ENGINEERING
THE DIGITAL TRANSFORMATION COMPANY

ACCOUNTS

Accounts 2021

Financial Statements

ENGINEERING INGEGNERIA INFORMATICA

Deloitte.

Deloitte & Touche S.p.A.
Via della Camilluccia, 589/A
00135 Roma
Italia

Tel: +39 06 367491
Fax: +39 06 36749282
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Shareholder of
Engineering Ingegneria Informatica S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Engineering Ingegneria Informatica S.p.A. ("Company"), which comprise the statement of financial position as of December 31, 2021, the income statement and the comprehensive income statement, the statement of changes in shareholders' equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10

The Directors of Engineering Ingegneria Informatica S.p.A. are responsible for the preparation of the report on operations of Engineering Ingegneria Informatica S.p.A. as at December 31, 2021, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Engineering Ingegneria Informatica S.p.A. as at December 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations is consistent with the financial statements of Engineering Ingegneria Informatica S.p.A. as at December 31, 2021 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Cherubini
Partner

Rome, Italy
April 11, 2022

This report has been translated into the English language solely for the convenience of international readers.

Directors' report on operations Financial Statements as of 31 December 2021

I. Corporate Governance and Corporate Bodies

CORPORATE GOVERNANCE

The Company's Corporate Governance system and the Bodies and Offices are established to achieve maximum equilibrium between the needs for flexibility and timeliness in decision making, a high degree of transparency in dealings between the various centres of responsibility and the external entities, and the exact identification of roles and consequent responsibilities.

BOARD OF DIRECTORS

On 23 July 2020, after the resolution of the Company's Ordinary Shareholders' Meeting and following the resolution of the Board of Directors held on the same day, a new Board of Directors and a new Board of Statutory Auditors were elected and will remain in office until the approval of the financial statements as of 31 December 2022. On 2 March 2021, Aurelio Regina was appointed by the Board of Directors as an additional director. On 29 July 2021, the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A. was held and appointed, effective from 1 August 2021, Maximo Ibarra, as Appointed Chief Executive Officer, with a term until the Shareholders' Meeting to approve the financial statements for the year ending 31 December 2022.
On 1 October 2021, Maximo Ibarra became Chairman and Chief Executive Officer of Engineering Ingegneria Informatica S.p.A., with the resignation of Paolo Pandozy taking effect.

On 28 March 2022, the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A. resolved as follows:
- the Director Michele Cinaglia resigned from his office of member of the Company's Board of Directors;
- Maximo Ibarra remains a member of the Board of Directors and Chief Executive Officer;
- Gaetano Micciché was appointed member of the Board of Directors and Chairman of the Board of Directors.

The current composition of Corporate Bodies is as follows:

Gaetano Micciché	Chairman
Maximo Ibarra	Director and Chief Executive Officer
Armando Iorio	Director
Luca Bassi	Director
Giovanni Camera	Director
Stuart James Ashley Gent	Director
Christophe Patrick M. Jacobs van Merlen	Director
Fabio Cosmo Domenico Canè	Director
Stefano Bontempelli	Director
Riccardo Bruno	Director
Pietro Galli	Director
Vito Cozzoli	Director
Aurelio Regina	Director

BOARD OF STATUTORY AUDITORS

Maurizio Salom	Chairman
Domenico Muratori	Standing Auditor
Stefano Roberto Tronconi	Standing Auditor
Monica Antonia Castiglioni	Alternate Auditor
Alice Lubrano	Alternate Auditor

SUPERVISORY BODY

Roberto Fiore	Chairman
Annalisa Quintavalle	Member

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

II. Introduction and general information

INTRODUCTION

The financial statements as of 31 December 2021 of the company Engineering Ingegneria Informatica (hereafter the "Engineering Company", "Engineering" or simply the "Company") have been prepared, as they have been since 2005, in accordance with the recognition and measurement criteria established under the "International Financial Reporting Standards" IFRS) and the related interpretations of the IFRIC ("International Financial Reporting Standard Interpretation Committee") previously named SIC ("Standing Interpretation Committee") issued by the IASB ("International Accounting Standards Boards") and endorsed by the European Union.

The share capital of Engineering Ingegneria Informatica S.p.A. is 100% owned by Centurion Bidco S.p.A. as Sole Shareholder. The Company subject to management and coordination by Centurion Holdco S.à.r.l..

A number of estimates and assumptions were used in preparing these financial statements and were consistently applied for all comparative periods presented, which affect the financial values reported therein. Where, based on management's best estimate, these estimates and assumptions differ in the future from the actual situation, they will be changed in the period in which the circumstances arise. The above-stated valuations are founded on the reasonableness principle and take account of market practice, historic experience, the involvement of external consultants and market conditions.

The data relating to the net financial position are compared with that at the end of the previous year.

Unless specified otherwise, the monetary quantities in the statements in the report are exposed in millions of Euro, the accounting ones and the ones in the note in full.

ALTERNATIVE PERFORMANCE MEASURES

A detailed description of the accounting standards, assumptions and estimates adopted is provided in the notes to the financial statements of Engineering as of 31 December 2021, to which reference should be made. This report uses a number of alternative performance measures ("APMs") not envisaged by IFRS accounting standards. Albeit they do not replace those envisaged by the International Accounting Standards, these indicators are the tools that facilitate the Directors in identifying operational trends, as well as make decisions on investments, allocation of resources and other operating decisions, and permit a better comparability over time of corresponding results.

In particular, the following is highlighted:

- **Adjusted EBITDA**, alternative performance measure (APM), calculated by the Company as performance for the year, adjusted by the following items: taxes, income/(expenses) from equity investments, net financial income (expenses) (including, inter alia, exchange gains and losses), interest expense (including interest on financial leases), amortisation/depreciation, provisions and write-downs (including, but not limited to, the allocation to doubtful debt provision and provisions for risks and charges, comprising provisions made for probable future losses on some orders), leaving/change management incentives, charges related to the corporate strategic assessment process, charges for corporate transactions. It is noted that adjusted EBITDA is not identified as accounting measure within the IFRS standards adopted by the European Union. As a consequence, the calculation criterion adopted by the Company might not be consistent with criteria adopted by other companies. Therefore, the balance obtained might not be comparable with the one calculated by the latter.

- **EBIT** ("Earnings before interest and taxes"): APM calculated by the Company as the result of the year including the following items in the income statement: (i) "net financial income (expenses)" (including, inter alia, exchange gains and losses), and (ii) "taxes". The Company deems that this is a useful indicator on its capacity to generate profit before financial management and tax effects.

- **Net Capital Employed:** discloses the net total amount of non-financial assets and liabilities.

- **Net Working Capital:** discloses the net total amount of non-financial current assets and liabilities. It permits to evaluate the ability of the Company to fulfil short-term commercial commitments through current trade assets and, together with net fixed assets and the net capital employed, it also permits to evaluate the balance between utilisations and financing sources.

- **Net Financial Position:** discloses the Company's ability to meet its financial obligations.

- **Pro-forma net financial position:** it concerns the Company's ability to meet its financial obligations, including the impact of the application of IFRS 16 Standard.

- **ROE (Return on Equity):** economic index on the return on equity, obtained by dividing the profit for the year by the shareholders' equity.

- **ROI (Return on Investment):** operating profitability index, which is a measure of the return on capital invested in the company by way of debt or risk. It is given by the ratio of operating profit (EBIT) to net invested capital.

For a correct interpretation of APMs used by the Company, it is noted that they are determined based on financial statements and data analyses made in compliance with general and managerial accounts. The determination of the APMs is not governed by the reference accounting standards related to the preparation of the Company's financial statements and, albeit they are inferred from financial statements, they are not subject to audit. Therefore, the APMs must not be considered as a replacement of indicators envisaged by the reference accounting standards. Moreover, by reason of the fact that they are not inferred from the reference accounting standards for the preparation of the financial statements, the methods to determine the APMs, used by the Company, might not be consistent with the methods adopted by other Groups and therefore might not be comparable.

III. Company activities and operations

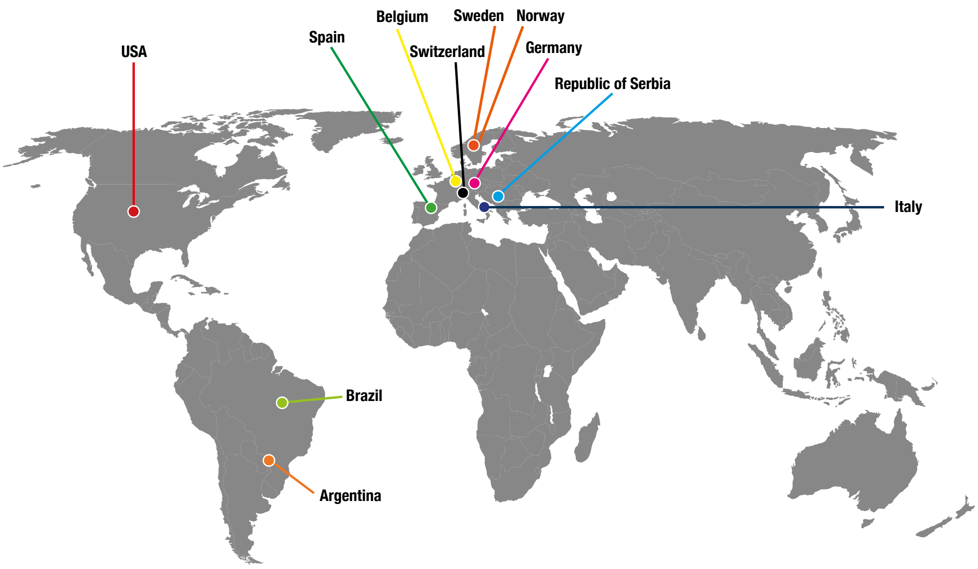
The Company Engineering Ingegneria Informatica S.p.A. was established in Padua on 6 June 1980 and leads a Group operating in Software and IT Services. Engineering is the leading Italian player of Digital Transformation.

Established on 6 June 1980

1st Italian IT operator

ICT services, products and consultancy

Present on all markets



It offers services, products and consultancy through a network of 11,571 employees, over 60 offices in Italy, Europe (Spain, Germany, Belgium, Republic of Serbia, Switzerland, Norway, Sweden), Latin America (Brazil and Argentina) and the USA. The Group generates around 13% of its turnover abroad and manages IT initiatives in over 20 countries with projects for the Industry, Transport, Telecommunications, Utilities, Finance, Public Administration and Healthcare sectors.

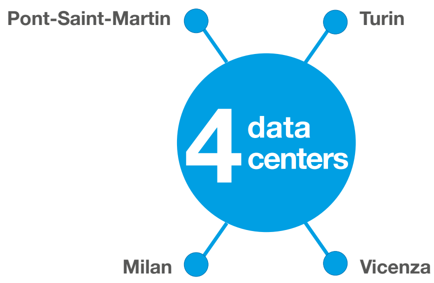
11,571 employees

over 60 offices

20 countries served

13% foreign revenues

It is a player of primary importance in the markets of outsourcing and Cloud Computing, through an integrated network of four data centres located in Pont-Saint-Martin (AO), Turin, Vicenza and Milan. This is a system of services and technological infrastructures that ensure the highest standards for safety, reliability and efficiency.



an integrated **NETWORK** for
more than **300** clients

The Engineering's market consists mainly of medium-large customers, both in the private (banks, insurance companies, Industry, Services and Telecommunications) and in the public sector (Health, local and central Public Administration and Defence).

The Company plays a leadership role, at European level, in software research, coordinating a number of national and international projects through a network of scientific partners and universities across Europe. It develops Cloud computing solutions and operates in the Open Source community.

Engineering is the main software manufacturer for the Italian market, with a significant presence of its solutions at international level.

The applicative solutions cover a wide area of public and private markets:

- management of risk and bank compliance (GRACE);
- credit management (ELISE);
- corporate banking (INBIZ);
- bank insurance (EBAAS);
- billing and CRM for Utilities (Net@SUITE);
- integrated solutions in the Health segment (AREAS);
- management system for documents and procedures (AURIGA);
- administration, accounting and personnel systems for Local PA (SICER);
- Mobile Payments platforms (MPAY);
- business intelligence analytics systems (KNOWAGE);
- Digital platforms (Digital Enabler);
- predictive maintenance systems for manufacturing (DIVE).

These are object of continuous investments aimed at the adoption of the latest technologies and the upgrading of business models in relation to the markets, to which they are intended.

The products are available under usage licences or service modalities based on Engineering's Cloud platform. This strong presence of proprietary solutions permits Engineering to stand out in the market and this is one of the main strong points with respect to competitors.

IV. Market overview

MACROECONOMIC OVERVIEW

The global economy remains on an upward path, although persistent supply-side bottlenecks, rising commodity prices and the spread of the Omicron variant of the coronavirus (Covid-19) continue to weigh on short-term growth prospects. Compared with the previous year, the outlook for the global economic expansion contained in the macroeconomic projections formulated last December by Eurosystem experts has been revised down for 2021, remains unchanged for 2022 and has been revised up for 2023. Real world GDP growth (excluding the Eurozone) is expected to rise to 6.0% in 2021, before slowing to 4.5% in 2022, 3.9% in 2023 and 3.7% in 2024. Foreign demand in the Eurozone is expected to grow by 8.9% in 2021, 4.0% in 2022, 4.3% in 2023 and 3.9% in 2024.

