art. 154-ter of the TUF and subsequent amendments, have been drafted in compliance with the evaluation and measurement criteria established by the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB), and adopted by the European Commission in compliance with the procedure referred to in art. 6 of the Regulation (EC) no. 1606/2002 IFRS (hereinafter "IFRS").

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

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

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

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

Use of estimates and evaluations

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

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

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

- Notes **1,** 2 **and** 4 - Measurement of amortisation and depreciation of fixed assets;
- Note **2** - Duration of lease: establish whether there is reasonable certainty that the Group will exercise the extension options;
- Note **3** Measurement of recoverable values of cash flow generating units that contain goodwill: main assumptions for determining the recoverable values;
- Note **6** - Recognition of deferred tax assets: availability of future taxable profits in respect of which the temporary deductible differences can be used;
- Note **15** - Acquisition of a subsidiary: fair value of the consideration transferred (including the potential consideration) and fair value of the assets and liabilities acquired;
- Note **17** - Measurement of obligations for defined benefit plans for employees; main actuarial assumptions;
- Note **18** - Recognition and measurement of provisions: main assumptions on the likelihood and measurement of an outflow of resources.

Form and content of the document

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

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

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

  (i) it is expected to be realised/paid off or sold or used in the normal operating cycle of the Group;
  (ii) it is held primarily for trading;
  (iii) it is expected to be realised/paid off within 12 months from the reporting date;

(iv) it refers to cash and cash equivalents, unless it is not permitted to be traded or used to pay off a liability for at least 12 months from the reporting date;

(v) the entity does not have an unconditional right to defer the settlement of the liability for at least 12 months from the reporting date.

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

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

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

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

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

III. PRINCIPLES AND SCOPE OF CONSOLIDATION

Consolidation Principles

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

a) Subsidiaries are consolidated starting on the date on which control was effectively transferred to the Group, and cease to be consolidated on the date on which control is transferred outside the Group.

b) The assets and liabilities, income and charges of the companies consolidated using the line-by-line method are fully included in the consolidated financial statements. The carrying amount of equity investments is eliminated against the corresponding portion of shareholders' equity of the investee companies, attributing to individual assets and liabilities their fair values as of the date control was acquired (acquisition method defined by IFRS 3 "Business Combinations"). Any residual difference, if positive, is recognised under the asset item “Goodwill”; if negative, it is recognised in the income statement.

c) Reciprocal payables and receivables, costs and revenues between consolidated companies and the effects of all significant transactions between them are eliminated.
d) The portions of shareholders’ equity and the profit (loss) for the period of minority shareholders are recognised separately in the consolidated shareholders’ equity and the consolidated income statement: these interests are determined based on the percentage held by these parties in the fair value of the assets and liabilities posted at the original acquisition date or in the changes in shareholders’ equity after that date. Subsequently, the profits and losses are attributed to minority shareholders based on the percentage held by them, and the losses are attributed to minority interests even if this implies that the minority interests have a negative balance. Moreover, as the Group has adopted the Anticipated Acquisition Method in acquiring Subsidiaries, it does not recognise minority interests, as it considers the subsidiaries as 100% owned.
e) Changes in the equity interests of the parent company in a subsidiary that do not result in the loss of control are accounted for as capital transactions.
f) In the event of a loss of control, the Group eliminates the assets and liabilities of the subsidiary, any third-party interests and other components of shareholders’ equity relating to the subsidiaries. Any gain or loss deriving from the loss of control is booked to profit/(loss) for the year. Any equity investment maintained in the former subsidiary is measured at fair value on the date of the loss of control.

Scope of consolidation

These consolidated financial statements as at 31 December 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 31 December 2021, unchanged compared to the previous year, is shown in the table 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	60.85%[7]	Piteco S.p.A.	Line-by-line

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

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 30,425 in nominal value, equal to 60.85% of the share capital of EUR 50,000. For the purposes of these consolidated financial statements, the Put Option reserved for minority shareholders of 39.15% of the share capital was recorded.

Myrios Switzerland SA ("Myrios Ch")	Switzerland	100	CHF	60.85%	Myrios S.r.l.	Line-by-line
Rad Informatica S.r.l. ("Rad")	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 year-end exchange rates, while those of the income statement are converted at the average exchange rate for the year. The items of shareholders' equity are converted into Euro at the exchange rate in force at the date of their formation, or at the average exchange rate of the period if they are items formed repeatedly over the year.

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

Currency	Exchange rate as at 31 December 2021 (*)	Average exchange rate FY 2021 (*)	Exchange rate as at 31 December 2020 (*)	Average exchange rate FY 2020 (*)
USD - US dollar	1.133	1.183	1.227	1.142
CHF - Swiss Franc	1.033	1.081	1.080	1.070

(*) Source: Bank of Italy.

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

Pursuant to IAS 8 (Accounting standards, changes in accounting estimates and errors), the IFRSs in force as from 1 January 2021 are indicated and briefly illustrated below.

The Group arranged first-time adoption of the following IFRS accounting standards, amendments and interpretations from 1 January 2021:

- Amendments to IFRS 4 "Insurance Contracts" (Deferral of effective date of IFRS 9) (published on 25 June 2020).
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform" - Phase 2 (published on 27 August 2020).
- Amendment to IFRS 16 "Covid-19-Related Rent Concessions" (published on 31 March 2021). The document allows lessees a one-year accounting extension of the period of application of COVID-19-related rent concessions without needing to analyse contracts to assess whether or not the IFRS 16 definition of lease modification is met.

[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 and Call Option of 20% of the share capital was recorded.

With reference to the above standards and amendments, already in force at the reporting date, adoption had no significant impact on the financial statements of the Group.

IFRS accounting standards and amendments, and IFRIC interpretations, endorsed by the European Union, but not yet compulsorily applicable and not adopted early by the Group as at 31 December 2021

The Group has not adopted the following Standards, new and amended, which have been issued but are not yet in force:

- Annual Improvements to IFRSs (2018-2020 Cycle) (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41) (published on 14 May 2020). The amendments apply from financial years beginning on 1 January 2022.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) (published on 14 May 2020). The amendments apply from financial years beginning on 1 January 2022.

- Property, Plant and Equipment - Proceeds Before Intended Use (Amendments to IAS 16) (published on 14 May 2020). The amendments apply from financial years beginning on 1 January 2022.

- Reference to the Conceptual Framework (Amendments to IFRS 3) (published on 14 May 2020). The amendments apply from financial years beginning on 1 January 2022.

- IFRS 17 "Insurance Contracts" and related amendments (published on 18 May 2017 and 25 June 2020, respectively). The amendments apply from financial years beginning on 1 January 2023.

With reference to the standards and amendments indicated above, their adoption is not expected to have significant impacts on the Group.

IFRS accounting standards and amendments, and IFRIC interpretations, not yet endorsed by the European Union

As at the reporting date, the competent bodies of the European Union had not yet completed the endorsement process necessary for adoption of the amendments and standards described below. At present, the directors are assessing the potential effects of introducing these changes to the consolidated financial statements of the Group:

- Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and "Deferral of Effective Date" (published on 23 January 2020 and 15 July 2020, respectively). The amendments apply from financial years beginning on 1 January 2023.

- Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimate" (published on 12 February 2021). The amendments apply from financial years beginning on 1 January 2023.

- Amendments to IAS 1 "Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies" (published on 12 February 2021). The amendments apply from financial years beginning on 1 January 2023.

- Amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (published on 7 May 2021). The amendments apply from financial years beginning on 1 January 2023.

• Amendments to IFRS 17 "Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information" (published on 9 December 2021). The amendments apply from financial years beginning on 1 January 2023.

• Amendment to IFRS 14 "Regulatory Deferral Accounts". The endorsement process is suspended pending the new accounting standard on rate-regulated activities.

• Amendments to IFRS 10 and IAS 28 "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture" - The document was published in September 2014 in order to resolve the current conflict between IAS 28 and IFRS 10 relating to measurement of the gain or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for a share in the latter's capital. The effective date of the IASB document and related endorsement process are suspended pending completion of the IASB research project on the equity method.

With reference to the standards and amendments indicated above, their adoption is not expected to have significant impacts on the Group.

V. MAIN MEASUREMENT CRITERIA

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

Property, plant and equipment

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

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

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

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

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

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

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

Goodwill

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

Other intangible assets

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

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

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

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

Leases (right of use and lease liabilities)

Accounting model for the lessee

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

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

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

The Group measures the lease liability at the present value of the payments due for the lease not paid at the effective date, discounting them using the implicit interest rate of the lease. Where it is not possible to easily determine this rate, the Group uses the marginal interest rate, determined as the risk-free rate of each country in which the contracts were signed, with maturities commensurate with the duration of the specific lease agreement, increased by the specific credit spread of the Company (taken from the main financing agreements negotiated by it). For 2021 an average duration of rental contracts of roughly 2 years and an average borrowing rate relating to that duration of approximately 1.6% were determined.

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

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

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

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

Short-term leases and leases for low-value assets

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

Accounting model for the lessor

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

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

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

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

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

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

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

Impairment

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

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

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

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

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

Contract assets and liabilities

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

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

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

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

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

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

Cash and cash equivalents

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

Financial instruments

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

Financial assets meaured at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial liabilities

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

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

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

Derivative financial instruments and hedge accounting

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

Fair value measurement

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

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

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

Non-current assets held for sale

Non-current assets (or disposal groups) whose book value will be recovered through their sale rather than continued use are classified as held for sale and recorded separately from other assets and liabilities in the Statement of Financial Position. For this to occur, the asset (or disposal group) must be immediately available for sale in its present condition and its sale within one year must be highly likely.

Non-current assets (or disposal groups) classified as held for sale are recognised at the lower between the book value and related fair value, net of costs to sell. The corresponding asset values for the previous year are not restated.

Buyback and reissue of ordinary shares (treasury shares)

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

Composite financial instruments

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

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

Note that the convertible bond loan was repaid in 2020.

Employee benefits

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

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

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

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

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

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

Long-term provisions

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

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

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

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

Revenue recognition

Revenues are measured by taking into account the price specified in the contract with the customer. The Group recognises revenues when control of the goods or services is transferred, i.e. the moment in which the performance obligations in contracts with customers are satisfied. For more information on the nature and accounting of contracts with customers, see note 24.

Costs

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

Income taxes

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

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

Deferred tax assets and liabilities

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

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

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

the extent that the Group is capable of controlling the timing of the elimination of the temporary differences and it is probable that, in the foreseeable future, the temporary difference will not be eliminated; and

- the taxable temporary differences relating to the initial recognition of goodwill.

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

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

Earnings per share

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

Criteria for conversion of items in foreign currency

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

Use of estimates

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

Business combinations

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

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

VI. 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 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 31 December 2021 there was no significant risk exposure connected with possible deterioration of the overall financial situation nor significant levels of concentration on single, non-institutional counterparties. The Group allocates bad debt provisions for impairment which reflects the estimate of losses on trade receivables and other receivables, whose main components are individual write-downs of specific exposures and collective write-downs of homogeneous groups of assets in relation to losses that have not been individually identified.

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

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

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

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

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

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

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

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

Long-term loans	**31/12/2021**	**31/12/2020**	**Change**
Long-term bank borrowings	31,961	39,946	-7,985
Non-current lease liabilities	1,740	2,122	-382
Other non-current financial payables	23,412	25,016	-1,604

Current portion of long-term loans	**31/12/2021**	**31/12/2020**	**Change**
Current bank borrowings	8,601	3,854	4,747
Current lease liabilities	567	610	-43
Other current financial liabilities	43	5,250	-5,207

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

	31/12/2021	31/12/2020	Change
Within 6 months	3,413	5,250	-1,837
From 6 to 12 months	5,799	4,464	1,335
From 1 to 5 years	53,734	59,651	-5,917
Over 5 years	3,378	7,432	-4,054

Fair Value Hierarchy

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

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

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

The table below shows the assets and liabilities measured at fair value as at 31 December 2021, by level of the fair value measurement hierarchy.

Description	Amounts	Level 1	Level 2	Level 3
Financial fixed assets	606		606	
Other non-current financial assets	431			
Current trade receivables	9,656			
Other current receivables	420			
Other current financial assets	103			
Cash and cash equivalents	7,877			
Financial assets	**19,093**			
Non-current financial liabilities	57,113			23,412
Current trade payables	1,344			
Other current payables	5,489			
Current financial liabilities	9,211			
Financial liabilities	**73,157**			

VII. SEGMENT DISCLOSURE

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

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

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

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

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

Income Statement	**31/12/2021**					**31/12/2020**				
	Total	**Corporate Treasury**	**Banking**	**Risk Mng**	**NPL**	**Total**	**Corporate Treasury**	**Banking**	**Risk Mng**	**NPL**
Revenue from contracts with customers	37,012	17,178	3,627	2,891	13,316	23,546	15,842	4,006	2,771	927
Other operating revenues	1,767	780	82	278	627	1,362	687	357	318	
Change in contract assets	263	-17		66	214	-188	56		-40	-204
Operating revenues	**39,042**	**17,941**	**3,709**	**3,235**	**14,157**	**24,720**	**16,585**	**4,363**	**3,049**	**723**
Goods and consumables	806	318	1	2	485	383	277	1	105	
Personnel costs	13,729	7,844	1,374	1,365	3,146	10,271	7,340	1,533	1,215	183
Costs for services	6,805	2,328	1,494	398	2,585	4,943	2,935	1,487	296	225
Other operating costs	512	86	28	5	393	255	200	24	27	4
Operating costs	**21,852**	**10,576**	**2,897**	**1,770**	**6,609**	**15,852**	**10,752**	**3,045**	**1,643**	**412**
EBITDA	**17,190**	**7,365**	**812**	**1,465**	**7,548**	**8,868**	**5,833**	**1,318**	**1,406**	**311**

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

Statement of financial position	**31/12/2021**					**31/12/2020**				
	Total	**Corporate Treasury**	**Banking**	**Risk Mng**	**NPL**	**Total**	**Corporate Treasury**	**Banking**	**Risk Mng**	**NPL**

Piteco
FINANCIAL SOFTWARE & CONSULTING

Non-current assets	124,121	35,855	5,391	19,801	63,074	125,780	34,063	6,211	20,497	65,009
Current assets	18,471	9,435	1,756	2,319	4,961	18,918	11,518	1,982	2,264	3,154
Discontinued operations	1,137	1,137								
Non-current liabilities	71,944	38,131	1,178	8,348	24,287	81,981	46,035	137	9,390	26,419
Current liabilities	20,935	15,744	130	1,117	3,944	18,718	15,475	88	913	2,242

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

1 Property, plant and equipment

The changes in items of Property, plant and equipment as at 31 December 2021 are shown below:

Property, plant and equipment	31/12/2020	Change in Scope of Consolidation	Increases	Decreases	Reclassifications	Exchange rate effect	Other changes	31/12/2021
Land	312				-201	9	1	121
Buildings	1,973				-1,527	37		483
Accum. depreciation - buildings	-620		-12		591	-3	1	-43
Land and buildings	**1,665**		**-12**		**-1,137**	**43**	**2**	**561**
Plants and machinery	314		29				-1	342
Accum. depreciation - plant and machinery	-179		-26					-205
Plants and machinery	**135**		**3**				**-1**	**137**
Vehicles	50							50
Accum. depreciation - vehicles	-43		-5					-48
Furniture and furnishings	324		2			8		334
Accum. depreciation - furniture and furnishings	-230		-19			-5		-254
Electronic machines	294		31					325
Accum. depreciation - electronic machines	-188		-35				-1	-224
Other property, plant and equipment	317		78			24		419
Accum. depreciation - other property, plant and equipment	-234		-45			-20		-299
Other assets	**290**		**7**			**7**	**-1**	**303**
Total	**2,090**		**-2**		**-1,137**	**50**		**1,001**

In addition, the changes that occurred in the year ended as at 31 December 2020 are reported below:

Property, plant and equipment	31/12/2019	Change in Scope of Consolidation	Increases	Decreases	Exchange rate effect	Other changes	31/12/2020
Land	323				-10	-1	312
Buildings	2,014				-41		1,973
Accum. depreciation - buildings	-564		-58		2		-620
Land and buildings	**1,773**		**-58**		**-49**	**-1**	**1,665**
Plants and machinery	292		21			1	314
Accum. depreciation - plant and machinery	-155		-24				-179
Plants and machinery	**137**		**-3**			**1**	**135**

Vehicles	50						50
Accum. depreciation - vehicles	-39		-7			3	-43
Furniture and furnishings	286	14	34		-9	-1	324
Accum. depreciation - furniture and furnishings	-212	-1	-25		6	2	-230
Electronic machines	213	41	40	-1		1	294
Accum. depreciation - electronic machines	-150	-14	-24			2	-188
Other property, plant and equipment	328	10	5		-26		317
Accum. depreciation - other property, plant and equipment	-210	-3	-43		20	2	-234
Other assets	**266**	**47**	**-22**	**-1**	**-9**	**9**	**290**
Total	**2,176**	**47**	**-83**	**-1**	**-58**	**9**	**2,090**

Land and buildings

These amounted to EUR 561 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 in the item Land and buildings is due to reclassification of the property unit at Via Mercalli 16, which was sold in February 2022. The Group has therefore reclassified it among non-current assets held for sale.