THE ITALIAN ECONOMY

The Italian economy grew by 6.5% in 2021. The increase in GDP for 2022 is +2.4%. The figure for 2021 is adjusted for working days and is seasonally adjusted compared to 2020, when the Italian economy slumped by almost 9% (source ISTAT).

THE IT SECTOR

According to data presented by Anitec-Assinform the Italian digital market continues its recovery and is expected to increase at the end of this year (+5.5% compared to 2020). All segments will show a favourable outlook with the exception of the Network Services segment. Over the next three years (2022-2024), the volume of digital business will continue to increase, thanks in part to the positive impact of the resources and reforms included in the National Recovery and Resilience Plan. An important role in Italy's digital transition will be played by the Cybersecurity sector, which the Report focuses on in an extensive section. The digital market in Italy in the first half of 2021 was characterised by a resumption of ICT investments, which had contracted in the first half of last year due to the pandemic emergency. The digital market in the first half of 2021 stood at Euro 36,069 million (+5.7% compared to the first half of 2020). Growth was recorded in Devices and Systems (Euro 9,836 million, +11.9%), ICT Software and Solutions (Euro 3,653 million, +8.2%), ICT Services (Euro 6,431 million, +8%) and Digital Content and Advertising (Euro 6,513 million, +9.2%). Network Services, on the other hand, contracted further (Euro 9,636 million, -4.1%).

As for the dynamics in the second half of 2021, all sectors (except Network Services) are expected to grow, with an improving trend compared to the forecast published last July. Major differences from the July forecast include: an increase in Devices and Systems due to stronger growth in the TV, personal computer and mobile device segments; further growth in the software segment as a result of the acceleration of digitisation in all sectors; and an expected increase in digital content, mainly due to stronger growth in the Digital Advertising segment. Based on these considerations, the digital market is expected to be Euro 75,410 million in 2021 (+5.5% compared to 2020). For the three-year period 2022-2024, growth is expected to continue, taking the market to Euro 79,286 million (+5.1%) in 2022, Euro 83,270 million (+5%) in 2023 and Euro 87,328 million (+4.9%) in 2024. In the three-year period 2022-2024, the main technology drivers will continue to be Digital Enablers, which have already given a strong boost to the digital market in recent years: Cloud Computing, Big Data, Artificial Intelligence, IoT, Cybersecurity.

According to the Winter 2022 Economic Forecast, after a remarkable expansion of 5.3% in 2021, the EU economy will grow by 4.0% in 2022 and 2.8% in 2023. Growth in the Eurozone will also be 4.0% in 2022, then decreasing to 2.7% in 2023. In the third quarter of 2021, as a whole, the EU returned to pre-pandemic GDP levels and all Member States are expected to reach this target by the end of 2022.

Throughout 2021, the Covid-19 pandemic was also present and the process of changing the way we live and work around the world continued. Within this context, the companies that have reacted best to this epochal change are those that have always believed in innovation and research as distinctive factors for success, something that the Engineering Group has been able to carve into its DNA since its inception.

RESEARCH AND INNOVATION ACTIVITY

2021 was the year in which a number of new research and innovation programmes were launched. Specifically, the year saw the launch of the European Commission's new Research Framework Programme called HorizonEurope (replacing Horizon 2020), which will accompany the European Research and Innovation market for the next 7 years with calls worth around Euro 97 billion. At a national level, the National Recovery and Resilience Plan (PNRR) was approved in 2021 and the first calls to tender were published. The aim of these first calls to tender is to increase the country's research and innovation capacity through various financing measures, ranging from a significant increase in the number of industrial doctorates to support for the development and strengthening of national "Research Infrastructures", and the implementation of major research projects promoted by the most advanced public-private partnerships at national level to give rise to real theme-based centres of excellence called "National Centres" and "Innovation Ecosystems".

The first calls of the HorizonEurope Framework Programme were already launched in 2021 and the initial results, which are fully in line with our expectations, demonstrate the company's ability to meet the challenges of the changes that the Digital Transformation will bring to the market in an increasingly effective manner.

2021 also saw the first participation in a call for tenders relating to the Important Projects of Common European Interest (IPCEI) programme on the subject of Cloud, in perfect harmony with the GAIA-X initiative, the aim of which is to define a standard that guarantees digital and data sovereignty for Europe and the recovery of the competitive gap between European companies and large multinationals, primarily from the US and China, in terms of the provision of Cloud-based infrastructure services. The Engineering project has passed the Italian selection phase and has been included among those involved in the drafting of the programme objectives at European level. 2022 will see the conclusion of the "pre-competitive dialogue" activities and the presentation of the final project for its European approval and ensuing contractualisation through the Ministry of Economic Development.

Given its importance, the investment was presented with a positive return to the Board of the Company and will involve many of our Business Units in the market.

Regarding the first PNRR calls published at the end of 2021 on National Centres, Ecosystems and Infrastructures, as of this date, the Company has already committed to several initiatives that are expected to be awarded during 2022.

The normal activities of national and European laboratories and initiatives continued. A new programme contract has been finalised in the Apulia Region, reinforcing the many years of experience in the region with an increase in the capacity of the laboratory, which has an important foothold both in Lecce and, lately, also in Bari.

In 2021, research activities required a total investment of just over Euro 30 million, largely in line with previous years.

MARKET PERFORMANCE

FINANCE

2021 was characterised by the persistence of the Covid-19 pandemic, which strongly impacted the economic and social context, but also by a general recovery of the economy worldwide and particularly in Italy, where a GDP growth of about 6.5% was recorded.

With reference to the financial and insurance services market, 2021 was marked by a gradual recovery to pre-Covid levels of operations and the continuation of the process of reviewing and innovating operating and organisational models, towards the digitisation of processes and activities, compared to which Covid-19 proved to be a powerful accelerating factor.

According to leading market analysts, many of the changes introduced are becoming structural in nature and will help determine the shape of the so-called "next normal". This transformational journey has required and will continue to require considerable investment, including through a careful strategy of managing the overall costs incurred by financial and insurance institutions. As an example:

- Unicredit Group planned an average annual increase of Euro 900 million for IT investments as part of a total investment plan of Euro 9.4 billion set out in the 2020-2023 business plan[1];
- Santander Bank has earmarked a total of Euro 20 billion for IT spending in the 2019-2022 period with the aim of an annual cost reduction of Euro 1.2 billion[2].

During 2021, the prevailing trend in IT spending by Italian financial and insurance institutions was one of growth, more sharply among large entities and more restrainedly among small and medium-sized ones.
The priority areas in terms of investment were:

- Digital Onboarding, due to its central role in gathering customer information and generating leads;
- Mobile Banking & Insurance, with a view to strengthening relations on digital channels;
- Data Governance, with an increasing focus on the principles of data-driven banking;
- Re-engineering/automation of processes, aimed at adopting an end-to-end approach within the Digital Transformation initiatives;
- Managing and mitigating cyber risk, which is now a priority, above all for large banks;
- Modernisation of core banking/insurance systems, through initiatives aimed at consolidating and integrating legacy components and upgrading infrastructures;
- Transformation of the application architectures, through the adoption of container paradigms, microservices;
- Cloud Computing, with a view to simplifying operations, improving productivity, reducing the Total Cost of Ownership and increasing the potential for innovation;
- New organisation of the customer journey, in the form of a "seamless" journey supported by the different touchpoints offered by the bank/insurer.

The market-wide drive for innovation has continued to support growth and consolidation in the adoption of innovative technologies. The areas with the highest rate of innovation are digital lending, wealth & insurance advisory, mobile banking/insurance and the provision of products derived from AIS and PIS services. In addition, governance and business operations processes are also being progressively digitised and automated wherever possible.

The multiplication of these innovative initiatives is fostering the progressive consolidation of new business models, mostly related to the competitive/collaborative model of **Open Finance/Insurance**, from which new strategies emerge for the provision of services based on an articulated network of partnerships, involving intermediaries, fintechs and commercial companies.

[1] Reuters, "New Unicredit chief sees technology at core of every decision".
[2] Capgemini, "Top-Trends-in-Retail-Banking_2022".

Finally, an increasing number of banks are embarking on the **Banking/Insurance-as-a-Service** roadmap, aiming to monetise their assets (data, infrastructure and applications) through revenue sharing agreements, one-off setup revenues, recurring revenues in the form of service fees or a combination of the above options. As a result, banks can promote their products through white-label banking services, using third parties as low-cost distribution channels to maximise their potential customer base.

The 2021 closure highlights the quality of the results obtained, also thanks to the adoption of an advanced model of remote collaboration within the various company teams, which has made it possible to combine the indispensable guarantee of business continuity for customers with the safeguarding of people's health, despite the continuing health emergency arising from Covid-19.

Furthermore, at the end of 2021, the acquisition of the company C Consuting S.p.A. was completed, which, in 20 years of activity, has been able to gain a solid market leadership, radically innovating the complex and delicate reinsurance process of the Companies.

PUBLIC ADMINISTRATION

The Company operates in the PA Market both at central and local level and in the Health segment, offering a wide range of leading solutions in the market.

CENTRAL PUBLIC ADMINISTRATION (PAC)

The ICT market of the Central Public Administration has grown significantly more than the market despite the absence of Consip containers.

Over the year, important contracts were awarded in the Ministry of Economy and Finance/SOGEI sector (Sogei tender for MEF and Corte dei Conti and RGS tender), in the Defence sector (Army and State Police Management Information System tender) and in the Tax Agencies sector (acquisition of contracts for new customers such as the Customs and Monopolies Agency).

During 2021, the Welfare sector saw Engineering's presence consolidate and increase even more thanks to the awarding of INAIL tenders (infrastructure tenders) and the increased consumption of INPS's ADM contract.

In ongoing projects, the Digital Services component is always more significant and increased by approximately Euro 1 million. It is also worth mentioning the participation in the expression of interest for the National Strategic Pole called by the Department for Digital Transformation and the ongoing tender in 2022. During 2021, a project was undertaken to monitor PNRR initiatives within the Central PA specifically to help guide the Group's IT strategies by reducing time to market.

LOCAL PUBLIC ADMINISTRATION (PAL)

The 2021 results were very important, especially in view of the Company's already significant market share achieved over the years and despite the absence of active Consip conventions and framework agreements.

The Public Administration Department for the local sector strengthened its presence in the main GKAs, in particular the Veneto Region, Lombardy Region and Emilia Romagna Region, ensuring an organic growth of its presence and accelerating some projects related to digital transformation.

The Public Administration Department for the local sector continued to pursue the strategy of strengthening its Proprietary Solutions, especially in relation to accounting, labour information systems and the fund system, with a view to increasing its market share.

Many customers, such as the Sardinia Region, the Apulia Region, the Veneto Region and the Emilia Romagna Region, recorded an increase in revenue volumes as a result of the market's drive towards digital transformation, the improvement of services to reference users and post-Covid investments linked to digitisation.

During 2021, the Department's new organisational model, which consolidated the former PAC and PAL directorates into a single Public Administration directorate, also took effect.

HEALTH

For the Healthcare segment, 2021 was a year of a slow return to normality following the acute phase of the Covid pandemic, with many projects restarting after the inevitable slowdown linked to the pandemic emergency. Furthermore, as the vaccination campaign started in 2021, several opportunities were used to increase our revenues by launching new initiatives, such as in the Lombardy Region with the development of the vaccination platform, in the Tuscany Region where the portal for booking vaccines for the over eighties was implemented, and in the Apulia Region for the logistical management of vaccines.

The 2021 financial results were slightly below the budget, but significantly higher than the previous year, both in terms of revenues and margins, confirming the steady growth trend of recent years in the Healthcare segment. As already mentioned, this growth was due to the restart of some projects that had been on standby, and to the contracting of new activities. The increase mainly concerned the Northern regions (+18% in revenues) and Southern regions (+39% in revenues), while the Central area showed more moderate growth (+2.5% in revenues).

The regions with the greatest growth include Lombardy, with a significant increase in revenues from in-house Aria S.p.A., due to the signing of a new contract for the management of the SISS (Sistema Informativo Socio Sanitario - Social and Health Information System), which offers better economic conditions than the previous one; Veneto, where among other things the electronic health record was migrated to the cloud; Piedmont, which saw the completion of the launch of the Regional CUP, Campania with the signing of several new contracts, Apulia with the resumption of the regional project for the management of the accounting systems of the regional health authorities (MOSS), and Emilia Romagna both for the start of new projects and for the acceleration of projects contracted in recent years.
The year 2021 also saw the continuation of investments made in new proprietary solutions (Ellipse platform), particularly in the areas of hospital management and telemedicine, which are among the areas that will have the greatest impact in terms of planned investments under the PNRR.

INDUSTRY & SERVICES

AUTOMOTIVE AND INDUSTRIAL AUTOMATION DEPARTMENT

Throughout 2021, the crisis elements that had marked the previous year of a full pandemic and a halt to industrial activity were gradually overcome.

In this context, we have been working on strategic actions relating to the two verticals that characterise the Department with a view to consolidation and better preparation for growth in the coming years.

The Automotive sector in particular, which was also affected by the market slowdown in 2021, saw the first steps in the integration of FCA and PSA into Stellantis, with the relative enhancement of the skills and assets of the two companies; in this context, we were able to successfully exploit some of our specific skills within FCA, which should be extended to the new entity. We refer here to the topics of factory processes, with our MES solution, and the application areas of sales processes and product quality control. As well as this, our Energy Monitoring solution, initially designed for the factory, has been selected for extension to the group.

This last opportunity will allow us to develop a market solution, extended also to real estate, which we will present at a time when energy efficiency and consumption savings have become essential factors for industry, especially in Italy.

In addition to Stellantis, we continue to consolidate, both in the Italian sales company market, among which Volskwagen stands out for its growth in 2021, and in the dealer and concessionaire market, which is undergoing a vital phase of transformation from commercial companies to a reality capable of providing integrated services; in the latter segment, one of our service platforms will be brought to market, boasting a reference such as AutoTorino, among Italy's largest dealers.

As far as Industries Excellence Global is concerned, the new organisation has experienced its first year, during which many significant results have been achieved.

The structure has worked to integrate and enhance the skills and references of local structures in Italy, the USA and Brazil by making available to them both processes and services of common interest. In addition, the new structure in Mexico became operational, and 2 important acquisitions (DAA and Movilitas) were successfully completed, strengthening it both in the USA and in Europe where, at the end of 2021, structures in Germany, Belgium and France were operational, as well as in India.

At the level of individual countries, the Italian IXG has strengthened its presence in the light transport sector, working on the acquisition of the Panama metro, for which we expect work to start in 2022.

The American IXG has been strengthened by the aforementioned acquisitions, which complete its portfolio of expertise and already position it as a good-sized player in the American market, as well as a reference point for activities in Brazil and Mexico.

The acquisition of Movilitas has strengthened IXG in a number of important verticalisations that make it a strategic partner of major industrial groups internationally; one example is Pharma, which proves to be optimally suited to multi-country expansion.

The integration work carried out with Brazil was significant in 2021. As far as IXG is concerned, it has moved away from an exclusively commercial cooperation with Italy and has become a fully-fledged part of our organisation's overall strategy, showing the potential of a market with enormous prospects.

TRANSPORT AND INFRASTRUCTURES DEPARTMENT

The Transport market, after being the one most affected by the outbreak of the pandemic, recovered well in 2021, and the Department's results saw significant growth in terms of revenues and margins.
The road segment, Anas and Autostrade/Telepass Group, experienced the strongest growth, due in the case of Anas to the numerous tenders won in the SAP HR area, works management monitoring, GIS platform, which will also bring a good backlog in 2022. The ASPI group has initiated a process of digital innovation that has seen us among the protagonists, while on Telepass there has been a further increase in activities for the completion of the carve out from Autostrade, positioning us among the customer's primary partners.
With regard to the Airport sector, in 2021 the renewal of the Adr contract for the management of infrastructures and the realisation of the APOC project took place.
Coinciding with the renewal of tenders for the FS client, after a slow start, there was a strong push towards new initiatives that had stopped in 2020, confirming the FS group as the Department's main client in 2021.

INDUSTRY DEPARTMENT

2021 was the year of recovery after the pandemic: industrial production was up 11.8% on the previous year (ISTAT data). This performance was mainly sustained by the domestic market, but also recorded the significant contribution of the foreign channel, despite the complexity of the international scenario. Companies in the manufacturing and retail sectors have therefore taken advantage of the growth to invest in digital. In 2020, investments were mainly focused on remote working and the digital workplace, while in 2021, companies have focused on the digitisation of processes, leading to the adoption of a full digital approach, with corporate functions and related areas equipped with digital infrastructures and solutions, all with a view to resilience and business continuity still in an emergency situation.

In particular, the retail and fashion world has invested in the digitisation of the physical and digital channels, an area in which Engineering Ingegneria Informatica S.p.A. has been able to provide its skills and experience in the Omnichannel Customer Experience field. The growth of the large-scale retail trade market has seen us play a leading role, thanks to Digitelematica's solutions, in the creation of applications that connect all the physical and digital touchpoints aimed at customer relations. On the other hand, in the manufacturing sector, the digitisation of processes in the area of Supply Chain Management has been of great importance, as well as an increasing focus on environmental sustainability, which in turn calls for investments in the digital area. The same attention to the Supply Chain has been paid by companies in the Pharma & LifeScience market, who have involved us in the digital transformation of their plants, recognising our skills, particularly in the consultancy field.

Thanks to our Observatory dedicated to the CRM world, we have been able to ascertain an ever-increasing need on the part of companies for customer relationship management applications, which increasingly translates into a focus on data, with a consequent strong demand for all applications that have to do with analytics. In these turbulent times, cybersecurity solutions, especially in manufacturing and to protect global supply chains, have been given a boost. Lastly, and as a natural consequence of what has been said so far, the cloud has played a leading role and remains a real competitive lever for manufacturing and retail, as it simplifies business processes and accelerates digital transformation.

INDUSTRIES EXCELLENCE GLOBAL DEPARTMENT

The core business of Industries eXcellence Global is the implementation of IT solutions for manufacturing, integrated supply chain and Intelligent Factory solutions according to Industry X.0 guidelines. Industries eXcellence Global provides consultancy and high value-added solutions to major customers. Leveraging its unique expertise in the implementation and integration of its entire digital tools offering, the Industries eXcellence Global team facilitates the adoption, implementation, integration and digital transformation journey for manufacturers across all industries globally. A growing number of companies today are looking to Industry 4.0 to improve processes, product quality and become more efficient, while also increasing the flexibility of manufacturing systems and their productivity. Industries eXcellence Global offers solutions and works with companies to enable them to achieve the full capabilities of Industry X.0.

Industries eXcellence Global's proposal in response to the needs of Industry X.0 is the implementation and realisation of the extended digital twin. Engineering's digital twin is a virtual representation not only of the product and process, but also of factory and supply chain operations. Digital twins are used throughout the product lifecycle to simulate, predict and optimise the product and the production system, before investing in physical prototypes and assets, and also during the production of the product itself to guide and control product manufacturing operations. Typical applications of a digital twin depend on the stage of the product lifecycle it models: PLM (Product Lifecycle Management) systems, plant and process simulation systems, and even MOM (Manufacturing Execution Management) systems, are considered extended and integrated digital models. The combination and integration of these systems, as they evolve together, is known as Digital Thread to indicate a pathway that runs through all stages of the product and production lifecycle, collects and aggregates and analyses data, increasing the flexibility and efficiency of production processes.

In 2021, Industries eXcellence Global also consolidated its offer in the automotive, defence, aerospace, CPG, life science and transport sectors, and supported business growth in new geographical areas in North America (such as Mexico and Canada), Europe and Brazil. Industries eXcellence Global laid the foundations for further growth of the manufacturing sector towards innovative technologies such as Internet of Things (IoT), Low Code, Machine Learning and Data Science applied to manufacturing and logistics processes.

In addition to the above-mentioned strategic activities in Industry X.0, Industries eXcellence Global also completed the acquisition of two important market players in 2021: Design Automation Associates and Movilitas. Design Automation Associates is the US market leader in automating product engineering processes using technologies such as Computer-Aided Engineering (CAE) and Computer-Aided Design (CAD).

As far as internal strategic initiatives for the years immediately after 2022 are concerned, Industries eXcellence Global plans to invest part of the profits to consolidate the presence in new industrial sectors and to increase the developments in the innovative sectors of Management Consulting, Decision Science, Machine Learning and to consolidate our presence in new development markets, e.g. AV/EV (autonomous electric vehicles), energy and aerospace by using the Digital Thread strategy also as a cross-selling and strategic reinforcement aspect. In the following years, the integration of robotics with process simulation and artificial intelligence constitutes a further horizon of development. In addition, potential new acquisitions being considered for the coming years would bring the company strategic expertise in Industry X.0 consulting and data science that could be used in the future as the basis of an expanded strategy to offer specialised solutions and services in innovative technologies.

TELCO & MEDIA

In 2021, the Telco sector, in line with the trend of recent years, still recorded a reduction in revenues and margins compared to 2020. In particular, the contraction affects the B2C market for mobile services, while demand for fixed broadband connections continues to grow. The B2B sector, although with lower volumes, shows a growing trend and is the major candidate to fully exploit the potential offered by the 5G network.

In the Media sector, the most developed and growing sectors are Home Video & OTT, gaming & entertainment with digital content delivery. Telco & Media convergence, with the exception of SKY, has been limited to commercial partnerships of Telco operators with OTTs (Netflix, Disney+, Amazon, DAZN) to offer services bundled with fixed and mobile broadband offerings.

Engineering, in spite of the contraction of IT spending in the sector compared to the previous year, had a slight growth in revenues and margins thanks to some areas of digital offerings that addressed the main business needs such as caring, sales, product management, data analytics and network implementation and maintenance. In particular, the following areas of “over-performance” are highlighted:

- Big Data & Analytics, Digital Channel Integration, Revenue Management in TIM with +38% revenues over budget;
- Open Fiber’s application development & maintenance services (BSS, OSS, CSS) budget and RAI Digital with respectively +15% and +20% revenues over budget;
- Telco vertical competence centres with a strong improvement in efficiency and consequently in the contribution margin.

It is also worth mentioning the awarding of a major CyberSecurity tender at TIM, which opens up a new area of collaboration with the customer on a domain of strategic offerings of great interest to the entire market.

ENERGY & UTILITIES

The market in 2021 continued to feel the effects of the 2020 pandemic, but these gradually faded over the course of the year, with growing improvements in the second half of the year, albeit concentrated in certain areas and not yet of a general, market-wide nature.

In particular, the oil market has seen important signs of recovery after the deep crisis of 2020; our positioning in the Downstream and retail area has allowed us to quickly engage with the recovery and investments geared towards digital transformation and customer experience. Growth, especially in the second half of the year, also affected transport and distribution operators, thanks to investments in digitisation initiatives and in particular in the areas of cartography, maintenance, asset management and works management (WFM/FSM). The ENEL Global area maintained a sustained and consistent trend with the previous year thanks to a now stabilised remote working method in the EU and LATAM countries.
The Utilities area performed more erratically and unevenly, on the one hand for reasons intrinsic to the dynamics of a highly fragmented market, and on the other due to expectations of the benefits of the PNRR for investments in more structural and ESG-oriented initiatives, which are increasingly present and driving issues. The Net@SUITE area strengthened its market position through the acquisition of prospects and the product replacement campaign.

More broadly speaking, in terms of SI services, Engineering is consolidating its position as the main player and partner of the major Energy & Utilities companies, continuously renewing and evolving its offering for all market sectors, from Oil to Power, Energy, Gas, Extra Commodity, Water and Waste, etc. along the entire operational chain from production to sales in partnership with the main solution providers on the market, such as SAP, Salesforce, AWS, Azure, RedHat, etc..

In Spain, during 2021, while continuing the Covid-19 emergency, a phase of expansion of staff dedicated to the E&U market and strengthening of both managerial and technological skills was initiated in view of the upcoming tenders on global accounts, particularly ENEL-ENDESA. At the same time, we continued to prospect the market both directly and through partners to spread our digital solutions and expertise. Work continued on defining M&A opportunities to better support the growth of the business and take advantage of the digitisation opportunities offered by post-pandemic market scenarios.

VI. Personnel

As of 31 December 2021, the Company's workforce (persons with employment contracts) amounted to 7,369, of which only 19 were with indefinite-term contracts (as of 31 December 2020, there were 7,195 persons, of which 14 were with indefinite-term contracts).

In 2021, the policy of hiring resources continued with the recruitment of 707 people (compared to 488 in 2020), with a strong focus on young graduates and new diploma holders.

There were 533 leavers (including 93 people who left due to a voluntary redundancy plan with incentives, the result of an agreement with the trade unions and company trade union representatives in accordance with the provisions of current legislation on blocking redundancies due to the Covid-19 pandemic emergency; there were 486 leavers in 2020).

Some detailed figures are provided below, related to 2021, with reference to the Company workforce:

- the number of graduates totalling 60.34%;
- the number of women totalling 32.61%;
- the average age is 45;
- the number of executives was equal to 4.4%;
- employees with Super Management/Management qualifications total around 22.63%.

Finally, in 2021, the majority of the Company's employees were involved in agile remote working mode (smart working), due to the continuation of the aforementioned health emergency and the consequent closure of company offices. Thanks to widespread smart working, it was then possible to severely limit the continued use of the Covid-19 redundancy fund (CIG) until early August.

TRAINING

The training activities carried out by Engineering in 2021 through the IT & Management Academy "Enrico Della Valle" recorded a very strong increase, leading to indicators such as provided training days/personnel, the number of course participants, use of multimedia content, with values over 40% higher than the pre-pandemic scenario.

This significant increase in training activities should be seen in the context of the evolution and diversification of training opportunities made available to Group employees and, at the same time, the achievement of methodological and organisational maturity in "remotely delivered" training processes, as witnessed by the high quality and effectiveness values expressed by course participants.

Starting from a Catalogue of courses consisting of more than 250 titles, to certification courses and those for the employment of promising young people, passing from original multimedia e-learning productions to retraining schemes through the use of funding, the Engineering Academy has followed the Company in a scenario of strong change, constantly aligning the educational content and the methods of transferring know-how to the evolution of the scenario and to market demands.

We are now talking about a real "Training Ecosystem", integrated and consistent in terms of format and educational content, which on the one hand guarantees efficiency and speed of deployment, and on the other ensures inclusion, ease of access and the possibility of customising training for each employee.

In more detail, teaching activities amounted to a total of 25,269 training days/personnel distributed over more than 530 different course editions, with an increase of 46% compared to 2019.