The value of the land on which the building stands has been separated out and recorded separately.

Plant and machinery

These amounted to EUR 137 thousand (EUR 135 thousand as at 31 December 2020) and mainly refer to accessory plants at the Parent Company headquarters in via Imbonati 18, Milan. The increase of EUR 29 thousand includes EUR 21 thousand for the plants of the parent company Piteco S.p.A. and EUR 8 thousand for plant and machinery of the subsidiary Myrios S.r.l.

Other assets

These amounted to EUR 303 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 111 thousand refers to EUR 13 thousand in hardware upgrade purchases of the subsidiary Rad Informatica S.r.l., EUR 26 thousand in purchases by the Parent Company for hardware upgrades, furniture and furnishings, EUR 70 thousand in purchases made by the subsidiary Juniper and EUR 2 thousand for purchases made by the subsidiary Myrios.

2 Assets for rights of use

The changes in assets for rights of use as at 31 December 2021 are shown below:

Assets for rights of use	31/12/2020	Increases	Decreases	Reclassifications	Exchange rate effect	Other changes	31/12/2021
Buildings - right of use	1,638			-85	7		1,560
Accum. depreciation - Buildings - right of use	-330	-232		25	-2		-539
Buildings - right of use	**1,308**	**-232**		**-60**	**5**		**1,021**

Vehicles - right of use	873	240	-84	-345			684
Accum. depreciation - vehicles - right of use	-340	-217	84	70			-403
Other property, plant and equipment - right of use		6		430		-1	435
Accum. depreciation - other property, plant and equipment - right of use		-84		-95	-1	1	-179
Other assets - right of use	**533**	**-55**		**60**	**-1**		**537**
Total	**1,841**	**-287**			**4**		**1,558**

The item "Buildings - right of use" is attributable to the signing by the Parent Company in 2019 of the lease agreement on the property located at via Imbonati 18, Milan, and to signing of the data centre lease agreement by the investee Juniper in 2020.

In addition, the changes that occurred in the year ended as at 31 December 2020 are reported below:

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

3 Goodwill

The changes in Goodwill as at 31 December 2021 are shown below:

Goodwill	31/12/2020	Increases	Decreases	Exchange rate effect	31/12/2021
Goodwill	70,094			1	70,095
Total	**70,094**			**1**	**70,095**

Goodwill, amounting to EUR 70,095 thousand as at 31 December 2021 (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;
- EUR 1,181 thousand attributed to the value posted to goodwill following acquisition of the “LendingTools” business unit by Juniper in April 2017;
- EUR 12,554 thousand attributed to the value posted to goodwill following the acquisition of Myrios S.r.l. in October 2018 by the parent company Piteco S.p.A.;
- EUR 330 thousand attributed to the value posted to goodwill following acquisition of the “Everymake” business unit in March 2020 by the parent company Piteco S.p.A.;
- EUR 28,339 thousand attributed to the value posted to goodwill following the acquisition of Rad

Informatica S.r.l. in November 2020 by the parent company Piteco S.p.A.;

The change of EUR 1 thousand in goodwill is attributable exclusively to the exchange rate effect.

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

CGU Piteco (Treasury operating segment)

As at 31 December 2021 the Parent Company subjected the carrying amount of the CGU Piteco to impairment testing, determining its recoverable value, considered equal to the value in use, by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2022-2024 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 8.55% (8.89% in 2020) and a growth rate (g) of 1.40% (1.40% in 2020), equal to expected inflation in the markets where the company operates. The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 76,920 thousand (EUR 61,993 thousand as at 31 December 2020), against a carrying amount of the assets allocated to the CGU Piteco of EUR 31,576 thousand (EUR 30,180 thousand as at 31 December 2020).

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the CGU Piteco, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 18.20% (16.70% as at 31 December 2020).

As an additional sensitivity analysis, it is noted that using a constant WACC (of 8.55%) and a perpetual growth rate g (of 1.40%), only a reduction in the EBITDA Margin greater than 21.42% would involve issues of impairment (17.65% as at 31 December 2020).

CGU Juniper (Banking operating segment)

As at 31 December 2021 the Parent Company subjected the carrying amount of the CGU Juniper to impairment testing, determining its recoverable value, considered equal to the value in use, by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2022-2024 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 10.71% (10.95% in 2020) and a growth rate (g) of 2.30% (2.20% in 2020), equal to expected inflation in the market where the company operates. The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 13,614 thousand (EUR 11,149 thousand as at 31 December 2020), against a carrying amount of the assets allocated to the CGU Juniper of EUR 3,993 thousand (EUR 4,776 thousand as at 31 December 2020).

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the CGU Juniper, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 29.23% (22.34% as at 31 December 2020).

As an additional sensitivity analysis, it is noted that using a constant WACC (of 10.71%) and a perpetual growth rate g (of 2.30%), only a reduction in the EBITDA Margin greater than 18.76% would result in issues of impairment (15.36% as at 31 December 2020).

CGU Myrios (Risk Management operating segment)

As at 31 December 2021 the Parent Company subjected the carrying amount of the CGU Myrios to impairment testing, determining its recoverable value, considered equal to the value in use, by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2022-2024 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 8.55% (8.89% in 2020) and a growth rate (g) of 1.4%, equal to expected inflation in the markets where the company operates (1.4% in 2020). The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 21,061 thousand (EUR 25,289 thousand as at 31 December 2020), against a carrying amount of the assets allocated to the CGU Myrios of EUR 18,349 thousand (EUR 18,456 thousand as at 31 December 2020).

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the CGU Myrios, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 9.61% (11.72% as at 31 December 2020).

As an additional sensitivity analysis, it is noted that using a constant WACC (of 8.55%) and a perpetual growth rate g (of 1.4%), only a reduction in the EBITDA Margin greater than 6.34% would involve issues of impairment (14.84% as at 31 December 2020).

CGU Rad (Non-Performing Loans operating segment)

As at 31 December 2021 the Parent Company subjected the carrying amount of the CGU Rad to impairment testing, determining its recoverable value, considered equal to the value in use, by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2021-2024 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 8.55% (8.89% as at 31 December 2020) and a growth rate (g) of 1.4% (1.4% as at 31 December 2020) equal to expected inflation in the markets in which the company operates. The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 69,695 thousand (EUR 83,427 thousand as at 31 December 2020), against a carrying amount of the assets allocated to the CGU Rad of EUR 54,041 thousand (EUR 54,133 thousand as at 31 December 2020).

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the CGU Myrios, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 10.57% (12.78% as at 31 December 2020).

As an additional sensitivity analysis, it is noted that using a constant WACC (of 8.55%) and a perpetual growth rate g (of 1.4%), only a reduction in the EBITDA Margin greater than 11% would involve issues of impairment (22.11% as at 31 December 2020).

Based on the analyses conducted, the Parent Company's Directors deemed the recognition value of the goodwill posted in the Consolidated Financial Statements as at 31 December 2021 to be recoverable.

4 Other intangible assets

The changes in other intangible assets are shown below:

Other intangible assets	31/12/2020	Change in Scope of Consolidation	Increases	Decreases	Reclassifications	Exchange rate effect	Other changes	31/12/
Concessions, licences and trademarks	19		2					
Accum. amortisation - Concessions, licences and trademarks	-13		-2				-1	
Software	39,136		1,246			691	1	4
Accum. amortisation - software	-16,021		-3,777			-428		-2
Concessions, licences and trademarks	**23,121**		**-2,531**			**263**		**2**
Other intangible assets	27,606		16			7		2
Accum. amortisation - other intangible assets	-787		-1,288			-6		-
Other intangible assets	**26,819**		**-1,272**			**1**		**2**
Intangible assets under construction	**484**		**437**	**-199**		**19**	**1**	
Total	**50,424**		**-3,366**	**-199**		**283**	**1**	**4**

In addition, the changes that occurred in the year ended as at 31 December 2020 are reported below:

Other intangible assets	31/12/2019	Change in Scope of Consolidation	Increases	Decreases	Reclassifications	Exchange rate effect	Other changes	31/12/2020
Concessions, licences and trademarks	18		2				-1	19
Accum. amortisation - Concessions, licences and trademarks	-11		-2					-13
Software	25,119	295	14,335		153	-765	-1	39,136
Accum. amortisation - software	-13,736	-163	-2,512			390		-16,021
Concessions, licences and trademarks	**11,390**	**132**	**11,823**		**153**	**-375**	**-2**	**23,121**
Other intangible assets	4,162		23,453			-8	-1	27,606
Accum. amortisation - other intangible assets	-400		-392			5		-787
Other intangible assets	**3,762**		**23,061**			**-3**	**-1**	**26,819**
Intangible assets under construction	**322**	**106**	**223**		**-153**	**-14**		**484**
Costs of financing transactions								
Total	**15,474**	**238**	**35,107**			**-392**	**-3**	**50,424**

Concessions, licences and trademarks

The net balance amounted to EUR 20,853 thousand (EUR 23,121 thousand as at 31 December 2020) and is comprised of EUR 5 thousand for the PITECO™ trademark and the costs incurred to register the Match.it™ trademark, and EUR 20,848 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 577 thousand for the internal development of new modules of Piteco, Match.it and Everymake software, EUR 247 thousand for the internal development of new modules of Myrios software, EUR 29 thousand for the internal development of new Juniper modules, and EUR 393 thousand for the internal development of new Rad software modules.

Other intangible assets

Other intangible assets, equal to EUR 25,548 thousand (EUR 26,819 thousand as at 31 December 2020), comprise EUR 3,139 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 22,395 thousand (net of accumulated amortisation) for the amount assigned on purchase price allocation to the customer list of the acquired company Rad Informatica S.r.l. and EUR 14 thousand to the five-year non-competition agreement entered into as part of the closing for acquisition of the LendingTools.com business unit by Juniper. The non-competition agreement is amortised over the term of the agreement; the customer list of the company Myrios is expected to be amortised over 14 years and the amortisation of the customer list of the company Rad Informatica is expected to be amortised over 24 years, as also supported by specific analysis at the time of the purchase price allocations.

Fixed assets under construction

Fixed assets under construction, equal to EUR 742 thousand (EUR 484 thousand as at 31 December 2020), mainly represent capitalised costs incurred for internal software development of the Parent Company for

EUR 116 thousand, the subsidiary Rad Informatica S.r.l. for EUR 300 thousand and the subsidiary Juniper for EUR 326 thousand.

5 Financial fixed assets

Financial fixed assets equal to EUR 606 thousand consist of the minority interest in the innovative start-up Pay Do S.p.A. acquired by the parent company Piteco S.p.A. in November 2021.

Pay Do is a digital payment fintech provider whose mission is to offer European banks, payment and electronic money institutions and their corporate or retail customers solutions capable of innovating and creating connections with those that already exist. The company has created the Plick feature, an open European solution, which allows payments to be made, irrevocably and with no limits on the amount, via SMS, WhatsApp or email without knowing the recipient's IBAN, to anyone in the SEPA area, with no need for registration or a dedicated app.

The investment was measured at fair value through other comprehensive income (FVTOCI). The fair value corresponded to the purchase cost as at 31 December 2021.

6 Deferred tax assets

Deferred tax assets of EUR 3,287 thousand (EUR 786 thousand as at 31 December 2020) are comprised of temporary differences which the Group expects to recover in future years, based on expected taxable income. Please refer to the specific tables in these explanatory notes for further details.

7 Other non-current financial assets

The item in question breaks down as follows:

Other non-current financial assets	31/12/2021	31/12/2020	Change	Within 12 months	From 1 to 5 years	Over 5 years
Non-current loans to parent companies	407	510	-103		407	
Non-current loans to the group	**407**	**510**	**-103**		**407**	
Receivables for tax assets and due from employees	4	5	-1		4	
Security deposits	20	30	-10		20	
Other non-current assets	**24**	**35**	**-11**		**24**	
Total	**431**	**545**	**-114**		**431**	

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

8 Contract assets

The item in question breaks down as follows:

Contract assets	Opening balance	Increases	Decreases	Closing balance
Contract assets	133	396	-133	396

Total	133	396	-133	396

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

9 Current trade receivables and other current receivables

Current trade receivables are made up as follows:

Current trade receivables	31/12/2021	31/12/2020	Change
Current receivables from customers	9,787	6,752	3,035
Bad debt prov. - current receivables from customers	-184	-178	-6
Receivables from customers	**9,603**	**6,574**	**3,029**
Current receivables from parent companies	7	220	-213
Current receivables from related parties	46	24	22
Receivables due from subsidiaries, affiliates and associates	**53**	**244**	**-191**
Total	**9,656**	**6,818**	**2,838**

Receivables from customers, amounting to EUR 9,603 thousand (EUR 6,574 thousand as at 31 December 2020), are shown net of the corresponding bad debt provisions which, as at 31 December 2021, amounted to EUR 184 thousand. Current receivables from parent companies, affiliates and associates are composed of receivables from the parent company Dedagroup S.p.A. and receivables from affiliates that are part of the Dedagroup group.

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

Description	Opening balance	Use	Allocation	Closing balance
Bad debt provision - receivables due from customers	178	(14)	19	183

Other current receivables are made up as follows:

Other current receivables	31/12/2021	31/12/2020	Change
Tax receivables	49	33	16
Current receivables from social security institutions	14	5	9
Current prepaid expenses	289	233	56
Other current trade receivables	54	61	-7
Current VAT credits		110	-110
Receivables from employees	12	19	-7
Accounts to suppliers	2	26	-24
Total	**420**	**487**	**-67**

Tax receivables are represented by the tax credits of Rad Informatica S.r.l. for EUR 3 thousand and tax credits of the subsidiary Myrios S.r.l. for EUR 46 thousand.

Other current trade receivables are represented by advances to suppliers of the subsidiary Rad for EUR 6 thousand and other trade receivables of the subsidiary Juniper for EUR 48 thousand.

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FINANCIAL SOFTWARE & CONSULTING

10 Current tax assets

The item in question breaks down as follows:

Current tax assets	31/12/2021	31/12/2020	Change
IRAP Receivables		24	-24
Other current tax assets	19	43	-24
IRES receivables		98	-98
Total	**19**	**165**	**-146**

Other current tax assets for EUR 19 thousand are comprised of receivables for current taxes of the subsidiary Piteco NA.

11 Other current financial assets

The item in question breaks down as follows:

Other current financial assets	31/12/2021	31/12/2020	Change
Current financial receivables due from parent companies	103	101	2
Current financial assets due from the group	**103**	**101**	**2**
Current financial assets due from others		134	-134
Other current financial assets due from others		**134**	**-134**
Total	**103**	**235**	**-132**

The financial receivable due from the parent company Dedagroup of EUR 103 thousand relates to accounting of the long-term sub-lease agreement of the equipped premises at the registered office in via Imbonati 18, Milan, deriving from application of IFRS 16 accounting standard.

12 Cash and cash equivalents

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

Cash and cash equivalents	31/12/2021	31/12/2020	Change
Bank deposits	7,876	11,080	-3,204
Cash	1		1
Total	**7,877**	**11,080**	**-3,203**

13 Discontinued operations

The balance of this item, equal to EUR 1,137 thousand, represents the book value of the property of the Parent Company Piteco at via Mercalli 16, in Milan, reclassified to this item as it is available for sale. Note that the sale of the property was finalised in February 2022 and the value recorded in the financial statements as at 31 December 2021 is essentially aligned with the sale price agreed with the counterparty.

14 Shareholders' equity

As at 31 December 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. Below is a table with the detailed changes at the reporting date.

Shareholders' equity	31/12/2021	31/12/2020	Change
Capital paid-in	30,796	30,796	
Share Capital	**30,796**	**30,796**	
Share premium reserve	**6,046**	**5,943**	**103**
Negative reserve for treasury shares in portfolio	**-5,267**	**-4,107**	**-1,160**
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)	-104	-134	30
Effect of conversion of Shareholders' Equity	-669	-604	-65
Other reserves	**5,156**	**4,012**	**1,144**
Undistributable profits	**2,253**	**254**	**1,999**
Net profit for the year	**11,866**	**7,101**	**4,765**
Total	**50,850**	**43,999**	**6,851**

On approving the financial statements for the year ended as at 31 December 2020, the Shareholders' Meeting of the Parent Company approved the distribution of dividends of EUR 2,912 thousand (dividend of EUR 0.15 for each of ordinary share outstanding with no nominal value).

Also note that, on approving the financial statements for the year ended as at 31 December 2019, the Shareholders' Meeting of the Parent Company had approved the distribution of dividends of EUR 2,696 thousand (dividend of EUR 0.15 for each of ordinary share outstanding with no nominal value).

In 2021, the Parent Company purchased treasury shares as per the authorisation in the Shareholders' Meeting resolution of 29 April 2021. As at 31 December 2021 the Group held 764,593 treasury shares, equal to 3.8% of the share capital, for a total value of EUR 5,267 thousand (equal to the amount reflected in the "Negative reserve for treasury shares in portfolio", posted as a decrease in consolidated shareholders' equity).