The training initiatives undertaken in 2021 include:

- a programme consisting of different training initiatives aimed at the transition to smart working and the implementation of new management models and best practices. Particular focus was given to the issues most impacted by smart working at an organisational and relational level, such as People management, Teamwork, Work organisation, Communication and Customer relations;

- the Induction Programmes for Company trainees, which involved more than 400 trainees in 2021 and have the dual objective of "introducing the Company" by illustrating Engineering's organisation, value proposition and values, and developing communication and teamwork skills. A number of specialisation courses (known as Academy) have also been set up for young talents, in order to align the incoming skills of school leavers and graduates with what is needed for effective integration into the Company. Focusing on the technologies most in demand on the market, in 2021 more than 100 promising young people were introduced to the profession of Solution Developer, Data Scientist, ERP Consultant, Business Analyst who, after 2 months of specialist training, continued their adventure in Engineering with an apprenticeship contract;
- the multimedia training offer, consisting entirely of original content and productions, made available to the Group's employees by the Academy in 2021 was particularly exciting. In support of change management processes and the need to distribute corporate guidelines, new WBTs were developed focusing, among other things, on new regulations in the areas of anti-corruption, 231 and privacy, the company's Digital Transformation offer, etc., which reached over 10,000 views. At the same time, the publication on FORTUBE of the 2 new monothematic channels "Go Ahead" and "IT SMART PILLS", viewed by more than 1,300 employees in less than 5 months, achieved the objective of providing all employees with the new frontiers of technology in which our colleagues are involved in international research projects and the best practices of the IT world;
- the international training platform Go Fluent was renewed until June 2021, at the same time extending it to all the Group's foreign companies, which provides all employees and their families with unlimited access for multimedia training activities on different languages including English, French, German, Spanish. The project was entirely funded by Fondimpresa;
- thanks to the opportunity offered by the financing through the Fondo Nuove Competenze and Fondimpresa, an ambitious training and professional requalification project was organised, involving 181 Group employees working in different professional roles, for over 1,450 training days/personnel distributed over 11 different course editions. The teaching programmes covered key skills for Java development, Linux systems management, Telemarketing, Corporate Compliance.

VII. Outlook

2021 was a year of great change for the Company, which saw on the one hand a strengthening of the company's growth in virtually all market segments and an improvement in profitability.

In the second half of 2021, a comprehensive change management process began, leading to the replacement of the Group CEO, CFO and CHRO. The process of strengthening the management team, also by adding new professional figures such as the Group COO and Chief Institutional Affairs, will be completed in the first half of 2022.

As of November 2021, a project has been underway to prepare a Strategic Blueprint with a view to providing the company with a 2022-2025 strategic plan.

In addition to finalising the strategic and organisational definition projects, 2022 will have the following objectives:

- continue and strengthen the growth process in the major markets;
- become a key player in all PNRR-related activities through well-structured programming, that allows us to play a leading role in supporting the digitisation process of Public Administration and private customers;
- seize all opportunities in digital transformation, strengthening and evolving our technological skills;
- strengthen the recruitment strategy by becoming even more attractive to young school leavers and graduates.

VIII. Financial highlights

MAIN FINANCIAL DATA

The main financial data related to the year 2021 are shown hereunder compared with the previous year restated, as described hereunder.

(in Euro million)

Description	2021	2020	Change % YoY
Total revenues	**975.5**	**912.0**	**+7.0**
Net revenues	**942.2**	**877.0**	**+7.4**
Adjusted EBITDA(*)	**148.4**	**109.1**	**+35.9**
% of revenues	+15.7	+12.4	
EBIT	**86.2**	**61.1**	**+41.1**
% of revenues	+9.1	+7.0	
Net profit	**55.7**	**165.9**	**-66.5**
% of revenues	+5.9	+18.9	
Shareholders' equity	**768.2**	**808.2**	**-5.0**
Pro forma net financial position	**(129.8)**	**(65.6)**	**-97.9**
ROE % (N.P./N.E.)	**+7.2**	**+20.5**	**-64.7**
ROI % (EBIT/N.C.E.)	**+8.4**	**+6.1**	**+39.3**
No. of employees	**7,369**	**7,195**	**+2.4**

(*) Adjusted EBITDA is defined as EBITDA result gross of extraordinary items.

Total revenues stood at Euro 975.5 million, a 7% increase compared to the previous year.

Revenues, equal to Euro 942.2 million, increased by 7.4% compared to the previous year.

Adjusted EBITDA amounted to Euro 148.4 million, an increase of 35.9% compared to the previous year, with profitability on net revenue increasing from 12.4% in 2020 to 15.7% in 2021.

EBIT amounted to Euro 86.2 million, up from 2020, and included depreciation and amortisation of Euro 33.5 million and provisions of Euro 5.9 million, the latter up compared to the previous year. For further information, reference is made to the notes to the financial statements.

Net profit stood at Euro 55.7 million.
The negative change of 66.5% is mainly due to:

- the realignment in the 2020 financial year between the higher book values disclosed as of 31 December 2019 and the lower tax values. The realignment was carried out pursuant to Law Decree no. 104 of 14 August 2020 ("August Decree"), converted into Law no. 126 of 13 October 2020 (Article 110, paragraph 8), and 2021 Budget Law - Law no. 178 of 30 December 2020 (Article 1, paragraph 83), that made possible to realign the higher value of assets and equity investments resulting from the financial statements for the year ending 31 December 2019 also for entities adopting international accounting standards.
  The exemptions involved the payment of a substitute tax of Euro 14 million. Therefore, in 2020, the realignment involved the release to the income statement of the deferred tax liabilities associated with the aforementioned intangible assets until 31 December 2019 and with no fiscal relevance, as well as the allocation of deferred tax assets with reference to goodwill of around Euro 135 million.
  Net profit for the year 2020 without adhering to tax realignment would have been Euro 44.9 million;

- the positive effect of Euro 9,406 thousand, as the Company adhered to the national tax consolidation with Centurion Newco S.p.A.. The Company recognised the consolidated accounts and in particular the tax effect of the ROL surplus transfer for the 2021 taxable period.

Pro-forma net financial position amounted to Euro -129.8 million, a change of Euro 65.6 million (-97.9%). Further details are shown in paragraph "Statement of Financial Position" hereof.
For a better disclosure, item "Contingent consideration for business combinations" was reclassified in item "Other current and non-current liabilities", excluding it from the Pro-Forma Net Financial Position.

ALTERNATIVE PERFORMANCE MEASURES

The alternative performance measure, adjusted EBITDA, is calculated as follows:

(in Euro million)

Description	Note	2020	2021
Profit for the year		**165.9**	**55.7**
Income taxes		(106.2)	12.9
Income from investments		(6.5)	12.0
Financial income		(7.8)	(4.3)
Interest expense (excluding interest on leases)	(1)	8.3	8.7
Interest on leases		1.3	1.2
Depreciation of property, plant and equipment		3.9	3.5
Depreciation of right-of-use assets	(1)	13.1	12.7
Amortisation of intangible assets		20.2	17.3
Provisions and write-downs		1.9	5.9
Stock Option costs		9.6	0.0
Leaving incentives/change management	(2)	1.8	17.5
Charges related to the corporate strategic valuation process		3.6	4.4
Charges for corporate transactions		0.0	0.8
Adjusted EBITDA		**109.1**	**148.4**

(1) As from 1 January 2019, following the first-time application of IFRS 16 standard, for all lease contracts, except for short-term leases, the Company recognises right-of-use assets at the effective date of the lease contract itself, which is the moment in which the underlying asset is available for use.
The rights of use are measured at cost, net of any accumulated depreciation and impairment losses, and they are adjusted by any redetermination of lease liabilities. The right-of-use value includes the amount for financial lease payables for recognised leases, as well as initially borne direct costs, advanced payments and restoring costs. Financial lease payables are recognised at the effective date of the lease contract and they are entered at the current value of the instalment payments to be made, discounted by using the incremental borrowing rates (IBR) if the underlying specific interest rate of the lease contract cannot be easily determined. After the effective date, the amount of the financial lease payables increases to reflect the accumulated interest and decreases according to instalments paid. Each single instalment is apportioned between principal and interest. Interest is charged through Income Statement for the entire duration of the contract in order to obtain a constant periodic interest rate on the residual balance of the financial payables. IFRS 16 requires lessees to recognise new assets and liabilities under an on-statement of financial position accounting model that is similar to finance lease accounting envisaged by IAS 17. The Company has adopted the IFRS 16 standard by using the modified retrospective approach, with effect on the balance of the opening Shareholders' Equity of the Company as of 1 January 2019, equal to zero.
(2) Charges related to early-leaving incentives paid over the year, exceeding already existing provisions, equal to Euro 13.4 million, and charges incurred during the year for change management.

The detail of revenues, apportioned by market are shown hereunder.
Direct revenues and costs are allocated according to the relevant sector. Other revenues or income and central structural costs, not specifically identifiable to different markets, were allocated in relation to their contribution margins.

(in Euros)

Description	31.12.2021		31.12.2020		Change
		%		%	%
Total revenues					
Finance	234,808,165	+24.9	233,020,929	+26.6	+0.8
Public Administration	185,435,386	+19.7	166,406,002	+19.0	+11.4
Health	82,575,603	+8.8	68,038,137	+7.8	+21.4
Industry & Services	178,458,726	+18.9	158,331,389	+18.1	+12.7
Telco	102,031,627	+10.8	98,295,064	+11.2	+3.8
Utilities	158,840,791	+16.9	152,874,017	+17.4	+3.9
Net revenues	**942,150,298**	**+100.0**	**876,965,537**	**+100.0**	**+7.4**
Other revenues	33,326,008		34,998,155		-4.8
Total revenues	**975,476,306**		**911,963,692**		**+7.0**

OPERATING EXPENSES

(in Euros)

Description	2021	2020	Change	
			Absolute	%
Personnel costs	441,250,621	418,989,092	22,261,529	+5.3
Service costs	389,332,409	367,888,374	21,444,035	+5.8
Raw materials and consumables	15,651,921	21,734,820	(6,082,899)	-28.0
Amortisation and depreciation, provision	39,402,291	39,097,927	304,364	+0.8
Other costs	3,668,336	3,195,653	472,683	+14.8
Total operating expenses	**889,305,578**	**850,905,866**	**38,399,711**	**+4.5**

Operating expenses increased overall by around Euro 38 million, compared to 2020.

Personnel costs increased as a result of merit increases, higher provisions for unused holidays and leave, higher commissions and partly due to the increase in personnel during the year, as well as leaving incentives for employees who left early during the year.

Expenditure on services comprises mainly professional resources used in our production cycle as an element of flexibility and increases proportionally to the increase in revenues.

The item “Amortisation and depreciation and provisions” is substantially in line with the previous year, although during the year there were risk provisions offset by lower amortisation and depreciation and allocations to doubtful debt provision, for details of which please refer to the notes to the financial statements.

OPERATING PROFIT AND NET PROFIT

(in Euros)

Description	2021	2020	Change %
EBIT	**86,170,728**	**61,057,826**	**+41.1**
Financial income (expenses)	(5,633,134)	(7,796,823)	-27.8
Income/(expenses) from equity investments	(12,033,381)	6,452,451	-286.5
Profit before taxes	**68,504,214**	**59,713,453**	**+14.7**
% on revenues	+7.3%	+6.8%	
Income taxes	12,852,665	(106,173,746)	-112.1
Tax rate	+18.8%	-177.8%	
Net profit	**55,651,549**	**165,887,199**	**-66.5**
% on revenues	+5.9%	+18.9%	

Profit before taxes, amounting to Euro 68.5 million, includes the item “Financial income/(expenses)” and “Income/(expenses) from equity investments”, for the details of which reference is made to paragraphs 42 and 43 in the notes to the financial statements.

Net profit, after tax provisions, amounted to Euro 55.7 million, down 66.5%, mainly due to the positive effect of the realignment between higher book values as of 31 December 2019 and lower tax values recorded in 2020, as already highlighted in this report in the section “Main financial data”.

The tax rate stood at 18.8%.

IX. Statement of financial position

The cash flow statement presented below summarises the Company's cash flow movements according to the direct method. The cash flow statement is disclosed, as established by IAS 7, considering the assets and the liabilities of the companies acquired and/or sold and allocated to the relevant investing activity cash flow accounts. Only current cash and cash equivalents occurred over the year are thus shown.

(in Euros)

Description	2021	2020
Cash flow from operating activities		
Cash collected from the sales of products/services - third parties	1,068,139,260	954,164,396
Cash collected from the sales of products/services - Group	13,319,208	9,161,863
Cash paid for goods and/services - third parties	(377,171,159)	(398,101,182)
Cash paid for goods and/services - Group	(108,086,591)	(137,778,262)
Personnel costs	(436,615,649)	(413,734,144)
Interest received	42,815	23,649
Interest paid for operating activities	(369,199)	(537,945)
Exchange differences	(158,705)	(422,495)
Loans disbursed/received - Group companies	(51,847,088)	(125,000)
Loans repaid/collected - Group companies	2,100,000	3,000,000
Income tax payments and reimbursements	(28,237,322)	(15,750,835)
Cash pooling	5,104,868	52,744,219
A) Total cash flow from operating activities	**86,220,441**	**52,644,263**
Cash flow from investing activities		
Sale of property, plant and equipment	31,906	0
Purchase of property, plant and equipment	(3,679,532)	(4,529,645)
Purchase of intangible assets	(12,246,131)	(7,473,798)
Consideration paid for acquisition of business	(11,727,080)	(19,156,628)
Disposal of subsidiaries	0	550,000
Sale of other investments and securities	493,440	27,402
B) Total cash flow from investing activities	**(27,127,396)**	**(30,582,669)**
Cash flow from financing activities		
New loans	181,972,116	322,848,700
Repayment of loans	(133,937,509)	(414,656,725)
Dividends distribution	(63,000,000)	0
Acquisition of non-controlling interest	0	32,870,799
Interest paid for financing activities	(7,807,906)	(3,200,381)
Repayment of lease liabilities	(14,644,567)	(11,325,386)
C) Total cash flow from financing activities	**(37,417,866)**	**(73,462,992)**
D) Cash flow generated (absorbed) from assets held for distribution to owners	**(32,500,000)**	**0**
E) = (A + B + C + D) change in cash and cash equivalents	**(10,824,822)**	**(51,401,398)**
F) Cash and cash equivalents at beginning of year	**110,083,010**	**161,484,408**
G) = (E + F) cash and cash equivalents at end of year	**99,258,188**	**110,083,010**

Cash and cash equivalent at end of year recorded a balance of Euro 99.3 million, down by around Euro 11 million compared to the previous year. The cash flow from operating activities (Euro +86.2 million) fully covered the investment needs of the period (Euro -27.1 million), the negative flows of financing activities (Euro -37.4 million) and, for around Euro 22 million, the flow absorbed from discontinued operations (Euro -32.5 million).

NET FINANCIAL POSITION

(in Euros)

Description	31.12.2021	31.12.2020
Cash and cash equivalents	13,984	12,477
Bank and postal deposits	99,244,204	110,070,533
A) Cash and cash equivalents	**99,258,188**	**110,083,010**
B) Current financial receivables	**0**	**0**
Bank overdrafts (Bank overdrafts of bank accounts)	(66,787)	0
Short-term bank loans	(87,114,790)	(43,872,700)
Current lease liabilities	(15,851,118)	(12,924,512)
Other current financial liabilities	(12,761,162)	(7,218,297)
C) Current borrowing	**(115,793,857)**	**(64,015,509)**
D) Net current financial position	**(16,535,669)**	**46,067,501**
Non-current financial liabilities	(128,992,518)	(124,512,407)
Non-current lease liabilities	(107,540,901)	(121,802,068)
Other non-current financial liabilities	(170,664)	(98,294)
E) Non-current borrowing	**(236,704,083)**	**(246,412,769)**
F) Net financial position	**(253,239,752)**	**(200,345,268)**

For a better disclosure, item “Contingent consideration for business combinations” was reclassified in item “Other current and non-current liabilities”, excluding it from the Pro-forma net financial position.

The net financial position stood at Euro -253.2 million, up compared to the previous year (Euro -52.1 million), mainly due to a new short-term loan received at end of the year under evaluation.

Without the recognition of the payable for “Right of use of leased assets”, required by the IFRS 16 accounting standard, equal to Euro -123.4 million in 2021 (Euro -134.7 million in 2020) the net financial position would have recorded a balance of Euro -129.8 million (Euro -65.6 million in 2020) as better described in the table below “Pro-forma net financial position”.

PRO-FORMA NET FINANCIAL POSITION

(in Euros)

Description	31.12.2021	31.12.2020
Cash and cash equivalents	13,984	12,477
Bank and postal deposits	99,244,204	110,070,533
A) Cash and cash equivalents	**99,258,188**	**110,083,010**
B) Current financial receivables	**0**	**0**
Bank overdrafts (Bank overdrafts of bank accounts)	(66,787)	0
Short-term bank loans	(87,114,790)	(43,872,700)
Other current financial liabilities	(12,761,162)	(7,218,297)
C) Current borrowing	**(99,942,739)**	**(51,090,997)**
D) Net current financial position	**(684,550)**	**58,992,013**
Non-current financial liabilities	(128,992,518)	(124,512,407)
Other non-current financial liabilities	(170,664)	(98,294)
E) Non-current borrowing	**(129,163,182)**	**(124,610,701)**
F) Pro-forma net financial position	**(129,847,733)**	**(65,618,688)**

CENTRALISED TREASURY

The particular situation following the Covid-19 emergency and the difficulties linked to the various phases and methods of lockdown affected the management of current operations. In any case, the presence of important credit lines, the far consolidated adoption of cash pooling and the appropriate management of liquidity ensured that financial requirements were adequately covered.

The companies adhering to cash pooling managed by the Parent Company have, from time to time, used this instrument to meet their financial commitments when the latter were higher than their own liquidity. The other companies have financed themselves or, in special cases, they benefited from loans granted directly by the Parent Company or their holding company. In all cases they had easy access to the financial resources managed by the Parent Company, both in-house and from external sources, at rates they would not have been able to obtain independently on the market, also given the particular circumstances. The Group's rating and ongoing dialogue and discussion with the various banks permitted to take advantage of the best conditions offered based on real needs. The above resulted in the optimal allocation of financial resources within the Group and maximised efficiency in managing the working capital, thereby limiting financial charges.

The trend of cyclical cash flows, which historically characterises current operations, and the periodic operations of non-recourse factoring transactions have made it possible to limit recourse to short-term procurement transactions. During the year, hot money transactions were concluded, for which a weighted average annual rate of 0.060% was paid to the banks against an average monthly exposure of approximately Euro 32.7 million. Non-recourse factoring transactions, arranged on a quarterly basis, amount to a total of approximately Euro 88.8 million compared to Euro 74.6 million in 2020. In return for these transfers, the factoring companies were paid an average rate of 0.25% for commissions and interest, which had been 0.63% in 2020.

As part of the above-mentioned acquisition by the Bain Capital and NB Renaissance Funds, which involved the Group on 23 July 2020 and the related extraordinary transactions carried out, the loans granted by EIB, Banco BPM and by Banca IMI/Pool Banks to Engineering Ingegneria Informatica S.p.A. were repaid in advance for a total of Euro 203,041,919. The early repayment took place using part of the Company's cash and cash equivalents and part of a share capital increase of Euro 32.9 million and a loan of Euro 114.4 million disbursed by Centurion Bidco S.p.A., direct parent company of the Parent Company. Subsequently, on 13 October 2020, again as part of the extraordinary transactions relating to the acquisition, a new loan of Euro 15 million was disbursed by Banco BPM in favour of Engineering Ingegneria Informatica S.p.A. to support current operations. On 15 December 2021, a further loan of USD 50 million was granted to the Parent Company (equal to Euro 44.4 million) by the parent company Centurion Bidco in order to allow the acquisition of the company Movilitas by the subsidiary IT Soft USA Inc., and on 22 December 2021 a further loan of Euro 10 million was granted by Banco BPM to support normal operations. As of 31 December 2021, the residual debt of the medium/long-term loans for the Parent Company alone amounted to approximately Euro 21 million, including the new one already amortised, with approximately Euro 6.5 million of capital repayments to be made in the year 2022.
The above also shows the Group's care and attention cast in management of resources and cash flows to maintain an efficient working capital structure and confirms its ability to generate cash flows that are not only sufficient to remunerate and repay the debt, but that also indicate the ability for sustainable development, one of the objective units to measure its performance.

NET WORKING CAPITAL

The net working capital increased by Euro 8.0 million compared to 2020 (4.0%), amounting to Euro 205.8 million.
Overall, both current assets and current liabilities increased by 7.6% and 8.9%, respectively.
For a better disclosure, item “Contingent consideration for business combinations” was reclassified into item “Other current liabilities”.

(in Euros)

Description	31.12.2021	31.12.2020	Change	
			Absolute	%
Current assets				
Customer contract assets	175,033,161	151,656,430	23,376,731	+15.4
Deferred contract costs	4,457,989	7,040,137	(2,582,148)	-36.7
Trade receivables	543,939,068	524,056,744	19,882,324	+3.8
Other current assets	44,736,237	31,314,710	13,421,527	+42.9
Total	**768,166,455**	**714,068,021**	**54,098,434**	**+7.6**
Current liabilities				
Trade payables	(415,013,532)	(385,525,494)	(29,488,038)	+7.6
Other current liabilities	(147,312,801)	(130,667,462)	(16,645,340)	+12.7
Total	**(562,326,333)**	**(516,192,955)**	**(46,133,378)**	**+8.9**
Net working capital	**205,840,121**	**197,875,065**	**7,965,056**	**+4.0**

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

The Company’s balance sheet shows a very solid structure, with a ratio of 0.9 Shareholders’ Equity/Fixed Assets, in line compared to the previous year.
For a better disclosure, item “Contingent consideration for business combinations” was reclassified into item “Other current and non-current liabilities”.

(in Euros)

Description	31.12.2021	31.12.2020	Change	
			Absolute	%
Real estate property	17,584,802	17,026,995	557,806	+3.3
Right of use	116,381,798	129,009,243	(12,627,445)	-9.8
Intangible assets	492,080,754	491,430,638	650,116	+0.1
Goodwill	44,648,340	44,648,340	0	+0.0
Equity investments	208,250,800	179,245,885	29,004,915	+16.2
Fixed assets	**878,946,493**	**861,361,101**	**17,585,393**	**+2.0**
Short-term assets	768,166,455	714,068,021	54,098,434	+7.6
Short-term liabilities	(562,326,333)	(516,192,955)	(46,133,378)	+8.9
Net working capital	**205,840,121**	**197,875,065**	**7,965,056**	**+4.0**
Other non-current assets	23,900,600	36,324,521	(12,423,920)	-34.2
Post-employment benefits	(48,296,047)	(49,995,647)	1,699,599	-3.4
Other non-current liabilities	(38,968,074)	(37,029,195)	(1,938,879)	+5.2
Net capital employed	**1,021,423,094**	**1,008,535,845**	**12,887,248**	**+1.3**
Shareholders' equity	768,183,342	808,190,577	(40,007,235)	-5.0
(Available)/Financial indebtedness	253,239,752	200,345,268	52,894,484	+26.4
Total sources	**1,021,423,094**	**1,008,535,845**	**12,887,248**	**+1.3**

X. Significant events during the year

The significant events are detailed below:

- the option to adhere to the tax realignment, resolved by the Board of Directors of 2 March 2021 of all the existing misalignments in the financial statements as at 31 December 2019 resulting from Schedule RV of the corporate tax return form UNICO SC relating to the trademark, goodwill and other intangible assets resulted in the constraint of Euro 471,414,528, equal to the realignment net of the substitute tax, to unavailable reserves using the available reserves;

- on 12 March 2021, the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A. resolved to proceed with the distribution, in favour of the Sole Shareholder, of the merger reserve including earnings for an amount equal to Euro 17,000,000 (seventeen million);

- on 14 April 2021, Engineering Ingegneria Informatica S.p.A. acquired from the company CEDRO 1 a further 5% of the equity investment of OverIT S.p.A. (of which it already held 95%) for an amount of Euro 2,500,000 already paid as at 31 December 2021;

- on 30 April 2021, Engineering Ingegneria Informatica S.p.A. sold its equity investment in Consel S.r.l. - public & private - equal to 19%, to Safety 21 S.p.A.;

- on 13 May 2021, Engineering Ingegneria Informatica S.p.A. acquired 60% of the equity investment of Nexera S.p.A., with registered office in Naples, which operates in the ITC market, in the Public Administration and Large Accounts sectors and specialises in the provision of IT solutions for advanced security systems and healthcare, for an amount of Euro 3,600,000, of which Euro 2,579,826 already paid as at 31 December 2021;

- on 23 November 2021, Engineering acquired the entire equity investment in C Consulting S.p.A., a company based in Genoa, which operates in the software sale and development sector, becoming its Sole Shareholder for an amount of Euro 15,029,035, of which Euro 7,873,635 already paid as at 31 December 2021;

- with effect from 1 December 2021, the partial spin-off of the subsidiary OverIT S.p.A. and its subsidiaries from Engineering Ingegneria Informatica S.p.A. was implemented in favour of the beneficiary company Centurion Bidco 1 S.p.A. (former OverIT Bidco 1 S.r.l.). The value of the equity investment of the subsidiary OverIT S.p.A. as of 31 December 2020 had been reclassified under "Assets held for sale and held for distribution to owners" as required by IFRS 5.

XI. Shareholders and treasury shares

SHAREHOLDERS

The whole share capital of Engineering Ingegneria Informatica S.p.A. is held by Centurion Bidco S.p.A., as sole shareholder. In relation to the provisions of Article 2497-bis, paragraph 5, of the Italian Civil Code, it should be noted that no commercial transactions took place with Centurion Bidco S.p.A. during the year.

TREASURY SHARES

At the date of approval of this Financial Report, no treasury shares are owned by the Parent Company.

XII. Subsequent events to the year-end

The main events occurred after the reporting date are described hereunder:

- on 17 February 2022, the deed of merger by incorporation of the subsidiaries DEUS Technology S.r.l., Engiweb Security S.r.l., Engineering 365 S.r.l. into Engineering Ingegneria Informatica S.p.A. was signed, with civil law effects as of 1 March 2022 and retroactive accounting and fiscal effects as of 1 January 2022;

- on 1 March 2022 Engineering acquired 100% of the shares of Plusure S.p.A., a Milan-based company operating in the ICT market in the PLM (Product Lifecycle Management) sector;

- the Board of Directors meeting of 16 November 2021 approved the preliminary draft of the Reverse Merger project of the parent company Centurion Holdco S.à.r.l into Engineering Ingegneria Informatica S.p.A., which is expected to be completed during the first half of 2022 and will take effect retroactively from 1 January 2022;

- in February 2022, Russia launched a military operation by invading Ukrainian territory, and the consequences for the world's political and economic balance are unpredictable.
  The European Union and many other countries have implemented particularly stringent economic sanctions against Russia and Belarus, and more may be resolved later.
  Based on current evidence, at present the Company does not foresee any significant impact on trade relations, trade receivables collection and assets as our presence in these countries is practically nil.