Note that the Shareholders' Meeting of the Parent Company Piteco S.p.A. imposed a restriction in tax suspension of EUR 26,402 thousand to satisfy the conditions set by art. 110, paragraph 8, Law Decree 104/2020, in relation to the tax recognition of higher values recorded in the financial statements. The total tax suspension was allocated 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 non-current financial liabilities is set out in the table below:

Non-current financial liabilities	31/12/2021	31/12/2020	Change	Within 12 months	From 1 to 5 years	Over 5 years
Long-term bank borrowings	31,961	39,946	-7,985		28,582	3,379
Long-term bank borrowings	**31,961**	**39,946**	**-7,985**		**28,582**	**3,379**
Non-current lease liabilities	1,740	2,122	-382		1,740	
Non-current lease liabilities	**1,740**	**2,122**	**-382**		**1,740**	
Other non-current financial payables	394	360	34		394	
NCI Put and Call options	23,018	24,655	-1,637		23,018	
Other non-current financial liabilities	**23,412**	**25,015**	**-1,603**		**23,412**	
Total	**57,113**	**67,083**	**-9,970**		**53,734**	**3,379**

Long-term bank borrowings

Amounts due to banks refer to four unsecured 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. These covenants were all satisfied;

- 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. These covenants were all satisfied;
- 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 which the Consolidated Financial Statements must satisfy: NFP net of put option/SE <1 and NFP net of put option/EBITDA <3. These covenants were all satisfied.

Non-current lease liabilities

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

Other non-current financial payables

The amount derives from the earn-out to be paid as part of the purchase transaction in 2020 of the Everymake S.r.l. business unit, dependent on certain performances.

NCI Put and Call options

The amount of EUR 23,018 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 in 2020 of the controlling interest 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 any 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 31 December 2021 came to EUR 1,139 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 that price will be paid in Piteco S.p.A. shares. As already commented in the introduction, note that on 28 July 2021 the Put option reserved for the minority shareholders of Myrios S.r.l. was exercised on 4.85% of its share capital, valued at EUR 643 thousand. The estimated price of the Put Option on the residual share of 39.15% of Myrios recognised in the financial statements as at 31 December 2021 was EUR 7,937 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 their percentage interest) on exercise of the put and call option will be calculated on the basis of financial covenants, such as EBITDA and net financial position, resulting from the most recent approved financial statements of Rad Informatica S.r.l. at the date the option is exercised. The estimated price of the option charged to the financial statements ended as at 31 December 2021 was EUR 13,942 thousand.

Note that for the Juniper option, the fair value remeasurement as at 31 December 2021, carried out 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 1.2 million (EUR 1 million at the exchange rate at that date). For the Myrios option, the fair value remeasurement mainly considered the estimate of the equity value of Myrios at the date of exercise of the option and a discount factor calculated based on the risk-free rate and the credit spread of Piteco, in compliance with the provisions of IFRS 9, resulted in a decrease of EUR 112 thousand; lastly, for the Rad option, the fair value remeasurement was carried out using a Monte Carlo-based approach, simulating the EBITDA and equity value of the company in a high number of scenarios at the date of exercising the option and a discount factor calculated based on the risk-free rate and the credit spread of Piteco, in compliance with the provisions of IFRS 9, resulted in a decrease of EUR 1.6 million.

16 Deferred tax liabilities

The changes recorded during 2021 are shown below:

Deferred tax liabilities	31/12/2021	31/12/2020	Change	Within 12 months	From 1 to 5 years	Over 5 years
Other non-current deferred tax liabilities	11,672	12,330	-658		11,672	

Total	**11,672**	**12,330**	**-658**	**11,672**

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

17 Employee benefits

The changes in employee benefits are shown below:

Employee benefits	31/12/2020	Actuarial measurements	Increases	Decreases	Other changes	31/12/2021
Employee severance indemnity	2,382	-39	178	-30	1	2,492
Total	2,382	**-39**	**178**	**-30**	**1**	2,492

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

Financial assumptions	31/12/2021	31/12/2020
Technical discount rate	0.44%	-0.02%
Inflation rate	1.20%	1.00%
Overall annual rate of salary increase	2.00%	1.50%
Employee severance indemnity growth rate	2.40%	2.25%

Demographic assumptions	31/12/2021	31/12/2020
Probability of death	State General Accounting Office data - table RG48	
Probability of disability	INPS Model for 2010 projections	
Probability of resignations	3.00%	3.00%
Probability of retirement	Reaching of the first of the retirement requirements valid for the General Mandatory Insurance	
Probability of advance	3.00%	3.00%

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

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

18 Long-term provisions

The changes recorded during 2021 are shown below:

Long-term provisions	31/12/2020	Increases	Decreases	31/12/2021
Other non-current provisions	57	4		61
Total	**57**	**4**		**61**

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

19 Other non-current liabilities

The change in current payables is shown below:

Other non-current liabilities	31/12/2021	31/12/2020	Change	Within 12 months	From 1 to 5 years	Over 5 years
Non-current payables for wages and salaries	334	129	205		334	
Other non-current payables	272		272		272	
Other non-current payables	**606**	**129**	**477**		**606**	
Total	**606**	**129**	**477**		**606**	

The non-current payables for wages and salaries refer to payables to 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 from the Parent Company Piteco S.p.A. for the recognition of higher values recorded in the financial statements pursuant to Law Decree 104/2020.

20 Current trade payables and other current payables

The change in current trade payables is shown below:

Current trade payables	31/12/2021	31/12/2020	Change
Current payables due to suppliers	1,058	1,944	-886
Invoices to be received	45	43	2
Trade payables	**1,103**	**1,987**	**-884**
Current payables due to parent companies	116	266	-150
Current payables to related parties	125	76	49
Payables due to parent companies, affiliates and associates	**241**	**342**	**-101**
Total	**1,344**	**2,329**	**-985**

Payables due to suppliers, including the allocations for invoices to be received, amounted to EUR 1,103 thousand as at 31 December 2021 (EUR 1,987 thousand as at 31 December 2020) and are all short term.

Current payables due to parent companies represent trade payables for EUR 116 thousand (EUR 266 thousand as at 31 December 2020).

Current payables due to related parties represent trade payables for EUR 125 thousand (EUR 76 thousand as at 31 December 2020).

Other current payables are shown in the table below:

Other current payables	31/12/2021	31/12/2020	Change
Current payables for wages and salaries	3,137	2,511	626
Payables for social security charges	1,248	1,036	212
Payables for fees		106	-106
Other tax payables	15	11	4
Current accrued trade expenses	45	48	-3
Other current payables	74	105	-31

Current deferred trade income	116	123	-7
VAT payables due to tax authorities	264	134	130
Payables for withholdings	505	502	3
INAIL (Italian National Institute for Insurance against Accidents at Work)	1		1
Other social security payables	84	75	9
Total	**5,489**	**4,651**	**838**

21 Contract liabilities

The changes recorded during 2021 are shown below:

Contract liabilities	31/12/2021	31/12/2020	Change
Advances from customers - current	2,457	1,482	975
Total	**2,457**	**1,482**	**975**

Contract liabilities amount to EUR 2,457 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 during 2021.

22 Current tax liabilities

Current tax liabilities amounted to EUR 2,434 thousand as at 31 December 2021 (EUR 542 thousand as at 31 December 2020) and break down as follows:

Current tax liabilities	31/12/2021	31/12/2020	Change
Payables due to parent company for tax consolidation	392	218	174
Payables for IRES taxes	1,391	278	1,113
Payables for IRAP taxes	373	46	327
Other current tax liabilities	278		278
Total	**2,434**	**542**	**1,892**

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

23 Current financial liabilities

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

Current financial liabilities	31/12/2021	31/12/2020	Change
Current bank borrowings	8,601	3,854	4,747
Current bank borrowings	**8,601**	**3,854**	**4,747**
Current lease liabilities	567	610	-43
Current lease liabilities	**567**	**610**	**-43**
Other current financial liabilities	43	5,250	-5,207

Other current financial liabilities	**43**	**5,250**	**-5,207**
Total	**9,211**	**9,714**	**-503**

Current bank borrowings

These regard the short-term portion (within 12 months) of amounts due to banks for unsecured loans with original total amount of EUR 44.7 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 43 thousand refers to payables due from the Parent Company Piteco S.p.A. to the selling shareholders of Rad Informatica S.r.l. which will be paid within 12 months if certain conditions are met.

24 Revenue from contracts with customers

Revenues from contracts with customers, without considering changes in contract assets, amounted to EUR 37,012 thousand (EUR 23,546 thousand as at 31 December 2020), recording an increase of EUR 13,446 thousand (+57.2%) compared to the corresponding figure in 2020. To better understand the increase, note that in 2020 the contribution of Rad Informatica S.r.l.'s turnover had only a one-month impact on the consolidation; therefore, on a like-for-like scope of consolidation (excluding the contribution of Rad Informatica S.r.l.), the Group's turnover at 31 December 2021 would have been EUR 23,696 thousand compared to EUR 22,619 thousand in the financial statements as at 31 December 2020 with an increase of approximately 4.8%.

Revenues of the Parent Company Piteco S.p.A. were equal to EUR 17,178 thousand (EUR 15,842 thousand as at 31 December 2020).

Revenues by service type

The breakdown of revenues by service type is shown below:

Revenue from contracts with customers	31/12/2021		31/12/2020		Change
Maintenance fees	7,937		6,724		1,213
Application management fees	3,785		1,881		1,904
Usage fees	3,389		2,639		750
Total Fees	**15,111**	**40.83%**	**11,244**	**47.75%**	**3,867**
Software sales	2,911		1,471		1,440
Total Software	**2,911**	**7.87%**	**1,471**	**6.25%**	**1,440**
Professional activities and services	9,834		5,967		3,867
Other revenues from sales	114		90		24
Personalisations	5,408		764		4,644
Commissions and Royalties	7		4		3

Total activities and services	**15,363**	**41.51%**	**6,825**	**28.99%**	**8,538**
Digital payments and clearing house revenues	3,627		4,006		-379
Total digital payments and clearing house revenues	**3,627**	**9.80%**	**4,006**	**17.01%**	**-379**
Total	**37,012**		**23,546**		**13,466**

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

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

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

As regards the change in contract assets, note that the following were recorded in 2021:

Changes in contract assets	31/12/2021	31/12/2020	Change
Changes in contract assets	263	-188	451
Total	**263**	**-188**	**451**

25 Other operating revenues

"Other operating revenues", whose balance as at 31 December 2021 amounted to EUR 1,767 thousand (EUR 1,362 thousand as at 31 December 2020) included increases in internal work capitalised of EUR 1,641 thousand, expense reimbursements from customers thousand and reimbursements from employees for professional and personal use of company cars of EUR 70 thousand. The increases in internal work capitalised relate to development expenses on proprietary software.

Other operating revenues	31/12/2021	31/12/2020	Change
Recovery of costs for services	70	123	-53
Other operating revenues	1,641	1,232	409
Contingent assets	56	7	49
Total	**1,767**	**1,362**	**405**

26 Goods and consumables

Costs for the purchase of goods and consumables amounted to EUR 806 thousand (EUR 383 thousand as at 31 December 2020).

Goods and consumables	31/12/2021	31/12/2020	Change
Purchase of finished products	799	374	425
Other purchases	7	9	-2
Goods and consumables	**806**	**383**	**423**
Total	**806**	**383**	**423**

27 Personnel costs

Personnel costs for employees are shown in the table below:

Personnel costs	31/12/2021	31/12/2020	Change
Wages and salaries	10,478	7,916	2,562
Social security charges	2,770	1,954	816
Allocations to pension funds and other	453	380	73
Other personnel costs	28	21	7
Total	**13,729**	**10,271**	**3,458**

Employees of the Group as at 31 December 2021, net of directors and external contractors, totalled 174 resources (156 resources as at 31 December 2020). The increase recorded in the year, equal to EUR 3,458 thousand, is partly attributable to the hiring of new employees at Piteco S.p.A. and RAD Informatica S.r.l. and partly to the fact that in 2020 the item included only one month of costs of RAD Informatica.

28 Costs for services

Costs for services are shown in the table below:

Costs for services	31/12/2021	31/12/2020	Change
External maintenance	517	264	253
Consulting, administrative and legal services	3,526	2,735	791
Utilities	119	116	3
Promotion and advertising fees	269	111	158
Bonuses and commissions	102	87	15
Sundry consulting	826	750	76
Insurance	192	165	27
Travel and transfer expenses	93	99	-6
Fees and compensation to directors	560	143	417
Services for personnel	121	122	-1
Other	29	44	-15
Costs for services	**6,354**	**4,636**	**1,718**
Rent payable	193	81	112
Rentals and other	176	115	61
Royalties	82	111	-29
Leases and rentals	**451**	**307**	**144**

Total	**6,805**	**4,943**	**1,862**

The increase of EUR 1,862 thousand mainly refers to the increase, due to the different contribution to the consolidation, in the costs of consultancy, maintenance, promotion and advertising and the remuneration of directors of Rad Informatica S.r.l.

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

29 Other operating costs

Other costs are shown in the table below:

Other operating costs	31/12/2021	31/12/2020	Change
Other taxes (not on income)	38	36	2
Fines and penalties	1	12	-11
Contributions and donations	2	25	-23
Magazine and subscription fees	9	4	5
Contingent liabilities	437	109	328
Allocations to agents severance indemnities	6	5	1
Allocations to bad debt provision	19	64	-45
Total	**512**	**255**	**257**

30 Amortisation and depreciation

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

Amortisation and depreciation	31/12/2021	31/12/2020	Change
Depreciation of property, plant and equipment	97	183	-86
Depreciation of assets for right of use	533	464	69
Amortisation of intangible assets	5,067	2,906	2,161
Total	**5,697**	**3,553**	**2,144**

31 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	31/12/2021	31/12/2020	Change
Exchange rate gains	520	8	512
Exchange rate losses		-622	622
Total	**520**	**-614**	**1,134**

During the year, the Group recorded net exchange gains of EUR 520 thousand, of which EUR 501 thousand unrealised and referring mainly to the parent company Piteco for the loan in USD currency granted to the subsidiary Piteco North America.

32 Financial income

The table below provides details of financial income:

Financial income	31/12/2021	31/12/2020	Change
Other interest income on non-current loans		9	-9
Revenues from other financial investments		**9**	**-9**
Bank and postal account interest	3	5	-2
Interest and trade discounts receivable	12	14	-2
Income on options and similar	2,054	3,684	-1,630
Other financial revenues	**2,069**	**3,703**	**-1,634**
Total	**2,069**	**3,712**	**-1,643**

"Income from options and similar" refers to the fair value remeasurement, as at 31 December 2021, of the option granted to the minority shareholders of Myrios S.r.l. and of RAD Informatica S.r.l. (please refer to paragraph 15 for a detailed description).

33 Financial charges

The table below provides details of financial charges:

Financial charges	31/12/2021	31/12/2020	Change
Interest on non-current bank borrowings	631	295	336
Interest on lease payables	49	9	40
Interest on other current payables		317	-317
Charges on options and similar	1,028	563	465
Financial charges on employee severance indemnity	4		4
Total	**1,712**	**1,184**	**528**

Interest expense deriving from the fair value measurement of the Put Option on the minority stakes of Juniper Payments LLC is recorded under the item “charges on options and similar” (please refer to paragraph 15 for a detailed description).

34 Income taxes

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

Income taxes	31/12/2021	31/12/2020	Change
IRAP income taxes	559	87	472
IRES income taxes	2,340	559	1,781
Taxes from previous years	-94	-95	1
Deferred tax assets	-2,490	-122	-2,368
Deferred tax liabilities	-658	-231	-427
Substitute tax	817		817
Income taxes of foreign subsidiaries	30	-70	100
Total	**504**	**128**	**376**

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

Effects of deferred tax assets and liabilities - IRES	31/12/2021	31/12/2020

	Temporary Difference	Taxes (rate of 24%-20%)	Temporary Difference	Taxes (rate of 24%-20%)
Amortisation of trademarks	8	2	11	3
Agents’ leaving indemnities	7	2	7	2
Actuarial measurement of employee severance indemnity	477	114	516	124
Other costs with deferred deductibility and goodwill realignment	9,489	2,277	348	83
Exchange rate differences from measurement	1,162	279	1,320	317
Amortisation of software - Piteco North America	1,257	251	1,284	257
Deferred tax assets	**12,400**	**2,925**	**3,486**	**786**
Higher value of property	380	91	380	91
Amortisation of CD and EVERYMAKE goodwill	220	53	176	42
Consolidation adjustments	40,450	9,708	43,289	10,389
Other deferred tax liabilities	913	219	405	97
Deferred tax liabilities	**41,963**	**10,071**	**44,250**	**10,619**
Total	**29,563**	**7,146**	**40,764**	**9,833**

Effects of deferred tax assets and liabilities - IRAP	**31/12/2021**		**31/12/2020**	
	Temporary Difference	**Taxes (rate of 3.9%)**	**Temporary Difference**	**Taxes (rate of 3.9%)**
Amortisation of trademarks	8		11	
Agents’ leaving indemnities	4		4	
Other costs with deferred deductibility and goodwill realignment	9,254	361		
Deferred tax assets	**9,266**	**361**	**15**	
Higher value of property	380	15	380	15
Amortisation of CD and EVERYMAKE goodwill	220	9	176	7
Consolidation adjustments	40,450	1,578	43,289	1,688
Deferred tax liabilities	**41,050**	**1,602**	**43,845**	**1,710**
Total	**31,784**	**1,241**	**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 conversion adjustments.