XIII. Other information

TRANSACTIONS WITH RELATED PARTIES

Pursuant to IAS 24, enacting provisions concerning transactions with related parties, Engineering Ingegneria Informatica S.p.A. approved, through Board of Directors' resolution of 12 November 2010, the procedure for the identification and carrying out of Transactions with Related Parties. No transactions with related parties were recorded, with the exception of what is reported in the paragraph "Transactions with related parties" of the notes to the financial statements, to which reference is made.

MAIN RISKS AND UNCERTAINTIES

Engineering adopts specific procedures for the management of risk factors that might affect the Company's results. As in all companies, risk factors which may affect the Company's results exist and for this purpose numerous preventative actions have been put in place.
These procedures are the result of a management that has always aimed at maximising value for its shareholders by taking all necessary measures to prevent the risks inherent in the Company activities.

The internal control system and procedures referred to in this document are consistent with applicable guidelines prepared by relevant industry associations and international best practices.

These were fully and transparently implemented and with a sense of responsibility concerning internal and external relations, offering sufficient guarantees for correct and efficient management.

The risk factors described below should be read together with other information present in the financial statements.

EXTERNAL RISKS

A. Risks related to general economic conditions

As growth continues to be affected by the pandemic, many EU countries are suffering the combined effect of increased pressure on health systems and staff shortages due to illness, precautionary quarantine or care obligations. Logistical and supply problems, including shortages of semiconductors and certain metal raw materials, are also expected to continue to weigh on production, at least through the first half of the year. Finally, energy prices are expected to remain high for a longer period than estimated in the autumn forecast, exerting a greater dampening effect on the economy and increasing inflationary pressures.
This forecast assumes that the dampening effect of the current wave of contagion on the economy will be short-lived. Economic activity is seen recovering, helped by normalising supply conditions and reducing inflationary pressures. Looking beyond the short-term turmoil, it is clear that the fundamentals underpinning the current expansionary phase continue to be sound. Thanks to a steadily improving labour market, high household savings, still favourable financing conditions and the full implementation of the Recovery and Resilience Facility, the expansionary phase is expected to be robust and long-lasting.
Thanks to diversification carried out over the years, as regards both changes made to the business model and acquisitions of companies with specific expertise in strategic sectors, the Company is present in every market, by distributing its business volume and minimising risks connected with the crisis of one single market.

B. Risks related to the evolution of IT services

The crisis resulting from the spread of the Covid-19 pandemic is not just a health crisis. The response of the production sector has been towards an acceleration in the use of information technology. In this context, technological risks are mainly represented by the widening of the digital inclusion barriers, the so-called "digital divide", but also by the exponential rise in cyber attacks that increase the cybersecurity risk.
The Company has always known how to interpret changing customer needs due to considerable investments that allow intense research activity and the development and update of vertical applications that anticipate market demand. Thanks to continuous investments in R&D, the Company is able to mitigate risks related to the evolution in demand, which is treated as business opportunity.

C. Risks related to cybersecurity

Among the predictions that can be made about cybersecurity trends for this new year is that there will be more attacks, with more impacts. This is not, in itself, a sign of increased insecurity: digitisation continues, critical and economically relevant activities move further online and, of course, crime follows the money. The cyber escalation from and to the critical infrastructures of Russia and Ukraine raises the defensive alert in Italy also.

Our Group relies on computer networks and systems to securely process, transmit and store electronic information and to communicate internally and with customers, partners and suppliers. As the size and complexity of this infrastructure continue to grow, even with the use of mobile technologies, social media and cloud-based services, the potential risk of security breaches and cyber attacks increases. Such breaches could result in the shutdown or interruption of systems and potential unauthorised disclosure of sensitive or confidential information, including personal data. In the above cases, the Group could be exposed to potential liabilities, litigations and legal or other actions, as well as to loss of existing or potential customers, damage to brand and reputation, and other financial losses. Moreover, costs and operating consequences to tackle these breaches, and the implementation of correction measures, might be significant. As the information security business and landscape evolves, the Group may also deem it necessary to make further significant investments to protect data and infrastructure.

D. Risks related to competition

The information technology market is very competitive; this is encouraged, among other, by a fragmented context that is affected by deeply rooted local operators that can present offers at more competitive prices. Therefore, some competitors could acquire small market shares and expand their presence in the reference markets. Increased competition may also lead to lower prices and volumes, higher costs for resources, in particular personnel and, consequently, lower profitability. The Company may not be able to provide customers with quality services at competitive prices. Any inability to effectively compete would adversely affect activity, operating results, financial conditions and forecasts. Special attention was given by the Company on this issue and it developed a structure made up of specialised resources concerned with "the offer engineering", which allows the Company to develop valid economic proposals that take account of the deep and rapid technological changes, the evolution in professionalism, the expertise to be shared in rendering services and cost analysis.

E. Risks related to regulatory framework developments
The activity performed by the Company is not subject to particular segment regulations.

INTERNAL RISKS

A1. Risks related to the employment of key personnel
The Company has Executive Managers who play a decisive role in the management of the Company's activities and a management structure capable of ensuring continuity in the management of corporate activities even in the event of the immediate leave of one of the key persons to be adequately replaced.

B1. Risks related to dependence on customers
The Company offers services to around 2,000 medium and large companies operating on all markets (Public Administration, Healthcare, Finance, Insurance, Telco & Media, Industry and Utilities). The breakdown of business is fairly balanced and there are no significant positions relating to turnover concentration on individual customers.

C1. Risks related to contractual responsibilities towards customers
The Company develops solutions with a high technological content and high value and the relative underlying contracts may include the application of penalties for non-compliance with agreed timeframes and quality standards.
The Company has therefore signed insurance policies deemed as an adequate hedging against risks from third-party and contractual liability, for an annual ceiling of Euro 15 million and Euro 10 million per claim. In addition to the above coverage, additional policies are taken out for significant economic/financial projects to avoid negative impacts on the Company's economic/equity and financial position. Special attention was given to the issues related to cyber risks, in relation to which adequate measures were adopted in terms of hedging. If this insurance coverage is not adequate and the Company is deemed liable with respect to uncovered issues, the economic and equity situation of the Company might be negatively affected.

D1. Risks related to international expansion
For a number of years, the Company strategy has looked towards developing the process of internationalisation and economic and financial benefits are expected. The Company's companies operate in areas where there are no armed conflicts or border tensions. At present, the exposure towards foreign activities, in the order of 13% of total consolidated revenues, does not subject the Company to risks such as changes to local political and regulatory frameworks, as well as considerable currency fluctuations. However, these events could negatively affect the Company's growth prospects. This growth strategy is addressed at minimising the specific country risk by differentiating the offer and the investments in more attractive geographic regions from a business point of view.

E1. Risks associated with significant dependence on third parties
The Company's ability to serve its customers and provide and implement solutions largely depends on third party suppliers such as subcontractors, equipment component manufacturers, service providers and network providers who meet the Company's expectations in a timely and quality manner. Results may be materially and adversely affected and we may assume significant additional liabilities if one of the suppliers fails to meet its obligations or customer expectations, or if it terminates its relationship with the Company.

In particular, large and complex projects often require that we use subcontractors or that services and solutions integrate or fulfil the software, systems or infrastructure requirements of other suppliers and service providers, including companies with whom we collaborate.

FINANCIAL RISKS

By operating mainly in the Euro area the Company has limited exposure to exchange rate risk from transactions in foreign currency. Specific initiatives were taken and processes followed for commercial purposes in order to ensure the solvency of our clients; therefore, no significant credit risks exist since the financial counterparties are represented by leading customers considered solvent by the market.

A2. Credit risk

Credit risk is defined as the probable financial loss generated by the non-fulfilment by third parties of a payment obligation to the Company. Delays in payments by larger customers, requests for changes to their contractual payment agreements or breaches of payment obligations could adversely affect the Company's business, financial conditions and results of operations. The Company manages this risk through implementing policies aimed at ensuring the solvency of clients and limiting the exposure to credit risk of an individual client through evaluation and monitoring of the customer. Specifically, the Company does not have significant concentration of credit risks except in relation to those activities carried out for governmental bodies for which extended payment times are granted based on the payment policy adopted by the public bodies, which often do not fulfil the conditions established by contracts but however do not result in irrecoverable receivables. With regard to the receivables from the Sicilian Region in particular, also through Sicilia e-Servizi S.p.A., reference is made to the contents of paragraph "Trade receivables" in the notes to the financial statements.

B2. Liquidity risk

Liquidity risk is defined as the risk that the Company encounters difficulty to source the funds necessary to satisfy obligations related to financial liabilities. A prudent management of liquidity risk is carried out through monitoring cash flows, the need for financing and any liquidity excesses. A centralised treasury structure within the Company has been present for years, ensuring efficient management of financial resources and coverage of financial needs through the availability of funds obtainable through committed credit lines. The strategic objective pursued is to balance medium/long-term indebtedness with short-term operations, thus making it possible to manage peaks in the period. The difficult economic and financial environment requires particular attention to liquidity management and funding. In this regard, special care is taken by the Company with regard to cash flows from operations and the maintenance of an adequate level of available liquidity. This makes it possible to meet both the needs arising from financial payables falling due, and the expected investments.

C2. Exchange rate risk

Exchange rate risk is defined as the risk of the value of a financial instrument changes following exchange rate movements. 90% of transactions are carried out in the Euro area; therefore, exposure to exchange rate risks deriving from operations in currencies other than the function currency (Euro) is limited.

IFRS 7 requires the Company to introduce simulation and sensitivity analysis processes to value potential losses deriving from unfavourable changes in the sector environment concerning:

I. financial assets and liabilities at fair value through profit or loss or at amortised cost;
II. investments;
III. loans and receivables;
IV. revenues and margins in foreign currencies.

In particular, it is therefore considered that the exchange rate risk does not represent a significant issue with respect to the volumes present in the Company.

International factors

Regarding the Russia-Ukraine war, it can and should influence the volatility of exchange rates in Brazil. As everyone is hoping that the peace agreement will be finalised as soon as possible, the change in the exchange rate should be for a short period, returning to normal after the end of the war.

National factors

IGP – despite all the economic problems and Covid until 2021, the year closed with a positive IGP of 4.4% - the projection until 2022 is to close with a positive IGP of 1%.

Surplus on external accounts - the year 2021 ended with a surplus of USD 64 billion and helps the government to keep the exchange rate at acceptable levels, if necessary.

Presidential elections

This is probably the most significant factor which could lead to a very large increase in exchange rates depending on the course of the campaign during this year, bearing in mind that elections will be held in October 2022. This year there will be elections for president, governors, deputies and senators.

D2. Interest rate risk
Exposure to interest rate risk arises from the need to finance the Company's operating activities. Changes in interest rates can have a negative or positive impact on the Company's economic result, indirectly influencing costs and returns of the operations carried out.

E2. Market risk
Market risk is defined as the risk that the value of a financial instrument may change due to fluctuations in market prices. The Company does not have operations related to this risk, therefore the exposure is nil.

TAX CONSOLIDATION

The Company has adhered to the "National Tax Consolidation" as per Articles 117 et seq. of Presidential Decree no. 917 of 22 December 1986 with the parent company Centurion Newco S.p.A. as from tax year 2021.

TAX AUTHORITY RELATIONS

With reference to the dispute relating to the year 2013 regarding the assessment notice for the purposes of value added tax received by the company Enginering.IT (merged into Engineering Ingegneria Informatica S.p.A. in 2013), which contested the exemption of certain transactions carried out with Banca Antonveneta first and then Consorzio Operativo Gruppo Monte Paschi, the first instance ruling issued in November, which recognised the reasons put forward by the Company as well-founded, has become final due to the lack of an appeal by the Inland Revenue Office.

XIV. Conclusions and Shareholders' Meeting proposals

Net profit for the year amounted to Euro 55,651,549.

The Board of Directors proposes Shareholders to approve the 2021 Financial Statements and to allocate the net profit as follows:

Legal reserve:	Euro 450,000
Reserve for undistributed profit:	Euro 55,201,549

The Chairman, on behalf of the Board of Directors, points out that the financial statements are audited by the Independent Auditors Deloitte & Touche S.p.A..

STATEMENT OF FINANCIAL POSITION

(in Euros)

Statement of Financial Position - Assets	Note	31.12.2021	31.12.2020
A) Non-current assets			
Property, plant and equipment	4	17,584,802	17,026,995
Intangible assets	5	492,080,754	491,430,638
Right of use	6	116,381,798	129,009,243
Goodwill	7	44,648,340	44,648,340
Equity investments	8	208,250,800	179,245,885
Deferred tax assets	9	20,067,515	18,520,916
Other non-current assets	10	3,833,085	6,413,932
Total non-current assets		**902,847,094**	**886,295,948**
B) Assets held for sale and held for distribution to owners	**11**	**0**	**11,389,673**
C) Current assets			
Inventory			0
Customer contract assets	12	175,033,161	151,656,430
Of which related parties		11,700,265	12,357,610
Deferred contract costs	13	4,457,989	7,040,137
Trade receivables	14	543,939,068	524,056,744
Of which related parties		160,384,029	110,519,170
Other current assets	15	44,736,237	31,314,710
Cash and cash equivalents	16	99,258,188	110,083,010
Total current assets		**867,424,643**	**824,151,031**
Total assets (A + B + C)		**1,770,271,736**	**1,721,836,652**

(in Euros)

Statement of Financial Position - Liabilities	Note	31.12.2021	31.12.2020
D) Shareholders' equity			
Share capital	18	34,095,537	34,095,537
Reserves	19	542,783,148	542,783,148
Retained earnings/(losses carried forward)	20	135,653,107	65,424,693
Profit/(loss) for the year		55,651,549	165,887,199
Total shareholders' equity	**17**	**768,183,342**	**808,190,577**
E) Non-current liabilities			
Non-current financial liabilities	21	129,163,182	124,610,701
Non-current lease liabilities	22	107,540,901	121,802,068
Deferred tax liabilities	23	22,369,097	20,143,241
Other non-current liabilities	24	16,598,977	16,885,954
Post-employment benefits	25	48,296,047	49,995,647
Total non-current liabilities		**323,968,204**	**333,437,610**
F) Liabilities held for sale and held for distribution to owners			
G) Current liabilities			
Current financial liabilities	26	99,942,739	51,090,997
Current lease liabilities	27	15,851,118	12,924,512
Current tax payables	28	8,665,899	10,090,735
Current provisions for risks and charges	29	7,401,419	2,729,032
Other current liabilities	30	131,245,483	117,847,695
Of which related parties		456,899	1,040,963
Trade payables	31	415,013,532	385,525,494
Of which related parties		153,123,247	161,386,973
Total current liabilities		**678,120,190**	**580,208,465**
H) Total liabilities (E + F + G)		**1,002,088,394**	**913,646,075**
Total liabilities & shareholders' equity (D + H)		**1,770,271,736**	**1,721,836,652**

INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT

(in Euros)

Income statement	Note	2021	2020
A) Total revenues			
Revenues		942,150,298	876,965,537
Other revenues	33	33,326,008	34,998,155
Total revenues	32	**975,476,306**	**911,963,692**
Of which related parties		40,223,525	36,917,375
B) Operating expenses			
Raw materials and consumables	36	15,651,921	21,734,820
Service costs	37	389,332,409	367,888,374
Personnel costs	38	441,250,621	418,989,092
Amortisation and depreciation	39	33,494,967	37,245,745
Provisions	40	5,907,325	1,852,182
Other costs	41	3,668,336	3,195,653
Total operating expenses	**35**	**889,305,578**	**850,905,866**
Of which related parties		114,179,834	115,049,622
C) Operating profit (A - B)		**86,170,728**	**61,057,826**
Other financial income		4,311,813	3,177,247
Other financial expenses		9,944,947	10,974,071
D) Net financial income (expenses)	**42**	**(5,633,134)**	**(7,796,823)**
Of which related parties		212,553	418,247
E) Total income/(expenses) from equity investments	**43**	**(12,033,381)**	**6,452,451**
F) Profit before taxes (C + D + E)		**68,504,214**	**59,713,453**
G) Income taxes	44	12,852,665	(106,173,746)
H) Profit/(loss) from continuing operations		**55,651,549**	**165,887,199**
I) Profit/(loss) from discontinued operations, net of tax effect			
L) Profit/(loss) for the year		**55,651,549**	**165,887,199**

(in Euros)

Comprehensive income statement	Note	2021	2020
L) Income for the year		**55,651,549**	**165,887,199**
M) Other comprehensive income statement items			
Actuarial gains/(losses) of employee defined plans		(1,137,911)	386,041
Tax effect related to other income/(loss) which will not be reclassified in income/(loss) for the year		273,099	(92,650)
Total other comprehensive income/(loss) which will not be reclassified in income/(loss) for the year, net of tax effect		**(864,812)**	**293,391**
Total other comprehensive income/(loss), net of tax effect		**(864,812)**	**293,391**
O) Total comprehensive income for the year (L + M + N)		**54,786,737**	**166,180,590**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in Euros)

Description	Share capital	Reserves	Retained earnings/ (losses carried forward)	Profit for the year	Shareholders' equity
Note	**18**	**19**	**20**		**17**
Balance as of 01.01.2020	**31,875,000**	**541,482,307**	**11,026,328**	**14,734,490**	**599,118,125**
Net profit for the year				165,887,199	165,887,199
Other net comprehensive items			293,391		293,391
Comprehensive income for the year	**-**	**-**	**293,391**	**165,887,199**	**166,180,590**
Allocation of the residual result of the previous year to retained earnings	-		14,734,490	(14,734,490)	-
Share-based compensation plans	-	(29,349,420)	39,370,483		10,021,063
Share premium reserve	2,220,537	30,650,262			32,870,799
Transactions with shareholders and other movements	**2,220,537**	**1,300,842**	**54,104,973**	**(14,734,490)**	**42,891,862**
Balance as of 31.12.2020	**34,095,537**	**542,783,148**	**65,424,693**	**165,887,199**	**808,190,577**
Net profit for the year				55,651,549	55,651,549
Other net comprehensive items			(864,812)		(864,812)
Comprehensive income for the year	**-**	**-**	**(864,812)**	**55,651,549**	**54,786,737**
Allocation of the residual result of the previous year to retained earnings			165,887,199	(165,887,199)	0
Dividends distribution			(63,000,000)		(63,000,000)
Change in interests for assets and liabilities held for distribution to owners			(31,793,973)		(31,793,973)
Transactions with shareholders and other movements	**-**	**0**	**71,093,226**	**(165,887,199)**	**(94,793,973)**
Balance as of 31.12.2021	**34,095,537**	**542,783,148**	**135,653,107**	**55,651,549**	**768,183,342**

CASH FLOW STATEMENT

The cash flow statement, drafted based on the direct method, summarises the cash flow movements.

(in Euros)

Description	2021	2020
Cash flow from operating activities		
Cash collected from the sales of products/services - third parties	1,068,139,260	954,164,396
Cash collected from the sales of products/services - Group	13,319,208	9,161,863
Cash paid for goods and/services - third parties	(377,171,159)	(398,101,182)
Cash paid for goods and/services - Group	(108,086,591)	(137,778,262)
Personnel costs	(436,615,649)	(413,734,144)
Interest received	42,815	23,649
Interest paid for operating activities	(369,199)	(537,945)
Exchange differences	(158,705)	(422,495)
Loans disbursed/received - Group companies	(51,847,088)	(125,000)
Loans repaid/collected - Group companies	2,100,000	3,000,000
Income tax payments and reimbursements	(28,237,322)	(15,750,835)
Cash pooling	5,104,868	52,744,219
A) Total cash flow from operating activities	**86,220,441**	**52,644,263**
Cash flow from investing activities		
Sale of property, plant and equipment	31,906	0
Purchase of property, plant and equipment	(3,679,532)	(4,529,645)
Purchase of intangible assets	(12,246,131)	(7,473,798)
Consideration paid for acquisition of business	(11,727,080)	(19,156,628)
Disposal of subsidiaries	0	550,000
Sale of other investments and securities	493,440	27,402
B) Total cash flow from investing activities	**(27,127,396)**	**(30,582,669)**
Cash flow from financing activities		
New loans	181,972,116	322,848,700
Repayment of loans	(133,937,509)	(414,656,725)
Dividends distribution	(63,000,000)	0
Acquisition of non-controlling interest	0	32,870,799
Interest paid for financing activities	(7,807,906)	(3,200,381)
Repayment of lease liabilities	(14,644,567)	(11,325,386)
C) Total cash flow from financing activities	**(37,417,866)**	**(73,462,992)**
D) Cash flow generated (absorbed) from assets held for distribution to owners	**(32,500,000)**	**0**
E) = (A + B + C + D) change in cash and cash equivalents	**(10,824,822)**	**(51,401,398)**
F) Cash and cash equivalents at beginning of year	**110,083,010**	**161,484,408**
G) = (E + F) cash and cash equivalents at end of year	**99,258,188**	**110,083,010**

Notes to the Financial Statements

1 General information

Engineering Ingegneria Informatica S.p.A., with registered office in Rome, Piazzale dell'Agricoltura 24, is one of Italy's leading Information Technology service providers.

Engineering S.p.A.'s market consists of medium-large customers in all major market segments, both in the private (banks, insurance companies, Industry, Services and Telecommunications and Utilities) and in the public sector (local and central Public Administration).

On 23 July 2020, following the obtainment of the authorisations from the competent Regulatory Authorities, Bain Capital Private Equity ("Bain Capital") and NB Renaissance Partners ("NBRP"), a company part of Neuberger Berman dedicated to private equity investments in Italy, completed the acquisition of Engineering Ingegneria Informatica S.p.A.. In the transaction NBRP and Bain Capital invest with a 50% equal share. As part of the transaction, the former shareholders, i.e. NBRP and the funds managed by Apax Partners, sold all of their equity investments. NBRP re-invested in the Company together with Bain Capital, through new capital from different funds.

The whole share capital of Engineering Ingegneria Informatica S.p.A. is held by Centurion Bidco S.p.A., as sole Shareholder. The Company is subject to management and coordination by Centurion Holdco S.à r.l..

These financial statements as of 31 December 2021, were approved by the Board of Directors during the meeting held on 23 March 2022.

With the swift development of the Coronavirus epidemic, many countries have imposed limitation or suspension of certain commercial activities and adopted travel restrictions and quarantine measures ("Containment measures").
In this context, preceding the decree of the Italian Government, which came into force on 23 March 2020, and temporarily suspended all non-essential production activities, Engineering has progressively limited activities to customers and/or operating offices being able to work in smart working. Indeed, the use of cloud systems and advanced individual productivity systems have allowed a rapid reconfiguration of activities in smart working mode ensuring the safety of the Company's employees and the continuation of the activities contracted with customers. In addition, Engineering as part of its activities is able to manage remotely the workstations of customers turning them into a "Digital Workplace"; this technology helps and supports the new way of working required in the current scenario.
In the current complex market situation, we are focused on supporting our clients, the Italian Government and in particular the Italian Halthcare sector, in order to best meet their needs.
In this context, all sectors are increasing demands for digitisation, from Digital Workplace to remote maintenance, as well as using data management platforms to facilitate decisions.
The diversification of the sectors in which the Company's customers operate (Public Administration, Finance, Health, Industry, Transportation, Telco & Media, Energy & Utilities) permits us to confirm the medium and long-term scenarios. There is no obvious risk of impairment of the values recorded in the financial statements as of 31 December 2021.

Major national and global economic disturbances were caused by the Covid-19 pandemic.
Based on our current assessment of the pandemic, we do not foresee any material impact on the expected development timing or on liquidity due to the worldwide spread of the Covid-19 virus, and similarly we do not recognise any asset impairment due to Covid-19.
In line with the previous year, the Company continued to promote remote working essentially for all of our employees. In the first 6 months of 2021, we reduced our travel costs and laid off a limited number of employees related to specific projects or functions (e.g. our internal travel management structure).
The impact of the Covid-19 pandemic on our supply chain is modest as our suppliers and partners are able to operate on a remote basis and our dependence on physical product deliveries is minimal.

Also in view of the decisions taken by the Government or being implemented in relation to Covid-19, which foreshadow a rapid return to normality and a gradual improvement in the economic climate, the Directors have determined that there are no critical issues regarding the ability to continue to operate and meet its obligations for the foreseeable future.

As part of the criminal proceeding no. 33849/18 r.g. n.r. pending before the Public Prosecutor's Office of the Court of Milan for facts abstractly referable to Articles 319, 319 bis and 353 of the Italian Criminal Code, on 23 June 2021, the Company received a notice of investigation concerning its inclusion in the register of criminal information pursuant to Legislative Decree no. 231/2001. The Company, which has always been (and still remains) totally uninvolved in the facts that gave rise to the criminal proceeding referred to above, has not been subject to precautionary or prohibitory measures of any kind, certainly not such as to prevent the Company from contracting with the Public Administration. The Company has implemented all appropriate self-cleaning measures.

The Public Prosecutor served the notice of conclusion of the preliminary investigation pursuant to Article 415-bis of the Code of Criminal Procedure on 1 December 2021. The measure reveals the removal of the positions of two of the seven persons involved, on whom the Company had, respectively, imposed a minimum disciplinary sanction and no sanction.
Following the receipt of the notice of conclusion of the preliminary investigations, on 1 February 2022 the Company's defence counsel filed a defence brief in which the compliance system adopted by the Company was illustrated and the activities carried out since the date of knowledge of the criminal proceedings in progress were highlighted. The Chairman of the Company's Supervisory Board was willing to meet for a hearing to illustrate Engineering's compliance system and the activities carried out by the Supervisory Board to monitor it.

1.1 SIGNIFICANT OPERATIONS

- The option to adhere to the tax realignment, resolved by the Board of Directors of 2 March 2021 of all the existing misalignments in the financial statements as at 31 December 2019 resulting from Schedule RV of the corporate tax return form UNICO SC relating to the trademark, goodwill and other intangible assets resulted in the constraint of Euro 471,414,528, equal to the realignment net of the substitute tax, to unavailable reserves using the available reserves.

- On 12 March 2021, the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A. resolved to proceed with the distribution, in favour of the Sole Shareholder, of the merger reserve including earnings for an amount equal to Euro 17,000,000.00 (seventeen million/00).

- On 14 April 2021, Engineering Ingegneria Informatica S.p.A. acquired from the company CEDRO 1 a further 5% of the equity investment of OverIT S.p.A. (of which it already held 95%) for an amount of Euro 2,500,000 already paid as of 31 December 2021.