As already mentioned in the initial part of this Financial Report, in June 2021 the Parent Company Piteco S.p.A. took advantage of the possibility of realigning the tax values of part of the goodwill to the higher values recorded in the financial statements, as required by art. 110 of Law Decree 104/2020, also integrated by Law 178/2020. The realignment option was formally exercised with the Tax Authority in the tax return for the reporting period, i.e. for 2020, on filing of the SC 2021 return. The option requires payment of a 3% substitute tax and the imposition of a tax suspension on shareholders' equity reserves for an amount equal to the total realignment, net of the substitute tax paid. If there are insufficient or no available reserves, the restriction is imposed on the share capital. The restriction is solely for tax purposes and therefore reserves restricted pursuant to the aforementioned provisions can be freely distributed, but the tax suspension remains. If distributed, therefore, the amount allocated to shareholders plus the corresponding 3% substitute tax are considered to form taxable income for the company, subject to ordinary tax, with the right of offset the substitute tax paid, in the form of a tax credit, against taxes payable.

Recognition of the new tax values is immediate and starts from the financial statements following those for which recognition of the tax value is required and therefore, in general, from 1 January 2021. Annual amortisation relevant to tax will therefore be commensurate to the new values with effect from the year after that of realignment and consequently, in general, from 1 January 2021. However, if asset disposals are made at a date prior to the start of the fourth financial year after that of the 2020 financial statements, the realignment becomes ineffective and the capital gains and losses on assets sold will be determined in reference to the pre-realignment values, and any portion of the substitute tax referring to the assets sold becomes a tax credit that can be offset against ordinary taxes due on the realigned values which, after disposal, lost their tax recognition.

Based on criteria designed to maximise the economic and financial benefit, Piteco S.p.A. realigned values for a total of EUR 27,219 thousand in reference to goodwill - recognised in the financial statements after the merger by incorporation of Alto S.r.l. in 2013 - which had no tax recognition, opting to pay the 3% substitute tax, of EUR 817 thousand, in three equal annual amounts with effect from June 2021.

The economic effects of the realignment, also in reference to deferred taxes, were assessed by the Board of Directors in the half-year financial report as at 30 June 2021, approved by the same Board on 29 September 2021.

In December 2021, the 2022 Budget Law (Law no. 234 of 30 December 2021, published in the Official Gazette on 31 December 2021) amended the deadlines for realignment of tax values on intangible assets and goodwill, envisaging a tax recovery period of 50 years rather than the original 18 years and providing the companies with more options to amend the decisions already made in June. After assessing the economic and financial convenience of the transaction, Piteco decided to confirm the option already exercised. The realignment of goodwill makes its amortisation for tax purposes possible over 50 years and, in line with IAS 12 criteria on the recognition of deferred tax assets, such deferred tax assets can be recognised. The Company prudentially considered a reference time horizon of no more than 18 years from the reporting date. With particular reference to the deferred tax assets on realignment of the value of goodwill, recognisable up to a maximum of EUR 7,594 thousand, the measurement based on prudential criteria was therefore partial as it is over an 18-year time horizon. Consequently, the recognition value was reduced by EUR 4,860 thousand, recording net deferred tax assets of EUR 2,734 thousand. In 2021, the first portion of deferred tax assets was used against the tax benefit accrued on direct taxes.

Lastly note that, in compliance with legal obligations, the Shareholders' Meeting of Piteco S.p.A. of 23 December 2021 resolved to impose a tax restriction on a portion of shareholders' equity for EUR 26,402 thousand, equal to the total realigned values net of the substitute tax due.

IX. COMMITMENTS AND GUARANTEES

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

Commitments and guarantees	31/12/2021	31/12/2020
Sureties, personal guarantees and collateral to third parties	310	304
Guarantees given	**310**	**304**
Sureties and guarantees received from related parties	115	115

Guarantees received	**115**	**115**
Total	**425**	**419**

As at 31 December 2021 the Parent Company granted guarantees of EUR 310 thousand, in the form of sureties for participation in tenders, and received sureties of EUR 115 thousand.

X. TRANSACTIONS WITH GROUP COMPANIES AND OTHER RELATED PARTIES

In addition to the information provided in the Report on Operations on transactions with parent companies, associates and affiliates, note that during 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 1.410 thousand.

XI. TOTAL NET FINANCIAL INDEBTEDNESS

The following table of the Group's net financial indebtedness was drawn up in accordance with the requirements of ESMA guideline 32-382-1138 of 4 March 2021 and Consob's Warning Notice n. 5/21 of 29 April 2021.

Note that application of the ESMA guidelines and adoption of the new definition of "Net financial indebtedness" led to the restatement of net indebtedness as at 31 December 2020 and in particular a deterioration of Euro 235 thousand compared to that calculated last year in accordance with the provisions of Consob Communication DEM/6064293 of 28 July 2006. This difference is due to exclusion from the new calculation of current financial assets other than cash and cash equivalents.

The net financial indebtedness as at 31 December 2021, including the put and call options on the minority interests of Juniper Payments, LLC, Myrios S.r.l. and Rad Informatica S.r.l., was a negative EUR 58,447 thousand (negative EUR 65,717 thousand as at 31 December 2020), marking a change of EUR 7,270 thousand.

	31/12/2021	31/12/2020	Change
A. Cash	7,877	11,080	-3,203
B. Cash equivalents			
C. Other current financial assets			
D. Liquidity (A+B+C)	**7,877**	**11,080**	**-3,203**
E. Current financial debt (including debt instruments but excluding the non-current financial debt portion)	43	5,250	-5,207
F. Current portion of non-current financial debt	9,168	4,464	4,704
G. Current financial indebtedness (E+F)	**9,211**	**9,714**	**-503**
H. Net current financial indebtedness (G-D)	**1,334**	**-1,366**	**2,700**
I. Non-current financial debt (excluding the current portion and debt instruments)	33,701	42,068	-8,367
J. Debt instruments	23,412	25,015	-1,603
K. Trade payables and other non-current payables			
L. Non-current financial indebtedness (I+J+K)	**57,113**	**67,083**	**-9,970**

M. Total net financial indebtedness (H+L)	**58,447**	**65,717**	**-7,270**

Current financial indebtedness includes the short-term portion of long-term bank borrowings (EUR 8,601 thousand as at 31 December 2021 and EUR 3,854 thousand as at 31 December 2020), lease liabilities (EUR 567 thousand as at 31 December 2021 and EUR 610 thousand as at 31 December 2020), and other financial liabilities relating to Parent Company's payables to the selling shareholders of Rad Informatica maturing within 12 months (EUR 43 thousand as at 31 December 2021 and EUR 5,250 thousand as at 31 December 2020).

Non-current financial indebtedness includes the long-term portion of bank borrowings (EUR 31,961 thousand as at 31 December 2021 and EUR 39,946 thousand as at 31 December 2020), lease liabilities (EUR 1,740 thousand as at 31 December 2021 and EUR 2,122 thousand as at 31 December 2020), and other estimated financial liabilities relating to the earn-out for the acquisition of the business unit of Everymake (EUR 394 thousand as at 31 December 2021 and EUR 360 thousand as at 31 December 2020) and the put and call options for minority shareholders subscribing to the business combinations undertaken by the Group (EUR 23,018 thousand as at 31 December 2021 and EUR 24,655 thousand as at 31 December 2020).

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

Description	31/12/2020	Monetary flow	Non-monetary flow		31/12/2021
			Fair value measurement	Other changes	
Current financial liabilities	9,714	-460		-43	9,211
Non-current financial liabilities	67,083	-7,985	-1,603	-382	57,113
Current financial assets	235	-134		2	103
Non-current financial assets	510			-103	407
Net liabilities from financing activities	**76,052**				**65,814**
Cash and cash equivalents	11,080	-3,203			7,877
Net financial indebtedness	**64,972**				**57,937**

XII. TREASURY SHARES

In 2021, the Parent Company purchased treasury shares as per the authorisation in the Shareholders’ Meeting resolution of 29 April 2021. As at 31 December 2021 the Group held 764,593 treasury shares, equal to 3.8% of the share capital, for a total value of EUR 5,267 thousand (equal to the amount reflected in the “Negative reserve for treasury shares in portfolio”, posted as a decrease in consolidated shareholders’ equity).

XIII. SUBSEQUENT EVENTS

On 9 February 2022, Piteco S.p.A. purchased a further 0.6% of the share capital of the subsidiary Rad Informatica S.r.l., consequently reaching 80.6% of the share capital.

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

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Note that in 2021 the Group did not implement atypical and/or unusual transactions, as defined by CONSOB Communication of 28 July 2006 no. DEM/6064293.

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

The table shows the fees pertaining to 2021 due to the Directors and the Board of Statutory Auditors. These fees represent the costs incurred and posted to the separate financial statements, net of expense reimbursements and VAT.

Fees to the Directors

Name and Surname	Position	Period	End of term of Office	Fees (thousands of EUR)
Marco Podini	Chairman of the BoD	01.01.2021-31.12.2021	Approval of the 2023 financial statements	50,000
Paolo Virenti	Chief Executive Officer	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5,000
Annamaria Di Ruscio	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5,000
Andrea Guido Guillermaz	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5,000
Riccardo Veneziani	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5,000
Maria Luisa Podini	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5,000
Francesco Mancini	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5,000
Mauro Rossi	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5,000
Total				**85,000**

Fees to the Board of Statutory Auditors

Name and Surname	Position	Period	End of term of Office	Fees (thousands of EUR)
Luigi Salandin	Chairman of the Board of Statutory Auditors	01.01.2021-31.12.2021	Approval of the 2023 financial statements	22,500
Marcello Del Prete	Standing Auditor	01.01.2021-29.04.2021	Approval of the 2020 financial statements	5,000
Fabio Luigi Mascherpa	Standing Auditor	01.01.2021-31.12.2021	Approval of the 2023 financial statements	15,000
Maria Carla Bottini	Standing Auditor	29.04.2021-31.12.2021	Approval of the 2023 financial statements	10,000
Gianandrea Borghi	Alternate Auditor	01.01.2021-29.04.2021	Approval of the 2020 financial statements	0
Anna Postal	Alternate Auditor	01.01.2021-31.12.2021	Approval of the 2023 financial statements	0
Luigi Rabuini	Alternate Auditor	29.04.2021-31.12.2021	Approval of the 2023 financial statements	0
Total				**52,500**

XVI. FEES FOR INDEPENDENT AUDITORS

The table below shows the fees pertaining to 2021 for auditing services and other services provided by the independent auditors and the companies in their network. These fees represent the costs incurred and posted to the separate financial statements, net of expense reimbursements and VAT.

Type of services	Party providing the service	Fees (thousands of EUR)
Auditing of the accounts	KPMG S.p.A.	77,000

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

As required by the regulations on transparency in public grants introduced by art. 1, paragraphs 125-129 of Italian Law no. 124/2017 and subsequently supplemented by the Legislative Decree on “Security” (no. 113/2018) and the Legislative Decree on “Simplification” (no. 135/2018), it is noted that in 2021 the Group received subsidies, grants and economic benefits from public administrations and equivalent entities, from companies controlled by the public administration and from government-owned companies, as reported in the National Register of State Aid.

Milan, 23 March 2022

The Chairman of the BoD
Marco Podini

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

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

- the adequacy in relation to the characteristics of the company *and*
- the effective application of the administrative and accounting procedures for drawing up the Consolidated Financial Statements, in the period included between 1 January 2021 and 31 December 2021.

In this regard, no significant aspects came to light.

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

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

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

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

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

Milan, 23 March 2022

The Chief Executive Officer

Manager responsible for drafting
the corporate accounting documents

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Financial report
as at 31 December 2021

Separate financial statements prepared in compliance with the IAS/IFRSs

Table of Contents

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 79

STATEMENT OF FINANCIAL POSITION 79
INCOME STATEMENT 81
STATEMENT OF OTHER COMPREHENSIVE INCOME 82
STATEMENT OF CASH FLOW STATEMENT 83
CHANGES IN SHAREHOLDERS' EQUITY 84

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 85

I. GENERAL INFORMATION 85
II. PREPARATION CRITERIA AND COMPLIANCE WITH IAS/IFRS 86
III. ACCOUNTING STANDARDS AND AMENDMENTS TO STANDARDS ADOPTED BY THE COMPANY 88
IV. MAIN MEASUREMENT CRITERIA 90
V. INFORMATION ON FINANCIAL RISK 101
VI. NOTES TO THE STATEMENT OF FINANCIAL POSITION, STATEMENT OF CASH FLOWS AND INCOME STATEMENT 104
VII. COMMITMENTS AND GUARANTEES 126
VIII. TRANSACTIONS WITH GROUP COMPANIES AND OTHER RELATED PARTIES 127
IX. NET FINANCIAL INDEBTEDNESS 127
X. TREASURY SHARES 129
XI. SUBSEQUENT EVENTS 129
XII. SIGNIFICANT, NON-RECURRING, ATYPICAL AND/OR UNUSUAL TRANSACTIONS 129
XIII. FEES TO THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS 129
XIV. FEES FOR INDEPENDENT AUDITORS 130
XV. DISCLOSURE ON TRANSPARENCY OBLIGATIONS IN SYSTEM OF PUBLIC GRANTS (NATIONAL LAW 124/2017 ART. 1 PARAGRAPHS 125-129) 130
XVI. PROPOSED RESOLUTION 130

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FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

STATEMENT OF FINANCIAL POSITION

(values in Euro)

Assets	Notes	31/12/2021	Of which related parties	31/12/2020	Of which related parties	Change
Non-current assets						
Property, plant and equipment	1	220,773		1,357,631		-1,136,858
Assets for rights of use	2	1,495,900		1,733,523		-237,623
Goodwill	3	28,020,142		28,020,142		
Other intangible assets	4	2,101,434		1,967,954		133,480
Equity investments accounted for using the cost method	5	54,581,660	54,581,660	48,701,444	48,701,444	5,880,216
Financial fixed assets	6	605,687				605,687
Deferred tax assets	7	2,990,437		449,869		2,540,568
Other non-current financial assets	8	4,442,871	4,429,744	5,063,568	5,040,742	-620,697
Total non-current assets		**94,458,904**		**87,294,131**		**7,164,773**
Current assets						
Contract assets	9	106,048		123,280		-17,232
Current trade receivables and other current receivables	10 - 11	4,606,497	120,605	4,311,482	313,975	295,015
Other current financial assets	12	2,218,778	2,218,778	2,044,854	2,005,860	173,924
Cash and cash equivalents	13	4,711,792		7,013,996		-2,302,204
Total current assets		**11,643,115**		**13,493,612**		**-1,850,497**
Discontinued operations	14	1,137,056				1,137,056
Total assets		**107,239,075**		**100,787,743**		**6,451,332**

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

(values in Euro)

Shareholders' equity and liabilities	Notes	31/12/2021	Of which related parties	31/12/2020	Of which related parties	Change
Shareholders' equity						
Share Capital	15	30,795,895		30,795,895		
Share premium reserve	15	6,046,432		5,943,197		103,235
Negative reserve for treasury shares in portfolio	15	5,266,555		4,107,110		1,159,445
Other reserves	15	8,240,768		7,056,387		1,184,381
Undistributable profits	15	11,979,331		6,491,328		5,488,003
Shareholders' equity		**51,795,871**		**46,179,697**		**5,616,174**
Non-current liabilities						
Non-current financial liabilities	16	34,045,939		42,374,274		-8,328,335
Deferred tax liabilities	17	386,567		252,329		134,238
Employee benefits	18	1,303,606		1,311,009		-7,403
Long-term provisions	19	61,366		57,140		4,226
Other non-current liabilities	20	606,432		129,180		477,252
Total non-current liabilities		**36,403,910**		**44,123,932**		**-7,720,022**
Current liabilities						
Current trade payables and other current payables	21 - 22	4,307,473	371,990	4,909,349	602,906	-601,876
Contract liabilities	23	1,699,612		945,869		753,743
Current tax liabilities	24	736,891	392,065	218,469	217,886	518,422
Current financial liabilities	25	12,295,318	3,099,148	4,410,427		7,884,891
Total current liabilities		**19,039,294**		**10,484,114**		**8,555,180**
Total Shareholders' equity and liabilities		**107,239,075**		**100,787,743**		**6,451,332**

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

INCOME STATEMENT

(values in Euro)

Income Statement	Notes	31/12/2021	Of which related parties	31/12/2020	Of which related parties	Change
Revenue from contracts with customers	26	17,323,115	328,103	15,954,477	315,803	1,368,638
Other operating revenues	27	775,459		686,948	2,735	88,511
Operating revenues		**18,098,574**		**16,641,425**		**1,457,149**
Goods and consumables	28	399,777	324,151	329,442	152,663	70,335
Personnel costs	29	7,844,250	1.410.491	7,339,546	1,378,848	504,704
Costs for services	30	2,462,860	288,778	3,190,370	477,299	-727,510
Other operating costs	31	85,391		198,994		-113,603
Operating costs		**10,792,278**		**11,058,352**		**-266,074**
EBITDA		**7,306,296**		**5,583,073**		**1,723,223**
Amortisation and depreciation	32	1,032,086		1,035,908		-3,822
EBIT		**6,274,210**		**4,547,165**		**1,727,045**
Gains (losses) from transactions in foreign currency	33	501,132		(608,407)	4,024	1,109,539
Financial income	34	2,494,753	154,106	972,016	183,818	1,522,737
Financial charges	35	711,813		615,375		96,438
Financial income and charges		**1,782,940**		**356,641**		**1,426,299**
Profit before tax		**8,558,282**		**4,295,399**		**4,262,883**
Income taxes	36	-1,021,298		203,822		-1,225,120
Profit (loss) for the year		**9,579,580**		**4,091,577**		**5,488,003**

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

OTHER COMPONENTS OF COMPREHENSIVE INCOME

(values in Euro)

Other components of comprehensive income	Notes	31/12/2021	Of which related parties	31/12/2020	Of which related parties	Change
Profit (loss) pertaining to the Group		**9,579,580**		**4,091,577**		**5,488,003**
Components that will not be reclassified to profit/(loss) for the year						
Revaluations of liabilities for defined benefits	15	6,684		-88,630		95,314
Tax effect of revaluations of liabilities for defined benefits	15	-1,604		21,271		-22,875
Costs related to share capital increase	15			-200,970		200,970
Tax effect of costs related to share capital increase	15			56,071		-56,071
Total comprehensive income (loss)		**9,584,660**		**3,879,319**		**5,705,341**

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

STATEMENT OF CASH FLOWS

(values in Euro)

Statement of cash flows	Notes	31/12/2021	31/12/2020
Operating activity			
Profit for the year		**9,579,580**	**4,091,577**
Adjustments for:			
Financial charges (income)	34 - 35	-1,782,940	-356,641
Income taxes	36	570,073	329,640
Deferred tax liabilities (assets)	36	-2,407,934	-125,818
Amortisation and depreciation	32	1,032,086	1,035,908
Cash flows from operating activity before changes in working capital		**6,990,865**	**4,974,666**
(Increases)/decreases in contract assets	9	17,232	-55,784
(Increases)/decreases in trade receivables and other receivables	10 - 11	-295,015	545,214
Increases/(decreases) in trade payables and other payables	21 - 22	356,932	1,597,135
Increases/(decreases) in provisions and employee benefits	18	*1,903*	*36,593*
Increases/(decreases) in deferred taxes and current taxes		*793,979*	*-92,366*
Financial income collected		2,494,753	969,040
Financial charges paid		-593,456	-578,992
Income taxes paid		-571,839	-461,246
Cash flows from operating activities		**9,195,354**	**6,934,260**
Investment activity			
Increases/(decreases) in derivative instruments			
(Increases) in fixed assets:			
- Property, plant and equipment	1	-51,362	-85,551
- Intangible assets	4	-691,094	-596,034
- Financial assets	5 - 6	-6,485,903	-34,749,835
Decreases due to disposal of fixed assets:			
- Property, plant and equipment			939
- Financial assets		446,773	1,741,155
Business combination purchase price			-535,352
Cash flows from investment activities		**-6,781,586**	**-34,224,678**
Financial assets			
Increases/(decreases) in financial payables		-561,801	32,016,386
of which:			
- New disbursements		3,099,000	49,565,810
- Repayments		-3,660,801	-17,549,424
Payment of lease liabilities		-185,685	-392,901
New disbursements			7,999,995
Dividends distributed	15	-2,912,272	-2,695,526
Purchase/(sale) of treasury shares	15	-1,056,214	-2,482,755
Other changes			-144,899
Cash flows from financing activities		**-4,715,972**	**34,300,300**
Increases/(decreases) in cash and cash equivalents		**-2,302,204**	**7,009,882**
Cash and cash equivalents at the beginning of the year		**7,013,996**	**4,114**
Cash and cash equivalents at the end of the year		**4,711,792**	**7,013,996**

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

CHANGES IN SHAREHOLDERS' EQUITY

(values in Euro)

	Capital paid-in	Share premium reserve	Negative reserve for treasury shares	Other reserves	Undistributable profits	Total shareholders' equity
Value as at 31 December 2019	**19,125,100**	**5,943,197**	**-1,624,355**	**5,716,985**	**6,646,937**	**35,807,864**
Net profit for the year					4,091,577	4,091,577
Actuarial gain (loss) of benefit plans net of taxes				-67,359		-67,359
Share capital increase expenses net of taxes				-144,899		-144,899
Total statement of comprehensive income				**-212,258**	**4,091,577**	**3,879,319**
Allocation of profit				4,247,186	-4,247,186	
Conversions of bonds	3,670,800					3,670,800
Share capital increase	7,999,995					7,999,995
Purchase of treasury shares			-2,482,755			-2,482,755
Distribution of dividends				-2,695,526		-2,695,526
Value as at 31 December 2020	**30,795,895**	**5,943,197**	**-4,107,110**	**7,056,387**	**6,491,328**	**46,179,697**
Net profit for the year					9,579,580	9,579,580
Actuarial gain (loss) of benefit plans net of taxes				5,080		5,080
Total statement of comprehensive income				**5,080**	**9,579,580**	**9,584,660**
Allocation of profit				4,091,577	-4,091,577	
Purchase of treasury shares			-1,377,438			-1,377,438
Distribution of dividends				-2,912,272		-2,912,272
Other changes		103,235	217,993	-4		321,224
Value as at 31 December 2021	**30,795,895**	**6,046,432**	**-5,266,555**	**8,240,768**	**11,979,331**	**51,795,871**

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

Piteco
FINANCIAL SOFTWARE & CONSULTING

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

XVIII. GENERAL INFORMATION

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

The publication of these financial statements was authorised by resolution of the Company’s Board of Directors of 23 March 2022.

Main business of the Company

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

- **Piteco S.p.A.,** a software house that is an absolute leader in Italy in proprietary solutions for Corporate Treasury and Financial Planning management, used by over 650 national and international groups operating in all business sectors. With 98 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 based on recurring fees, we have significant visibility of expected turnover. Piteco S.p.A. is controlled by Dedagroup S.p.A. and is listed on the Euronext Milan market (EXM).
- **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.**, Italian software house leader in the field of software for banking debt collection management and for the management of disputes. The constant growth of the last decade has allowed RAD to further consolidate its position in the sector, aiming to become one of the most important players in Europe. The company was founded twenty years ago by the founding partners' strategically combining their expertise and experience in the field of credit management and

software development. Today it boasts considerable know-how in the debt collection process underway at legal and out-of-court level.

Significant events

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;

On 28 July 2021 the Put Option reserved to the minority shareholders of Myrios S.r.l. was exercised on 4.85% of the company's share capital valued at EUR 643 thousand;

In June 2021, the Parent Company Piteco S.p.A. took advantage of the possibility of realigning tax values to the higher values of assets recorded in the financial statements as at 31 December 2020, as allowed by art. 110, Law Decree no. 104 of 14 August 2020. Consequently, the Shareholders' Meeting of Piteco S.p.A. resolved to impose a tax restriction in the financial statements for EUR 26,402 thousand on a corresponding portion of available reserves. In December 2021, the 2022 Budget Law (Law no. 234 of 30 December 2021, published in the Official Gazette of 31 December 2021) amended the deadlines for realignment of tax values on intangible assets and goodwill, envisaging a tax recovery period of 50 years rather than the original 18 years. After assessing the economic and financial convenience of the transaction, Piteco decided to confirm the option already exercised, against which it recorded a tax benefit in the financial statements of EUR 2,734 thousand. For further information, please refer to the related paragraph in the Explanatory Notes.

Lastly, note that on 9 February 2022 Piteco S.p.A. purchased a further 0.6% of the share capital of the subsidiary Rad Informatica S.r.l. As at today date, Piteco holds 80.6% of the share capital of Rad Informatica S.r.l.

Disclosure on COVID-19

In 2021, the emergency generated by the COVID-19 pandemic was managed in continuity with that already organised in 2020 and consistent with the epidemiological scenario and its development. In particular, the Company followed up on all indications expressed by the competent health authorities, as well as the legal measures issued from time to time. From 15 October 2021, access to Italian business workplaces was regulated by showing a valid Green Pass or medical certification of exemption from compulsory vaccination.

XIX. PREPARATION CRITERIA AND COMPLIANCE WITH IAS/IFRS

General principles

These financial statements as at 31 December 2021 were drafted in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and adopted by the European Commission in compliance with the procedure referred to in art. 6 of Regulation (EC) no. 1606/2002 on IFRS (hereinafter "IFRS").

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

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

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

Use of estimates and evaluations

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

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

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

- Notes **1, 2** and **4** - Measurement of amortisation and depreciation of fixed assets;
- Note **2** - Duration of lease: establish whether there is reasonable certainty that the Company will exercise the extension options;
- Note **3** - Measurement of recoverable values of cash flow generating units that contain goodwill: main assumptions for determining the recoverable values;
- Notes **5** and **8** - Measurement of the recoverability of financial assets;
- Note **7** - Recognition of deferred tax assets: availability of future taxable profits in respect of which the temporary deductible differences can be used;
- Notes **5** and **16** - Fair value measurement of assets acquired and liabilities assumed in the acquisition of a subsidiary;
- Note **18** - Measurement of obligations for defined benefit plans for employees; main actuarial assumptions;
- Note **19** - Recognition and measurement of provisions: main assumptions on the likelihood and measurement of an outflow of resources.

Form and content of the document

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

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

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

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

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

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

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

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

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

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

Pursuant to IAS 8 (Accounting standards, changes in accounting estimates and errors), the IFRSs in force as from 1 January 2021 are indicated and briefly illustrated below.

The Group arranged first-time adoption of the following IFRS accounting standards, amendments and interpretations from 1 January 2021:

• Amendments to IFRS 4 "Insurance Contracts" (Deferral of effective date of IFRS 9) (published on 25 June 2020).

• Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform" - Phase 2 (published on 27 August 2020).

• Amendment to IFRS 16 "Covid-19-Related Rent Concessions" (published on 31 March 2021). The document allows lessees a one-year accounting extension of the period of application of COVID-19-related rent concessions without needing to analyse contracts to assess whether or not the IFRS 16 definition of lease modification is met.

With reference to the above standards and amendments, already in force at the reporting date, adoption had no significant impact on the financial statements of the Group.

IFRS accounting standards and amendments, and IFRIC interpretations, endorsed by the European Union, but not yet compulsorily applicable and not adopted early by the Group as at 31 December 2021

The Group has not adopted the following Standards, new and amended, which have been issued but are not yet in force:

• Annual Improvements to IFRSs (2018-2020 Cycle) (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41) (published on 14 May 2020). The amendments apply from financial years beginning on 1 January 2022.

• Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) (published on 14 May 2020). The amendments apply from financial years beginning on 1 January 2022.

• Property, Plant and Equipment - Proceeds Before Intended Use (Amendments to IAS 16) (published on 14 May 2020). The amendments apply from financial years beginning on 1 January 2022.

• Reference to the Conceptual Framework (Amendments to IFRS 3) (published on 14 May 2020). The amendments apply from financial years beginning on 1 January 2022.

• IFRS 17 "Insurance Contracts" and related amendments (published on 18 May 2017 and 25 June 2020, respectively). The amendments apply from financial years beginning on 1 January 2023.

With reference to the standards and amendments indicated above, their adoption is not expected to have significant impacts on the Group.

IFRS accounting standards and amendments, and IFRIC interpretations, not yet endorsed by the European Union

As at the reporting date, the competent bodies of the European Union had not yet completed the endorsement process necessary for adoption of the amendments and standards described below. At present, the directors are assessing the potential effects of introducing these changes to the consolidated financial statements of the Group:

• Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and "Deferral of Effective Date" (published on 23 January 2020 and 15 July 2020, respectively). The amendments apply from financial years beginning on 1 January 2023.

• Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimate" (published on 12 February 2021). The amendments apply from financial years beginning on 1 January 2023.

• Amendments to IAS 1 "Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies" (published on 12 February 2021). The amendments apply from financial years beginning on 1 January 2023.

• Amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (published on 7 May 2021). The amendments apply from financial years beginning on 1 January 2023.

• Amendments to IFRS 17 "Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information" (published on 9 December 2021). The amendments apply from financial years beginning on 1 January 2023.

• Amendment to IFRS 14 "Regulatory Deferral Accounts". The endorsement process is suspended pending the new accounting standard on rate-regulated activities.

• Amendments to IFRS 10 and IAS 28 "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture" - The document was published in September 2014 in order to resolve the current conflict between IAS 28 and IFRS 10 relating to measurement of the gain or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for a share in the latter's capital. The effective date of the IASB document and related endorsement process are suspended pending completion of the IASB research project on the equity method.

With reference to the standards and amendments indicated above, their adoption is not expected to have significant impacts on the Group.

XXI. MAIN MEASUREMENT CRITERIA

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

Property, plant and equipment

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

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

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

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

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

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

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

Goodwill

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

Other intangible assets

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

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

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

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

Leases (assets for right of use and lease liabilities)

Accounting model for the lessee

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

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

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

The Company measures the lease liability at the present value of the payments due for the lease not paid at the effective date, discounting them using the implicit interest rate of the lease. Where it is not possible to easily determine this rate, the Company uses the marginal lending rate, determined as the risk-free rate of each country in which the contracts were signed, with maturities commensurate with the duration of the specific lease agreement, increased by the specific credit spread of the Company (taken from the main financing agreements negotiated by it). For 2021 an average duration of rental contracts of roughly 2 years and an average borrowing rate relating to that duration of approximately 1.6% were determined.

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

- the fixed payments (including essentially fixed payments);
- the variable payments due for the lease that depend on an index or a rate, initially measured using an index or a rate at the effective date;

- the amounts that are expected to be paid in the form of a guarantee on the residual value;
- the exercise price of a purchase option that the company is reasonably certain to exercise, the payments due for the lease in an optional renewal period if the company is reasonably certain to exercise the renewal option, and the penalties for early lease termination, unless the company is reasonably certain not to terminate the lease early.

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

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

Short-term leases and leases for low-value assets

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

Accounting model for the lessor

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

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

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

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

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

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

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

Equity investments in subsidiaries

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

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

Impairment

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

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

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

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

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

Contract assets and liabilities

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

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

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

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

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

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

Cash and cash equivalents

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

Financial instruments

Financial assets

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

Financial assets measured at amortised cost

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

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

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

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

Financial assets at fair value through other comprehensive income (FVOCI)

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

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

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

Financial assets at fair value through profit or loss (FVTPL)

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

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

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

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

Financial liabilities

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

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

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

Derivative financial instruments and hedge accounting

As mentioned above, as the derivative financial instruments are not designated as hedging instruments, they are initially measured at fair value. Following recognition, derivatives are measured at fair value (according to the criteria set out in the point below) and their changes are recorded in profit/(loss) for the year. Note that the only derivative financial instruments used by the Company are Put and Call Options envisaged as part of the agreements relating to the purchase of controlling interests in Myrios and Rad Informatica. At the reporting date, the Directors decided that the fair value of the Options was not significant, as they were contracted at conditions that provide for a variable forward price based on the multiples of forecast results to be treated as equivalent to fair value at the time the option is exercised.

Fair value measurement

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

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

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

Non-current assets held for sale

Non-current assets (or disposal groups) whose book value will be recovered through their sale rather than continued use are classified as held for sale and recorded separately from other assets and liabilities in the Statement of Financial Position. For this to occur, the asset (or disposal group) must be immediately available for sale in its present condition and its sale within one year must be highly likely.

Non-current assets (or disposal groups) classified as held for sale are recognised at the lower between the book value and related fair value, net of costs to sell. The corresponding asset values for the previous year are not restated.

Buyback and reissue of ordinary shares (treasury shares)

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

Composite financial instruments

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

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

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

Employee benefits

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

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

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

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

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

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

Long-term provisions

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

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

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

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

Revenue recognition

Revenues are measured by taking into account the price specified in the contract with the customer. The Group recognises revenues when control of the goods or services is transferred, i.e. the moment in which the performance obligations in contracts with customers are satisfied. For more information on the nature and accounting of contracts with customers, see note 26.

Costs

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

Income taxes

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

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

Deferred tax assets and liabilities

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

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

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

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

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

Criteria for conversion of items in foreign currency

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

Use of estimates

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

Business combinations

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

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

XXII. INFORMATION ON FINANCIAL RISK

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

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

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

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

In that regard, note that as at 31 December 2021 there was no significant risk exposure connected with possible deterioration of the overall financial situation nor significant levels of concentration on single, non-institutional counterparties. The Company allocates bad debt provisions for impairment which reflects the estimate of losses on trade receivables and other receivables, whose main components are individual write-downs of significant exposures and collective write-downs of homogeneous groups of assets in relation to losses that have not been individually identified.

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

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

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

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

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

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

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

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

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

Long-term loans	31/12/2021	31/12/2020	Change
Long-term bank borrowings	31,961	39,946	-7,985
Non-current lease liabilities	-1,692	2,067	-375
Other non-current financial payables	394	360	34

Current portion of long-term loans	31/12/2021	31/12/2020	Change
Current bank borrowings	8,601	3,854	4,747
Current financial payables due to subsidiaries	3,099		3,099
Current lease liabilities	552	556	-4
Other current financial liabilities	43		43

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

	31/12/2021	31/12/2020	Change
Within 6 months	4,687	3,720	967
From 6 to 12 months	7,608	690	6,918
From 1 to 5 years	30,668	35,034	-4,366
Over 5 years	3,378	7,339	-3,961

Fair Value Hierarchy

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

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

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

The table below shows the assets and liabilities measured at fair value as at 31 December 2021, by level of the fair value measurement hierarchy. The fair value information of financial assets and liabilities not measured at fair value is excluded, when the book value represents a reasonable approximation of the fair value.

Description	Amounts	Level 1	Level 2	Level 3
Financial fixed assets	606		606	
Other non-current financial assets	4,443			
Current trade receivables and other current receivables	4,606			
Other current financial assets	2,219			
Cash and cash equivalents	4,712			
Financial assets	**16,586**			
Non-current financial liabilities	34,046			394
Other non-current liabilities	606			
Current trade payables and other current payables	4,307			
Current financial liabilities	12,295			
Financial liabilities	**51,254**			

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

1 Property, plant and equipment

The changes in items of Property, plant and equipment as at 31 December 2021 are shown below:

Property, plant and equipment	31/12/2020	Increases	Decreases	Reclassifications	Other changes	31/12/2021
Land	201			-201		
Buildings	1,527			-1,527		
Accum. depreciation - buildings	-591			591		
Land and buildings	**1,137**			**-1,137**		
Plant and machinery	296	25				321
Accum. depreciation - plant and machinery	-176	-23				-199

Plant and machinery	**120**	**2**				**122**
Furniture and furnishings	196	1				197
Accum. depreciation - furniture and furnishings	-166	-4				-170
Electronic machines	204	17				221
Accum. depreciation - electronic machines	-138	-22				-160
Other property, plant and equipment	17	7			1	25
Accum. depreciation - other property, plant and equipment	-12	-2				-14
Other assets	**101**	**-3**			**1**	**99**
Total	**1,358**	**-1**		**-1,137**	**1**	**221**

In addition, the changes that occurred in the year ended as at 31 December 2020 are reported below:

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

Land and buildings

The decrease in the item Land and buildings is due to reclassification of the property unit at Via Mercalli 16, which was sold in February 2022. Piteco has therefore reclassified it among non-current assets held for sale.

Plant and machinery

These amounted to EUR 122 thousand (EUR 120 thousand as at 31 December 2020) and mainly refer to accessory plant at the headquarters.

Other assets

These amounted to EUR 99 thousand (EUR 101 thousand as at 31 December 2020) and referred mainly to furniture and furnishings, electronic office machines and other assets. The EUR 25 thousand increase was due to purchases for hardware and furnishing upgrades.

2 Assets for rights of use

The changes in assets for rights of use as at 31 December 2021 are shown below:

Assets for rights of use	31/12/2020	Increases	Decreases	Reclassifications	Other changes	31/12/2021
Buildings - right of use	1,481					1,481
Accum. depreciation - Buildings - right of use	-261	-209				-470
Buildings - right of use	**1,220**	**-209**				**1,011**
Vehicles - right of use	826	240	-73	-345		648
Accum. depreciation - vehicles - right of use	-312	-198	73	70	-1	-368
Other property, plant and equipment - right of use				345		345
Accum. depreciation - other property, plant and equipment - right of use		-70		-70		-140
Other assets - right of use	**514**	**-28**			**-1**	**485**
Total	**1,734**	**-237**			**-1**	**1,496**

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

The item “Other assets - right of use” mainly refers to motor vehicles and office furnishings.

In addition, the changes that occurred in the year ended as at 31 December 2020 are reported below:

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

3 Goodwill

The changes in Goodwill as at 31 December 2021 are shown below:

Goodwill	31/12/2020	Increases	Decreases	31/12/2021
Goodwill	28,020			28,020
Total	**28,020**			**28,020**

In addition, the changes that occurred in the year ended as at 31 December 2020 are reported below:

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

Goodwill, amounting to EUR 28,020 thousand as at 31 December 2021 (EUR 28,020 thousand as at 31 December 2020) comprises EUR 27,219 thousand for the deficit arising as a result of the reverse merger following the leveraged buyout, with legal effect from 11 July 2013, EUR 472 thousand for the value attributed to goodwill following the acquisition of the “Centro Data” business unit in 2015 and EUR 329 thousand for the value attributed to goodwill following the acquisition of the “Everymake” business unit in March 2020.

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

As at 31 December 2021, the capitalisation of Piteco amounted to approximately EUR 222.0 million, a value higher than the shareholders' equity of the company and the Group at the same date.

CGU Piteco

As at 31 December 2021 the Parent Company subjected the carrying amount of the CGU Piteco to impairment testing, determining its recoverable value, considered equal to the value in use, by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2022-2024 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 8.55% (8.89% in 2020) and a growth rate (g) of 1.40% (1.40% in 2020), equal to expected inflation in the markets where the company operates. The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 76,920 thousand (EUR 61,993 thousand as at 31 December 2020), against a carrying amount of the assets allocated to the CGU Piteco of EUR 31,576 thousand (EUR 30,180 thousand as at 31 December 2020).

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the CGU Piteco, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 18.20% (16.70% as at 31 December 2020).

As an additional sensitivity analysis, it is noted that using a constant WACC (of 8.55%) and a perpetual growth rate g (of 1.40%), only a reduction in the EBITDA Margin greater than 21.42% would involve issues of impairment (17.65% as at 31 December 2020).

4 Other intangible assets

The changes in other intangible assets as at 31 December 2021 are shown below:

Other intangible assets	31/12/2020	Increases	Decreases	Reclassifications	Other changes	31/12/2021
Concessions, licences and trademarks	20	1				21
Accum. amortisation - Concessions, licences and trademarks	-13	-3				-16
Software	11,319	577				11,896
Accum. amortisation - software	-9,371	-545				-9,916
Concessions, licences and trademarks	**1,955**	**31**				**1,985**
Intangible assets under construction	**13**	**113**	**-10**			**116**
Total	**1,968**	**144**	**-10**			**2,101**

In addition, the changes that occurred in the year ended as at 31 December 2020 are reported below:

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

Concessions, licences and trademarks

The net balance amounted to EUR 1,985 thousand (EUR 1,955 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 1,948 thousand for software rights. The item software includes the rights relating to the proprietary software Piteco and the proprietary software Match.it, in addition to rights to use third party software. Specifically, the increases in software comprise EUR 569 thousand for the internal development of new modules of Piteco and Everymake software and EUR 8 thousand for the acquisition of the rights to use third party software.

Fixed assets under construction

Fixed assets under construction, equal to EUR 116 thousand (EUR 13 thousand as at 31 December 2020), refer to capitalised costs incurred in the development of software by the Company, not completed by the end of the year. The project is expected to be completed by the end of 2022.

5 Equity investments accounted for using the cost method

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

Investments	**Opening balance**	**Increases**	**Decreases**	**Other changes**	**Closing balance**
Equity investments in subsidiaries	48,701	5,881			54,582
Total	**48,701**	**5,881**			**54,582**

The increase in the item Equity investments in subsidiaries relates to the purchase of 10% of Rad Informatica S.r.l., which took place on 24 February 2021 and was valued at EUR 5,238 thousand, and the purchase of 4.85% of Myrios S.r.l. which took place on 28 July 2021 and was valued at EUR 643 thousand.

The Shareholders' Equity figures of the subsidiaries, broken down in the table below, are taken from the draft separate financial statements or the statements of financial position prepared for consolidation purposes as at 31 December 2021, approved by the respective boards of directors and adjusted, where necessary, to align them with the accounting standards adopted by the Company.

Name	**Country**	**Share Capital (*)**	**Profit (loss) for the year**	**Shareholders' equity**	**% Directly held**	**% Indirectly held**	**Book value**
Piteco North America, Corp.	America	9	26	2,469	100%		2,818

Juniper Payments, LLC [9]	America	2,649	(639)	350		60%	
Myrios S.r.l.	Italy	50	1,121	2,200	60.85%		11,776
Myrios Switzerland SA[10]	Switzerland	97	(165)	(348)		60.85%	
Rad Informatica S.r.l.	Italy	100	1,222	39,546	80%		39,988

(*) Amounts in thousands of Euros.

As at 31 December 2021 an analysis was conducted of the sustainability of the value of the equity investments, which did not result in any impairment of the equity investments.

Piteco North America (and, indirectly, Juniper)

As at 31 December 2021, the Company subjected the recognition values to an impairment test. The recoverable value of the equity investment was assumed as equal to its value in use (equity value), estimated as equal to the NAV (net asset value) of Piteco North America, Corp. redetermined based on the equity value of the subsidiary Juniper Payments, LLC. The latter was determined by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2022-2024 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 10.71% (10.95% as at 31 December 2020) and a growth rate (g) of 2.30% (2.20% as at 31 December 2020), equal to expected inflation in the market in which the subsidiary operates. The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 5,270 thousand (EUR 3,832 thousand as at 31 December 2020), against a carrying amount of the equity investment of EUR 2,818 thousand (EUR 2,818 thousand as at 31 December 2020).

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the equity investment in Piteco North America, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 15.73% (16.87% as at 31 December 2020).

As an additional sensitivity analysis, it is noted that using a constant WACC (of 10.71%) and a perpetual growth rate g (of 2.3%), only a reduction in the EBITDA Margin greater than 10.24% (10.98% as at 31 December 2020) would result in issues of impairment.

Myrios S.r.l.

As at 31 December 2021, the Company subjected the recognition values to an impairment test. The recoverable value of the investment was assumed to be equal to its estimated value in use (equity value)

9 Company controlled by Piteco North America, Corp.

10 Subsidiary of Myrios S.r.l.

equal to the NAV (net asset value) of Myrios S.r.l. The latter was determined by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2022-2024 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 8.55% (8.89% as at 31 December 2020) and a growth rate (g) of 1.40% (1.40% as at 31 December 2020) equal to expected inflation in the markets in which the company operates. The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 13,738 thousand (EUR 14,911 thousand as at 31 December 2020), against a carrying amount of the equity investment of EUR 11,776 thousand (EUR 11,134 thousand as at 31 December 2020).

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the CGU Myrios, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 9.84% (11.67% as at 31 December 2020).

As an additional sensitivity analysis, it is noted that using a constant WACC (of 8.55%) and a perpetual growth rate g (of 1.40%), only a reduction in the EBITDA Margin greater than 7.54% (14.65% as at 31 December 2020) would involve issues of impairment.

Rad Informatica S.r.l.

As at 31 December 2021, the Company subjected the recognition values to an impairment test. The recoverable value of the investment was assumed to be equal to its estimated value in use (equity value) equal to the NAV (net asset value) of Rad Informatica S.r.l. The latter was determined by discounting the expected future cash flows estimated in the forecast plan drawn up by the management. The cash flows for the period 2022-2024 were added to the terminal value, which expresses the operating flows that the CGU will be capable of generating starting from the fourth year for an unlimited time, determined based on the perpetuity method. The value in use was calculated based on a discount rate (WACC) of 8.55% (8.89% as at 31 December 2020) and a growth rate (g) of 1.40% (1.40% as at 31 December 2020) equal to expected inflation in the markets in which the company operates. The recoverable value determined based on the assumptions and valuation techniques described above, came to EUR 58,248 thousand (EUR 59,030 thousand as at 31 December 2020), against a carrying amount of the equity investment of EUR 39,988 thousand (EUR 34,750 thousand as at 31 December 2020).

Sensitivity analysis

In order to test the fair value measurement model in the event of changes in the variables used, the change in the key parameter - WACC - was estimated, increasing it compared to the WACC used in the impairment test. The sensitivity analysis pursuant to paragraph 134 of IAS 36 of the results of the impairment test on the

CGU Myrios, for which no impairment was detected, shows that the fair value measurement of the CGU remains higher than the carrying amount of the CGU even simulating an increase in the discount rate up to a WACC of 11.94% (13.99% as at 31 December 2020).

As an additional sensitivity analysis, it is noted that using a constant WACC (of 8.55%) and a perpetual growth rate g (of 1.40%), only a reduction in the EBITDA Margin greater than 17.37% (26.18% as at 31 December 2020) would involve issues of impairment.

Based on the analyses conducted, the Company's Directors deemed the recognition value of the equity investments in subsidiaries posted in the separate financial statements as at 31 December 2021 to be recoverable.

6 Financial fixed assets

Financial fixed assets equal to EUR 606 thousand consist of the minority interest in the innovative start-up Pay Do S.p.A. acquired in November 2021.

Pay Do is a digital payment fintech provider whose mission is to offer European banks, payment and electronic money institutions and their corporate or retail customers solutions capable of innovating and creating connections with those that already exist. The company has created the Plick feature, an open European solution, which allows payments to be made, irrevocably and with no limits on the amount, via SMS, WhatsApp or email without knowing the recipient's IBAN, to anyone in the SEPA area, with no need for registration or a dedicated app.

The investment was measured at fair value through other comprehensive income (FVTOCI). The fair value corresponded to the purchase cost as at 31 December 2021.

7 Deferred tax assets

Deferred tax assets of EUR 2,990 thousand (EUR 450 thousand as at 31 December 2020) are comprised of the temporary differences which the Company expects to recover in future years, based on the expected taxable income. Refer to the specific tables hereinafter in these explanatory notes for further details.

8 Other non-current financial assets

The item in question breaks down as follows:

Other non-current financial assets	31/12/2021	31/12/2020	Change	Within 12 months	From 1 to 5 years	Over 5 years
Non-current loans to subsidiaries	4,023	4,531	-508		3,774	249
Non-current financial receivables due from parent companies	407	510	-103		407	
Non-current loans to the group	**4,430**	**5,041**	**-611**		**4,181**	**249**
Tax receivables on advances to employees	4	5	-1		4	
Security deposits	9	17	-8		9	
Other non-current assets	**13**	**22**	**-9**		**13**	
Total	**4,443**	**5,063**	**-620**		**4,194**	**249**

Non-current loans to subsidiaries

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

Non-current financial receivables due from parent companies

The non-current financial receivable due from the parent company Dedagroup S.p.A. of EUR 407 thousand relates to the accounting of the multi-year concession agreement for the equipped premises at the registered office in via Imbonati 18, Milan, deriving from application of IFRS 16 accounting standard.

9 Contract assets

The item in question breaks down as follows:

Attività derivanti da contratto	Apertura	Incrementi	Decrementi	Saldo di chiusura
Attività derivanti da contratto	123	106	-123	106
Attività derivanti da contratto	**123**	**106**	**-123**	**106**
Totale	**123**	**106**	**-123**	**106**

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

10 Current trade receivables

The item in question breaks down as follows:

Crediti commerciali correnti	31/12/2021	31/12/2020	Variazione
Crediti correnti clienti	4.469	3.884	585
F.do svalut. crediti vs clienti correnti	-184	-178	-6
Crediti vs clienti	**4.285**	**3.706**	**579**
Crediti correnti vs controllate	50	24	26
Crediti correnti vs controllanti	7	220	-213
Crediti correnti vs correlate	21	24	-3
Crediti verso controllate, consociate e collegate	**78**	**268**	**-190**
Totale	**4.363**	**3.974**	**389**

Current receivables from customers, amounting to EUR 4,285 thousand (EUR 3,706 thousand as at 31 December 2020), are shown net of the corresponding bad debt provisions which, as at 31 December 2021, amounted to EUR 184 thousand. Current receivables from subsidiaries, parent companies and related parties are composed of trade receivables from the subsidiary Myrios S.r.l., the subsidiary Rad Informatica S.r.l. and trade receivables from the parent company Dedagroup S.p.A. and affiliates that are part of the Dedagroup group.

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

Description	Opening balance	Use	Allocation	Closing balance
Bad debt provision - receivables due from customers	178	(14)	19	183

11 Other current receivables

The item in question breaks down as follows:

Altri crediti correnti	31/12/2021	31/12/2020	Variazione
Ratei attivi correnti	42	46	-4
Crediti tributari		3	-3
Crediti vs enti previdenziali correnti	14	5	9
Risconti attivi correnti	182	139	43
Altri crediti comm.li correnti	1	2	-1
Crediti per IVA correnti		109	-109
Crediti vs dipendenti	2	9	-7
Acconti fornitori	2	26	-24
Totale	**243**	**339**	**-96**

12 Other current financial assets

The item in question breaks down as follows:

Altre attività finanziarie correnti	31/12/2021	31/12/2020	Variazione
Finanziamenti vs controllate correnti	2.116	1.905	211
Attività finanziarie vs controllanti correnti	103	101	2
Attività finanziarie vs gruppo correnti	**2.219**	**2.006**	**213**
Attività finanziare vs altri correnti		39	-39
Altre attività finanziarie correnti		**39**	**-39**
Totale	**2.219**	**2.045**	**174**

Current loans to subsidiaries regard the short-term portion (within 12 months) of the interest-bearing loan granted to the subsidiary Piteco North America, Corp. with a nominal value of USD 10 million, plus the additional short-term credit line again granted to the subsidiary Piteco North America, Corp. for a total of USD 1,146 thousand.

The financial receivable due from the parent company Dedagroup of EUR 103 thousand relates to the accounting of the concession agreement for the long-term use of the equipped premises at the registered office in via Imbonati 18, Milan, deriving from application of IFRS 16 accounting standard.

13 Cash and cash equivalents

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

Cassa e disponibilità liquide	31/12/2021	31/12/2020	Variazione
Depositi bancari	4.711	7.014	-2.303
Cassa	1		1
Totale	**4.712**	**7.014**	**-2.302**

14 Discontinued operations

The balance of this item, equal to EUR 1,137 thousand, represents the book value of the property of the Parent Company Piteco at via Mercalli 16, in Milan, reclassified to this item as it is available for sale. Note that the sale of the property was finalised in February 2022 and the value recorded in the financial statements as at 31 December 2021 is essentially aligned with the sale price agreed with the counterparty.

15 Shareholders' equity

As at 31 December 2021 the share capital was fully subscribed and paid in, composed of 20,184,245 shares with no nominal value.

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

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

Patrimonio netto	31/12/2021	31/12/2020	Variazione
Capitale versato	30.796	30.796	
Capitale sociale	**30.796**	**30.796**	
Riserva da sovrapprezzo azioni	**6.046**	**5.943**	**103**
Riserva negativa per azioni proprie in portafoglio	**-5.267**	**-4.107**	**-1.160**
Riserva legale	1.271	1.067	204
Riserva straordinaria	8.211	7.097	1.114
Riserva IAS	-59	-59	
Altre riserve	-145	-6	-139
Riserva quotazione	-963	-963	
Riserva emissione POC	41	41	
Rimisurazione piani a benefici definiti (IAS19)	-115	-120	5
Altre riserve	**8.241**	**7.057**	**1.184**
Utili indivisi	**2.400**	**2.400**	
Utile netto dell'esercizio	**9.580**	**4.092**	**5.488**
Totale	**51.796**	**46.181**	**5.615**

Details are provided below of the reserves comprising Shareholders' equity, specifying their possibility of use, distribution limits and use made in the previous years.

Description	Amount as at 31/12/2021	Possibility of use	Portion available	Summary of use in the previous three years	
				To cover losses	for other reasons
Share Capital	30,796				
Legal reserve	1,271	B			
Share premium reserve	6,046	A, B, C	6,046		
Extraordinary reserve	8,211	A, B, C	8,211		8,144
Undistributable profits	2,400	A, B, C	2,400		
Other reserves	4	A, B, C			
Reserve for capital increase costs	-145				
IAS reserve	-59				
Listing reserve	-963				
Convertible bond issue reserve	41				
Remeasurement of defined-benefit plans (IAS 19)	-115				
Total	**47,487**		**13,864**		
Negative reserve for treasury shares in portfolio	-5,267		-5,267		
Portion available			**8,597**		
Undistributable portion			**6,046**		
Residual distributable portion			**2,551**		

Key A: for share capital increase, B: for loss coverage, C: for distribution to shareholders.

On approving the financial statements for the year ended as at 31 December 2020, the Shareholders' Meeting of the Parent Company approved the distribution of dividends of EUR 2,912 thousand (dividend of EUR 0.15 for each of ordinary share outstanding with no nominal value).

Also note that, on approving the financial statements for the year ended as at 31 December 2019, the Shareholders' Meeting of the Parent Company had approved the distribution of dividends of EUR 2,696 thousand (dividend of EUR 0.15 for each of ordinary share outstanding with no nominal value).

During 2021, Piteco purchased treasury shares as per the authorisation in the Shareholders' Meeting resolution of 29 April 2021. As at 31 December 2021 the Group held 764,593 treasury shares, equal to 3.8% of the share capital, for a total value of EUR 5,267 thousand (equal to the amount reflected in the "Negative reserve for treasury shares in portfolio", posted as a decrease in consolidated shareholders' equity).

Note that the Shareholders' Meeting of Piteco S.p.A. imposed a restriction in tax suspension of EUR 26,402 thousand to satisfy the conditions set by art. 110, paragraph 8, Law Decree 104/2020, in relation to the tax recognition of higher values recorded in the financial statements. The total tax suspension was allocated 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.

16 Non-current financial liabilities

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

Passività finanziarie non correnti	31/12/2021	31/12/2020	Variazione	Da 1 a 5 anni	Oltre 5 anni
Finanziamenti bancari non correnti	31.961	39.946	-7.985	28.582	3.378
Finanziamenti bancari non correnti	**31.961**	**39.946**	**-7.985**	**28.582**	**3.378**
Passività per leasing non correnti	1.692	2.067	-375	1.692	
Passività per leasing non correnti	**1.692**	**2.067**	**-375**	**1.692**	
Altri debiti finanziari non correnti	394	360	34	394	
Altre passività finanziarie non correnti	**394**	**360**	**34**	**394**	
Totale	34.047	42.373	-8.326	30.668	3.378

Long-term bank borrowings

Amounts due to banks refer to four unsecured 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. These covenants were all satisfied;
- 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. These covenants were all satisfied;
- EUR 3.2 million loan taken out with ICCREA Bancaimpresa S.p.A., in January 2020 with maturity date on 31 December 2024, 3-month Euribor interest rate +1% spread. The outstanding loan also features the following covenants which the Consolidated Financial Statements must satisfy: NFP net of put option/SE <1 and NFP net of put option/EBITDA <3. These covenants were all satisfied.

Non-current lease liabilities

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

Other non-current financial payables

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

17 Deferred tax liabilities

Passività per imposte differite	31/12/2021	31/12/2020	Variazione	Da 1 a 5 anni
Altre imposte differite non correnti	387	252	135	387
Totale	**387**	**252**	**135**	**387**

For further details on the composition of "Deferred tax liabilities", refer to the specific table in this report.

18 Employee benefits

The changes in employee benefits as at 31 December 2021 are shown below:

Benefici ai dipendenti	31/12/2020	Valutazioni attuariali	31/12/2021
TFR	1.311	-7	1.304
Totale	**1.311**	**-7**	**1.304**

In addition, the changes that occurred in employee benefits in the year ended as at 31 December 2020 are reported below:

Benefici ai dipendenti	31/12/2019	Valutazioni attuariali	Incrementi	Decrementi	31/12/2020
TFR	1.211	89	14	-2	1.311
Totale	1.211	**89**	**14**	**-2**	1.311

The employee severance indemnity as at 31 December 2021 was measured based on the following assumptions:

Financial assumptions	31/12/2021	31/12/2020
Technical discount rate	0.44%	-0.02%
Inflation rate	1.20%	1.00%
Overall annual rate of salary increase	2.00%	1.50%
Employee severance indemnity growth rate	2.40%	2.25%

Demographic assumptions	31/12/2021	31/12/2020
Probability of death	State General Accounting Office data - table RG48	
Probability of disability	INPS Model for 2010 projections	
Probability of resignations	3.00%	3.00%
Probability of retirement	Reaching of the first of the retirement requirements valid for the General Mandatory Insurance	
Probability of advance	3.00%	3.00%

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

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

19 Long-term provisions

The changes recorded during 2021 are shown below:

Fondi a lungo termine	31/12/2020	Incrementi	31/12/2021
Altri fondi non correnti	57	4	61
Totale	**57**	**4**	**61**

Long-term provisions are solely composed of the provisions for agents' severance indemnities, to cover the amounts to be paid to agents in the event of termination of the agency relationship by Piteco. This provision was not discounted as the results were not significant.

20 Other non-current liabilities

The change in current payables is shown below:

Other non-current liabilities	31/12/2021	31/12/2020	Change	Within 12 months	From 1 to 5 years	Over 5 years
Non-current payables for wages and salaries	334	129	205		334	
Other non-current payables	272		272		272	
Other non-current payables	**606**	**129**	**477**		**606**	
Total	**606**	**129**	**477**		**606**	

The payables for non-current salaries and wages refer to payables to employees 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 for the recognition of higher values recorded in the financial statements pursuant to Law Decree 104/2020.

21 Current trade payables

The change in current trade payables is shown below:

Debiti commerciali correnti	31/12/2021	31/12/2020	Variazione
Debiti verso fornitori correnti	514	1.300	-786
Debiti commerciali	**514**	**1.300**	**-786**
Debiti correnti verso controllate	197	261	-64
Debiti correnti verso controllanti	113	266	-153
Debiti correnti verso correlate	62	76	-14
Debiti verso controllante, consociate e collegate	**372**	**603**	**-231**
Totale	**886**	**1.903**	**-1.017**

Payables due to suppliers, including the allocations for invoices to be received, amounted to EUR 514 thousand as at 31 December 2021 (EUR 1,300 thousand as at 31 December 2020) and are all short term.

Payables to subsidiaries refer to trade payables to the subsidiary Myrios S.r.l.

Current payables due to parent companies represent trade payables to the parent company Dedagroup S.p.A.

22 Other current payables

Other current payables are shown in the table below:

Altri debiti correnti	31/12/2021	31/12/2020	Variazione
Debiti per salari e stipendi correnti	1.974	1.691	283
Debiti per oneri sociali	800	713	87
Ratei passivi comm. correnti	45	48	-3
Altri debiti correnti	67	90	-23
Debiti erario c/IVA	125		125
Debiti per ritenute da acconto	344	400	-56
Altri debiti previdenziali	67	64	3
Totale	**3.422**	**3.006**	**416**

23 Contract liabilities

Passività derivanti da contratto	31/12/2021	31/12/2020	Variazione
Acconti da clienti correnti	1.700	946	754
Totale	**1.700**	**946**	**754**

Contract liabilities amount to EUR 1,700 thousand (EUR 946 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 946 thousand recorded under contract liabilities as at 31 December 2020 was accounted for under revenues during 2021.

24 Current tax liabilities

Current tax liabilities amounted to EUR 737 thousand as at 31 December 2021 (EUR 219 thousand as at 31 December 2020) and break down as follows:

Passività per imposte correnti	31/12/2021	31/12/2020	Variazione
Debiti verso società controllante per consolidato fiscale	392	218	174
Debiti per imposte IRAP	73	1	72
Altre passività per imposte correnti	272		272
Totale	**737**	**219**	**518**

The other current tax liabilities consist of payables for the second instalment of the substitute tax due 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:

Passività finanziarie correnti	31/12/2021	31/12/2020	Variazione
Finanziamenti bancari correnti	8.601	3.854	4.747
Finanziamenti bancari correnti	**8.601**	**3.854**	**4.747**
Debiti finanziari controllate correnti	3.099		3.099
Finanziamenti vs gruppo a breve termine	**3.099**		**3.099**
Passività per leasing correnti	552	556	-4
Passività per leasing correnti	**552**	**556**	**-4**
Altre passività finanziarie correnti	43		43
Altre passività finanziarie correnti	**43**		**43**
Totale	**12.295**	**4.410**	**7.885**

Current bank borrowings

These regard the short-term portion (within 12 months) of amounts due to banks for unsecured loans with original total amount of EUR 44.7 million. For details on the characteristics of the loans, refer to point 16 of these explanatory notes.

Current financial payables due to subsidiaries

The item includes the payable due to the subsidiary Rad Informatica S.r.l. for EUR 3,099 thousand relating to cash pooling. Note that the cash pooling agreement has contractual conditions equivalent to those of a bank deposit.

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 43 thousand refers to payables due to the selling shareholders of Rad Informatica Srl which will be paid within 12 months if certain conditions are met.

26 Revenue from contracts with customers

Revenues from contracts with customers amounted to EUR 17,323 thousand (EUR 15,954 thousand as at 31 December 2020), recording an increase of EUR 1,369 thousand (+9%) compared to the corresponding figure in 2020.

Revenues by service type

The breakdown of revenues by service type is shown below:

Ricavi provenienti da contratti con i clienti	31/12/2021		31/12/2020		Variazione
Canoni di manutenzione	6.475		6.282		193
Canoni application management	1.767		1.612		155
Canoni di utilizzo	1.989		1.371		618
Totale Canoni	**10.231**	**59,00%**	**9.265**	**58,28%**	**966**
Vendite software	805		971		-166
Totale Software	**805**	**4,64%**	**971**	**6,11%**	**-166**
Attività e servizi professionali	5.455		4.784		671
Altri ricavi di vendita	235		110		125
Personalizzazioni	608		764		-156
Provvigioni e Royalties	7		4		3
Totale attività e servizi	**6.305**	**36,36%**	**5.662**	**35,61%**	**643**
Totale	**17.341**		**15.898**		**1.443**

As regards the breakdown of revenues by geographic area, note that these are generated mainly in Italy.

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

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

As regards the change in contract assets, note that the following were recorded in 2021:

Variazione delle attività derivanti da contratto	31/12/2021	31/12/2020	Variazione
Variazioni attività derivanti da contratto	-17	56	-73
Totale	**-17**	**56**	**-73**

27 Other operating revenues

“Other operating revenues”, whose balance as at 31 December 2021 amounted to EUR 776 thousand (EUR 687 thousand as at 31 December 2020) included contingent assets of EUR 24 thousand, increases in internal work capitalised of EUR 682 thousand, expense reimbursements from customers thousand and reimbursements from employees for professional and personal use of company cars of EUR 70 thousand. The increases in internal work capitalised relate to development expenses on proprietary software.

Other operating revenues	31/12/2021	31/12/2020	Change
Recovery of costs for services	70	105	-35
Other operating revenues	682	576	106
Contingent assets	24	6	18

Total	**776**	**687**	**89**

28 Goods and consumables

Costs for the purchase of goods and consumables amounted to EUR 399 thousand (EUR 329 thousand as at 31 December 2020).

Merci e materiali di consumo	31/12/2021	31/12/2020	Variazione
Acquisto prodotti finiti	396	322	74
Altri acquisti	3	7	-4
Merci e materiali di consumo	**399**	**329**	**70**

29 Personnel costs

Personnel costs for employees are shown in the table below:

Costo del personale	31/12/2021	31/12/2020	31/12/2020
Salari e stipendi	5.697	5.321	376
Oneri sociali	1.745	1.634	111
Accantonamento fondi pensione ed altro	386	366	20
Altri costi del personale	17	18	-1
Totale	**7.845**	**7.339**	**506**

Employees as at 31 December 2021, net of directors and external contractors, totalled 98 resources (91 resources as at 31 December 2020).

30 Costs for services

Costs for services are shown in the table below:

Costi per servizi	31/12/2021	31/12/2020	Variazione
Manutenzione esterna	287	313	-26
Consulenze servizi amministrativi legali	1.120	1.868	-748
Utenze	41	54	-13
Promotion and advertising fees	118	84	34
Premi e provvigioni	90	85	5
Consulenze diverse	337	301	36
Assicurazioni	46	44	2
Spese viaggi e trasferte	60	84	-24
Emulementi e compensi amministratori	85	85	
Servizi per il personale	100	115	-15
Costi per servizi	**2.284**	**3.033**	**-749**
Affitti passivi	38	51	-13
Noleggi ed altri	141	108	33
Godimento beni terzi	**179**	**159**	**20**
Totale	**2.463**	**3.192**	**-729**

The decrease of EUR 729 thousand is mainly due to the decrease in consultancy costs from EUR 1,868 thousand in 2020 to EUR 1,120 thousand in 2021.

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

31 Other operating costs

Other operating costs are shown in the table below:

Other operating costs	31/12/2021	31/12/2020	Change
Other taxes (not on income)	15	13	2
Fines and penalties	1	3	-2
Contributions and donations	1	22	-21
Contingent liabilities	43	91	-48
Allocations to agents severance indemnities	6	5	1
Allocations to bad debt provision	19	64	-45
Total	**85**	**198**	**-113**

32 Amortisation and depreciation

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

Amortisation and depreciation	31/12/2021	31/12/2020	Change
Depreciation of property, plant and equipment	51	90	-39
Depreciation of assets for right of use	433	426	7
Amortisation of intangible assets	548	520	28
Total	**1,032**	**1,036**	**-**

33 Gains (losses) from transactions in foreign currency

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

Utile/perdita deriv. da transaz. in valuta estera	31/12/2021	31/12/2020	Variazione
Differenze cambio attive	501	12	489
Differenze cambio passive		-621	621
Totale	**501**	**-609**	**1.110**

During the year, Piteco recorded net exchange losses of EUR 501 thousand, of which EUR 473 thousand unrealised.

34 Financial income

The table below provides details of financial income:

Financial income	31/12/2021	31/12/2020	Change
Dividends from equity investments in subsidiaries	2,328	765	1,563
Revenues from investments	**2,328**	**765**	**1,563**
Other financial revenues from subsidiaries	154	184	-30

Interest and trade discounts receivable	12	23	-11
Other financial revenues	**166**	**207**	**-41**
Total	**2,494**	**972**	**1,522**

Dividends from subsidiaries refer to the distribution of dividends by the subsidiary Myrios S.r.l. for EUR 728 thousand and by the subsidiary Rad Informatica S.r.l. for EUR 1,600 thousand. Other financial revenues from subsidiaries related to the interest accrued on the loan in USD disbursed to the subsidiary Piteco North America, Corp.

35 Financial charges

The table below provides details of financial charges:

Financial charges	31/12/2021	31/12/2020	Change
Interest on non-current bank borrowings	631	295	336
Interest on other non-current payables	81	303	-222
Interest on other current payables		8	-8
Financial charges on employee severance indemnity		9	-9
Total	**712**	**615**	**97**

36 Income taxes

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

Imposte sul reddito	31/12/2021	31/12/2020	Variazione
Imposte sul reddito IRAP	166	68	98
Imposte sul reddito IRES	406	289	117
Imposte esercizi precedenti	-2	-28	26
Imposte anticipate	-2.542	-115	-2.427
Imposte differite	134	-11	145
Imposta sostitutiva	817		817
Totale	**-1.021**	**203**	**-1.224**

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

Effects of deferred tax assets and liabilities - IRES	31/12/2021		31/12/2020	
	Temporary Difference	Taxes (rate of 24%)	Temporary Difference	Taxes (rate of 24%)
Amortisation of trademarks	8	2	11	3
Agents' leaving indemnities	7	2	7	2
Actuarial measurement of employee severance indemnity	292	70	299	72
Other costs with deferred deductibility	9,484	2,276	235	56
Exchange rate differences from measurement	1,162	279	1,320	317
Deferred tax assets	**10,953**	**2,629**	**1,872**	**450**
Higher value of property	380	91	380	91
Amortisation of "Centro data" (data centre) goodwill	300	72	176	42
Other deferred tax liabilities	833	200	405	97
Deferred tax liabilities	**1,513**	**363**	**961**	**230**
Total	**-9,440**	**-2,266**	**-911**	**-220**

Effects of deferred tax assets and liabilities - IRAP	31/12/2021		31/12/2020	
	Temporary Difference	Taxes (rate of 3.9%)	Temporary Difference	Taxes (rate of 3.9%)
Amortisation of trademarks	8		11	
Agents' leaving indemnities	4		4	
Other costs with deferred deductibility	9,254	361		
Deferred tax assets	**9,266**	**361**	**15**	
Higher value of property	380	15	380	15
Amortisation of CD and Everymake goodwill	220	9	176	7
Deferred tax liabilities	**600**	**24**	**556**	**22**
Total	**-8,666**	**-337**	**541**	**22**

As already mentioned in the initial part of this Financial Report, in June 2021 Piteco S.p.A. took advantage of the possibility of realigning the tax values of company assets to the higher values recorded in the financial statements, as required by art. 110 of Law Decree 104/2020, also integrated by Law 178/2020. The realignment option was formally exercised with the Tax Authority in the tax return for the reporting period, i.e. for 2020, on filing of the SC 2021 return. The option requires payment of a 3% substitute tax and the imposition of a tax suspension on shareholders' equity reserves for an amount equal to the total realignment, net of the substitute tax paid. If there are insufficient or no available reserves, the restriction is imposed on the share capital. The restriction is solely for tax purposes and therefore reserves restricted pursuant to the aforementioned provisions can be freely distributed, but the tax suspension remains. If distributed, therefore, the amount allocated to shareholders plus the corresponding 3% substitute tax are considered to form taxable income for the company, subject to ordinary tax, with the right of offset the substitute tax paid, in the form of a tax credit, against taxes payable.

Recognition of the new tax values is immediate and starts from the financial statements following those for which recognition of the tax value is required and therefore, in general, from 1 January 2021. Annual amortisation relevant to tax will therefore be commensurate to the new values with effect from the year after that of realignment and consequently, in general, from 1 January 2021. However, if asset disposals are made at a date prior to the start of the fourth financial year after that of the 2020 financial statements, the realignment becomes ineffective and the capital gains and losses on assets sold will be determined in reference to the pre-realignment values, and any portion of the substitute tax referring to the assets sold becomes a tax credit that can be offset against ordinary taxes due on the realigned values which, after disposal, lost their tax recognition.

Based on criteria designed to maximise the economic and financial benefit, Piteco S.p.A. realigned values for a total of EUR 27,219 thousand in reference to goodwill - recognised in the financial statements after the merger by incorporation of Alto S.r.l. in 2013 - which had no tax recognition, opting to pay the 3% substitute tax, of EUR 817 thousand, in three equal annual amounts with effect from June 2021.

The economic effects of the realignment, also in reference to deferred taxes, were assessed by the Board of Directors in the half-year financial report as at 30 June 2021, approved by the same Board on 29 September 2021.

In December 2021, the 2022 Budget Law (Law no. 234 of 30 December 2021, published in the Official Gazette on 31 December 2021) amended the deadlines for realignment of tax values on intangible assets and goodwill, envisaging a tax recovery period of 50 years rather than the original 18 years and providing the companies with more options to amend the decisions already made in June. After assessing the economic and financial convenience of the transaction, Piteco decided to confirm the option already exercised. The realignment of goodwill makes its amortisation for tax purposes possible over 50 years and, in line with IAS 12 criteria on the recognition of deferred tax assets, such deferred tax assets can be recognised. The Company prudentially considered a reference time horizon of no more than 18 years from the reporting date. With particular reference to the deferred tax assets on realignment of the value of goodwill, recognisable up to a maximum of EUR 7,594 thousand, the measurement based on prudential criteria was therefore partial as it is over an 18-year time horizon. Consequently, the recognition value was reduced by EUR 4,860 thousand, recording net deferred tax assets of EUR 2,734 thousand. In 2021, the first portion of deferred tax assets was used against the tax benefit accrued on direct taxes. Lastly note that, in compliance with legal obligations, the Shareholders' Meeting of Piteco S.p.A. of 23 December 2021 resolved to impose a tax restriction on a portion of shareholders' equity for EUR 26,402 thousand, equal to the total realigned values net of the substitute tax due.

The analysis of the reconciliation between the theoretical tax charge, determined by applying the IRES and IRAP tax rates in force in Italy, and the actual tax charge for the year, is shown below:

Description	2021			2020
Profit before tax	8,558		4,295	
Theoretical tax charge %	24%	2,054	24%	1,031
Tax effect of permanent differences		-1,648		-788
Tax effect of temporary differences		-2,429		-128
Taxes from previous years		-2		-28
Total	**-23.66%**	**-2,025**	**2.02%**	**87**
IRAP income taxes		187		116
Total		**-1,838**		**203**

In order to better understand the reconciliation in question, the impact of IRAP was kept separate to avoid any distortions, as that tax is proportionate to a different taxable base than the profit (loss) before tax.

XXIV. COMMITMENTS AND GUARANTEES

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

Memorandum accounts	31/12/2021	31/12/2020
Sureties, personal guarantees and collateral to third parties	350	304
Guarantees given	**350**	**304**
Sureties, endorsements, personal guarantees and collateral from third parties	115	115
Guarantees received	**115**	**115**
Total	**425**	**419**

As at 31 December 2021 the Company granted guarantees of EUR 310 thousand mainly in the form of sureties for participation in tenders.

XXV. TRANSACTIONS WITH GROUP COMPANIES AND OTHER RELATED PARTIES

In compliance with the Company's specific policies, the economic, equity and financial transactions in place with related parties as at 31 December 2021, in accordance with the disclosure required by IAS 24, are shown below. These are transactions implemented as part of the normal course of operations, settled at contractual conditions established by the parties in line with ordinary market practices.

During 2021 transactions with related parties regarded the following counterparties:

- directors, statutory auditors and managers with strategic responsibilities with which only transactions pertaining to the legal relationships regulating the position of the counterparty within the Company were carried out;
- subsidiaries, associates, parent companies and affiliates.

Company name	Receivables	Payables	Revenues	Costs
DEDAGROUP SPA (parent company)	517	505	135	131
DEDAGROUP BUSINESS SOLUTION (affiliate)			29	
DEDAGROUP WIZ SRL (affiliate)		2		
DEDA CLOUD SRL (affiliate)	20	60	23	248
DEDAGROUP STEALTH SPA (affiliate)	2		22	
MD SPA (affiliate)			40	
MYRIOS SPA (subsidiary)	13	195	21	235
MYRIOS CH (subsidiary)			20	
RAD INFORMATICA S.R.L. (subsidiary)	37	3,099	120	
PITECO NA (subsidiary)	6,139		159	
Total	**6,728**	**3861**	**569**	**614**

Transactions of Piteco S.p.A. with subsidiaries, associates, parent companies and affiliates mainly refer to:

- commercial transactions, relating to purchases and sales of services in the Information Technology sector with affiliates in the Dedagroup group, with Dedagroup S.p.A. and with the subsidiaries Myrios S.r.l., Rad Informatica S.r.l. and Myrios CH;
- financial transactions, represented by loans disbursed to the US subsidiaries, by dividends received from Myrios S.r.l. and by the cash pooling arrangement with the subsidiary Rad Informatica S.r.l.;
- transactions implemented as part of the national tax consolidation, in which the consolidating company is the parent company Dedagroup S.p.A.

Managers with strategic responsibilities include the 6 first-level managers. Their total fees and salaries, including social security costs, were equal to EUR 1.410 thousand.

XXVI. NET FINANCIAL INDEBTEDNESS

The following table of the Company's net financial indebtedness was drawn up in accordance with the requirements of ESMA guideline 32-382-1138 of 4 March 2021 and Consob's Warning Notice n. 5/21 of 29 April 2021.

Note that application of the ESMA guidelines and adoption of the new definition of "Net financial indebtedness" led to the restatement of net indebtedness as at 31 December 2020 and in particular a deterioration of Euro 2,045 thousand compared to that calculated last year in accordance with the provisions of Consob Communication DEM/6064293 of 28 July 2006. This difference is due to exclusion from the new calculation of current financial assets other than cash and cash equivalents.

The reclassification and the breakdown of the Net Financial Position of the Company is shown below.

	31/12/2021	31/12/2020	Change
A. Cash	4,712	7,014	-2,302
B. Cash equivalents			
C. Other current financial assets			
D. Liquidity (A+B+C)	**4,712**	**7,014**	**-2,302**
E. Current financial debt (including debt instruments but excluding the non-current financial debt portion)	43		43
F. Current portion of non-current financial debt	9,153	4,410	4,743
G. Current financial indebtedness (E+F)	**9,196**	**4,410**	**4,786**
H. Net current financial indebtedness (G-D)	**4,484**	**-2,604**	**7,088**
I. Non-current financial debt (excluding the current portion and debt instruments)	33,653	42,013	-8,360
J. Debt instruments	394	360	34
K. Trade payables and other non-current payables			
L. Non-current financial indebtedness (I+J+K)	**34,047**	**42,373**	**-8,326**
M. Total net financial indebtedness (H+L)	**38,531**	**39,769**	**-1,238**

Current financial indebtedness includes the short-term portion of long-term bank borrowings (EUR 8,601 thousand as at 31 December 2021 and EUR 3,854 thousand as at 31 December 2020), lease liabilities (EUR 552 thousand as at 31 December 2021 and EUR 556 thousand as at 31 December 2020), and other financial liabilities relating to the payable due to the selling shareholders of Rad Informatica maturing within 12 months (EUR 43 thousand as at 31 December 2021) and the payable relating to cash pooling due to Rad Informatica (EUR 3,099 thousand as at 31 December 2021).

Non-current financial indebtedness includes the long-term portion of bank borrowings (EUR 31,961 thousand as at 31 December 2021 and EUR 39,946 thousand as at 31 December 2020), lease liabilities (EUR 1,692 thousand as at 31 December 2021 and EUR 2,067 thousand as at 31 December 2020), and other estimated financial liabilities relating to the earn-out for the acquisition of the business unit of Everymake (EUR 394 thousand as at 31 December 2021 and EUR 360 thousand as at 31 December 2020).

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

Description	31/12/2020	Monetary flow	Non-monetary flow		31/12/2021
			Fair value measurement	Other changes	
Current financial liabilities	4,410	7,846		39	12,295
Non-current financial liabilities	42,374	-7,985	34	-375	34,048
Current financial assets	2,045	172		2	2,219
Non-current financial assets	5,041	-508		-103	4,442
Net liabilities from financing activities	**39,698**				**39,694**
Cash and cash equivalents	7,014	-2,302			4,712
Net financial indebtedness	**32,684**				**34,892**

XXVII. TREASURY SHARES

In 2021, the Parent Company purchased treasury shares as per the authorisation in the Shareholders' Meeting resolution of 29 April 2021. As at 31 December 2021 the Group held 764,593 treasury shares, equal to 3.8% of the share capital, for a total value of EUR 5,267 thousand (equal to the amount reflected in the "Negative reserve for treasury shares in portfolio", posted as a decrease in consolidated shareholders' equity).

XXVIII. SUBSEQUENT EVENTS

On 9 February 2022, Piteco S.p.A. purchased a further 0.6% of the share capital of the subsidiary Rad Informatica S.r.l., consequently reaching 80.6% of the share capital.

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

Note that in 2021 the Company did not implement atypical and/or unusual transactions, as defined by CONSOB Communication of 28 July 2006 no. DEM/6064293.

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

The table shows the fees pertaining to 2021 due to the Directors and the Board of Statutory Auditors. These fees represent the costs incurred and posted to the separate financial statements, net of expense reimbursements and VAT.

Fees to the Directors

Name and Surname	Position	Period	End of term of Office	Fees (thousands of EUR)
Marco Podini	Chairman of the BoD	01.01.2021-31.12.2021	Approval of the 2023 financial statements	50,000
Paolo Virenti	Chief Executive Officer	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5,000
Annamaria Di Ruscio	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5,000
Andrea Guido Guillermaz	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5,000
Riccardo Veneziani	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5,000
Maria Luisa Podini	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5,000
Francesco Mancini	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5,000
Mauro Rossi	Director	01.01.2021-31.12.2021	Approval of the 2023 financial statements	5,000

Total	85,000

Fees to the Board of Statutory Auditors

Name and Surname	Position	Period	End of term of Office	Fees (thousands of EUR)
Luigi Salandin	Chairman of the Board of Statutory Auditors	01.01.2021-31.12.2021	Approval of the 2023 financial statements	22,500
Marcello Del Prete	Standing Auditor	01.01.2021-29.04.2021	Approval of the 2020 financial statements	5,000
Fabio Luigi Mascherpa	Standing Auditor	01.01.2021-31.12.2021	Approval of the 2023 financial statements	15,000
Maria Carla Bottini	Standing Auditor	29.04.2021-31.12.2021	Approval of the 2023 financial statements	10,000
Gianandrea Borghi	Alternate Auditor	01.01.2021-29.04.2021	Approval of the 2020 financial statements	0
Anna Postal	Alternate Auditor	01.01.2021-31.12.2021	Approval of the 2023 financial statements	0
Luigi Rabuini	Alternate Auditor	29.04.2021-31.12.2021	Approval of the 2023 financial statements	0
Total				**52,500**

XXXI. FEES FOR INDEPENDENT AUDITORS

The table below shows the fees pertaining to 2021 for auditing services and other services provided by the independent auditors and the companies in their network. These fees represent the costs incurred and posted to the separate financial statements, net of expense reimbursements and VAT.

Type of services	Party providing the service	Fees (thousands of EUR)
Auditing of the accounts	KPMG S.p.A.	64,000

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

As required by the regulations on transparency in public grants introduced by art. 1, paragraphs 125-129 of Italian Law no. 124/2017 and subsequently supplemented by the Legislative Decree on “Security” (no. 113/2018) and the Legislative Decree on “Simplification” (no. 135/2018), it is noted that in 2021 the Company received subsidies, grants and economic benefits from public administrations and equivalent entities, from companies controlled by the public administration and from government-owned companies, as reported in the National Register of State Aid.

XXXIII. PROPOSED RESOLUTION

Dear Shareholders,

We hereby ask you to approve your Company’s financial statements as at 31 December 2021, which close with profit of EUR 9,579,580. As regards the proposed allocation of profit reported in the financial statements of Piteco S.p.A., the Board of Directors proposes to allocate EUR 478,979 to the legal reserve, EUR 473,059 to the undistributable reserve pursuant to art. 2426, paragraph 8 of the Italian Civil Code and EUR 8,627,542 to the extraordinary reserve.

Milan, 23 March 2022

The Chairman of the BoD

Marco Podini

Certification of the Separate Financial Statements pursuant to art. 81-ter of Consob Regulation No. 11971 of 14 May 1999 as amended and supplemented

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

- the adequacy in relation to the characteristics of the company *and*

- the effective application of the administrative and accounting procedures for drawing up the separate financial statements of Piteco S.p.A., in the period included between 1 January 2021 and 31 December 2021.

In this regard, no significant aspects came to light.

Furthermore, it is certified that the separate financial statements of Piteco S.p.A. :

a) are drafted in compliance with the applicable international accounting standards recognised in the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July 2002;
b) correspond to the results of the accounting books and records;
c) are suitable to provide a true and fair representation of the capital, economic and financial situation of the issuer.

The Report on Operations includes a reliable analysis of the references to the important events that occurred in the year and their impact on the separate financial statements, together with a description of the main risks and uncertainties to which the issuer is exposed. The Report on Operations also includes a reliable analysis of the information on significant transactions with related parties.

Milan, 23 March 2022

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