- On 30 April 2021, Engineering Ingegneria Informatica S.p.A. sold its equity investment in Consel S.r.l. – public & private – equal to 19%, to Safety 21 S.p.A..

- On 13 May 2021, Engineering Ingegneria Informatica S.p.A. acquired 60% of the equity investment of Nexera S.p.A., with registered office in Naples, which operates in the ITC market, in the Public Administration and Large Accounts sectors and specialises in the provision of IT solutions for advanced security systems and Healthcare, for an amount of Euro 3,600,000, of which Euro 2,579,826 already paid as of 31 December 2021.

- On 23 November 2021, Engineering acquired the entire equity investment in C Consulting S.p.A., a company based in Genoa, which operates in the software sale and development sector, becoming its Sole Shareholder for an amount of Euro 15,029,035, of which Euro 7,873,635 already paid as of 31 December 2021.

- With effect from 1 December 2021, the partial spin-off of the subsidiary OverIT S.p.A. from Engineering Ingegneria Informatica S.p.A. was implemented in favour of the beneficiary company Centurion Bidco 1 S.p.A. (currently OverIT S.p.A. Bidco 1 S.r.l.). The value of the equity investment of the subsidiary OverIT S.p.A. as of 31 December 2020 had been reclassified under "Assets held for sale and held for distribution to owners" as required by IFRS 5.

2 Form, contents and accounting standards

These financial statements as of 31 December 2021 have been prepared under International Financial Reporting Standards (IFRS), as defined hereinafter, issued by the International Accounting Standards Board (hereinafter IASB) and adopted by the European Commission as per the procedure set down by Article 6 of Regulation (EC) 1606/2002 of the European Parliament and the European Council of 19 July 2002. The IFRS Standards also include all International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Standard Interpretations Committee, previously named "Standard Interpretations Committee" (SIC). The IFRS standards have been applied consistently with the periods disclosed herein and, taking account of the best literature on this issue, any future directions and interpretation updates will be reflected in the following financial statements, according to modalities envisaged from time to time by the reference standards.

These financial statements are expressed in Euro and, in compliance with IAS 1 "Presentation of Financial Statements" include the statement of financial position, the income statement and the comprehensive income statement, the statement of changes in shareholders' equity, the cash flow statement and the related explanatory notes.
The standards utilised are the same for the preparation as the last annual financial statements and were applied in a uniform manner.
In the statement of financial position, assets and liabilities are classified according to the "current/non-current" criterion with separation of assets and liabilities held-for-sale.

Current assets are those held for sale or used in the normal business operating cycle of the Company, or in the twelve months following the year-end.

Current liabilities are expected to be settled in the normal operating cycle or within twelve months following the year-end.
The income statement is classified according to the nature of the costs while the cash flow statement uses the direct method.

The tables of the statement of financial position, of the income statement and of the cash flow statement highlight transactions with related parties.
The transactions with related parties concern subsidiaries, associated companies and Directors and Executives with strategic responsibilities. Reference is made to paragraph "Transactions with related parties".

For each item of the statements, the corresponding figure of the previous year is disclosed for comparison purposes. For a better disclosure, some equity items, which had an impact also on the presentation of amounts in the tables referred to the previous year, were reclassified.

The financial statements are accompanied by the Directors' Report prepared by the Board of Directors in compliance with Article 2428 of the Italian Civil Code, which contains more detailed information on Company operations and significant events after the year-end.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in compliance with IFRS also requires the use of estimates and assumptions in determining the values of the assets and liabilities, costs and revenues and contingent assets and liabilities. The estimates and assumptions are based on the best information available at the reporting date and on prior experience where the book value of assets and liabilities is not easily inferable from other sources.
However, actual results could differ from those estimates. Estimates and assumptions periodically revised and changes are immediately reflected in the income statement.
The items that are mostly influenced by estimates are the calculation of amortisation/depreciation, impairment tests on assets (including measurement of receivables), provisions for allocations, employee benefits, fair value of financial liabilities, deferred tax assets and liabilities and customer contracts assets. For a better understanding of the financial statements, the main estimates utilised in the drawing up of the financial statements are shown hereunder and involve the use of subjective opinions, assumptions and

estimates related to issues that are uncertain by nature. The changes in conditions underlying the opinions and assumptions might have a significant impact on the following financial years.

Impairment of assets (Goodwill Euro 44.6 million and Trademark Euro 453 million)

As explained in more detail in paragraph 7 hereof, for the calculation of the value in use of Cash Generating Units, the Company has taken into account, with reference to the specified period, the expected trends resulting from the budget for 2022 and, for subsequent years, the forecasts included in the 2023-2025 multi-year plan. The impairment test carried out based of these forecasts confirmed the values recorded in the financial statements.

Trade receivables

The Management carefully reviews the outstanding trade receivables, also considering their seniority, collection time and credit risk coverage. The specific and general impairment losses recognised are based on the Management's best estimates at the reporting date.

Receivables factored through non-recourse factoring transactions, according to which the final transfer to the transferee was carried out in relation to risks and benefits of factored receivables, were derecognised from the financial statements upon their transfer. Receivables that were instead factored through with recourse factoring transactions were not written off from the financial statements.

In 2021, the Company did not encounter any problems with the collection of trade receivables. All market segments do not report any specific problems in relation to the persistent Covid-related emergency and most of the customers are large companies with primary creditworthiness.

After evaluating the historical and forward-looking information, the Company believes that there is no significant impact on the expected credit losses.

Lease term

The Company analysed all the lease agreements, defining the lease term for each of them, given by the "non-cancellable" period together with the effects of any extension or early termination clauses, the exercise of which was deemed reasonably certain. Specifically, for real estate, this evaluation considered the specific facts and circumstances of each activity. As for the other categories of goods, mainly company cars and equipment, the Company has generally deemed it unlikely to exercise any extension or early termination clause in consideration of the practice usually followed by the Company. For the buildings, the Company, in assessing the lease terms, chose, based on business development plans, to consider, in addition to the non-cancellable period, the first renewal period as reasonably certain, not believing that there were facts or circumstances that led to consider additional renewals as reasonably certain.

Deferred tax assets

The recoverability of deferred tax assets is subject to the achievement of sufficiently large future taxable profits for the absorption of the aforementioned tax losses or to the competition of the deferred taxation connected to the other deferred tax assets. Significant management assessments are required to determine the amount of deferred tax assets that can be recognised in the financial statements based on the timing and amount of future taxable income. In particular, it should be noted that deferred tax assets have been recorded on past tax losses for the portion estimated as recoverable against future taxable income shown in the updated strategic plans of the Company, also as a consequence of the fact that tax losses may be carried forward indefinitely.

3 Accounting principles

These financial statements have been prepared on a going concern basis, as the Directors have verified that there are no financial, management or other indicators that could report critical issues regarding the Company's ability to meet its obligations in the foreseeable future. A description of how the Company manages financial risks, including liquidity and capital risks, is provided in Note 3.27.
These financial statements were prepared using measurement criteria based on historical cost, with the exception of the measurement at fair value of the derivative financial instrument hedging the variable interest rate risk relating to an existing loan.
The policies adopted in the preparation of these financial statements are described below.

3.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include assets with long-term use held for the production or supply of goods and services, to be used under lease or for administrative purposes. This definition does not include property held principally or exclusively for rental purposes or for capital appreciation or for both of these reasons ("Investment property").
Property, plant and equipment are recognised at acquisition cost. The acquisition cost is the fair value of the price paid and any other cost directly related and necessary for the correct functioning of the asset with regard to the use for which it was acquired.
The capitalisation of costs relative to the expansion, modernisation or improvement of the structural elements whether owned or leased is solely made within the limits established to be separately classified as assets or part of an asset. Financial expenses incurred for the acquisition of tangible fixed assets are never capitalised.

Land, both with and without civil and industrial buildings, is recorded separately and is not depreciated as it has an indefinite useful life.
Property, plant and equipment are recorded net of the relative accumulated depreciation and any impairment. The amount to be depreciated is comprised of the carrying amount gross of depreciation and net of write-downs. Given the uniformity of the assets included in the various categories, the useful life by category is as follows (except in specific cases):

Category	Useful life
Land	Indefinite
Buildings	33 years
Plant and machinery	3 - 6 years
EDP	3 - 6 years
Furniture, office machinery and equipment	6 - 8 years
Motor vehicles	4 years

Property, plant and equipment are depreciated on a straight-line basis over the useful estimated life of the asset which is reassessed and re-defined at least at the end of each financial year in order to take any changes into account.
The book value of a tangible fixed asset is recognised within the value limits that this asset may recover through use. Wherever evidence indicates that difficulties may exist in the recovery of the net book value, an impairment test is carried out.
Depreciation starts when the asset is available and ready for use.

At the time of sale, or when there are no expected future economic benefits from the use of an asset, it is derecognised from the financial statements and any loss or gain (calculated as the difference between sale price and the book value) is recorded to the income statement.

3.2 INTANGIBLE ASSETS

The intangible assets, all with definite useful life with the exception of the Trademark, are recognised where identifiable, are controlled by the Company and are able to produce future economic benefits.

Intangible assets are initially recognised at acquisition or production cost. The acquisition cost is the fair value of the price paid to acquire the asset and any other direct costs incurred to prepare the asset for use. For intangible assets generated internally, the generation of the asset is broken down into the periods of research (non-capitalised) and the period of development (capitalised). Where the two periods are indistinguishable, the entire project is considered as research and is recorded directly to the income statement.
Realised assets are amortised upon their occurrence or when they are sold. Until that date they are classified under assets in progress.
Financial expenses incurred to acquire an intangible asset are never capitalised.

After initial recognition, intangible assets are recognised on a cost basis, net of accumulated amortisation and any impairment. Amortisation is applied on the straight-line basis over the period of expected use. Given the homogeneity of the assets included within financial statement categories, with the exception of specific significant cases, the useful lives per category are as follows:

Category	Useful life
Development costs	3 - 5 years
Software	3 - 8 years
Rights, patents and licenses	3 - 8 years
Trademark	Indefinite
Other	2 - 5 years

The amortisation criteria as well as useful lives and residual values are reassessed and re-defined at least at the end of each financial year in order to take any significant changes into account.
The book value of an intangible fixed asset is recognised within the value limits that this asset may recover through use. Wherever evidence indicates that difficulties may exist in the recovery of the net book value, an impairment test is carried out.

The intangible assets, all with definite useful life are recognised where identifiable, are controlled by the Company and are able to produce future economic benefits.

Software
Costs directly associated with information technology products, created internally or acquired from third parties are capitalised as intangible assets provided that the following is met:

- the technical feasibility and intention to complete the product in order that the latter may be available for use or sale;
- the capacity to use or sell the product;
- a definition of the manner by which the product will generate probable and future economic benefits (the existence of a market for the product, or its internal use);
- the availability of adequate technical, financial and other resources for the purposes of completing the development and the use/sale of the product;
- the capacity to reliably estimate the cost attributable to intangible assets during development of the product.

Expenses for substantial updating of products are capitalised as improvements and added to the original cost of the software, as well as development costs that improve product performance or upgrade the product to regulatory requirements.

Rights, patents and licenses
Costs associated with the purchase of concessions, patents, licenses and trademarks are capitalised under intangible fixed assets. The cost comprises the fair value of the price paid to acquire the right and any other direct costs incurred for its adaptation or for implementation within the operating or productive context of the entity. The period of amortisation does not exceed the lower between the useful life and the duration of the legal/contractual rights.

3.3 LEASING

On 13 January 2016, the IASB published the standard IFRS 16 – Leases, which replaces the standard IAS 17 – Leases, as well as the interpretations IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The principle provides a new definition of a lease and introduces a criterion based on the right to control (right of use) an asset to distinguish contract leases from contracts for the provision of services, by identifying as discriminating features of leases: the identification of the asset, the right to replace the asset, the right to obtain substantially all the economic benefits arising from the use of the asset and, finally, the right to direct the use of the asset underlying the contract.

The standard establishes a single model for the recognition and measurement of leases for the lessee, whereby the leased asset, including operating assets, is recognised as an asset with a balancing entry of a financial liability. Conversely, the standard does not envisage material changes for lessors.

Accounting for the lessee
At the date of initial recognition, the lessee will recognise the asset (a right of use) covered by the contract at the same value attributed to the related financial liability, adding other components of direct costs and any advance fees. The lessee shall determine the duration of the lease, which shall begin on the date on which the asset is available for use, to which shall be added any periods covered by an option to extend/resolve the lease, if the lessee is reasonably certain to exercise/not to exercise that option.

The liability relating to the lease contract is recognised at the present value of the lease payments due, discounted using the interest rate implicit in the lease contract or, if it is not available, the Company uses its incremental borrowing rate, i.e. the interest rate that it is prepared to pay to finance itself in order to obtain the right to use an asset with the same characteristics as the lease contract.

The liability is subsequently restated to take account of any new valuations or changes in the lease or revision of substantially fixed payments, it is reduced as a result of payments and is increased to reflect interest. Variable payments that do not depend on indices or rates and are therefore not reflected in the liability relating to the lease contract must be recorded in the income statement when the instalment is paid.

The right of use is depreciated on a systematic basis over the term of the lease contract. If the lease provides for the transfer of ownership or a redemption option whose exercise is considered reasonably certain at the end of the contract, the right of use is depreciated over the useful life of the asset.
The Company restates the value of the Lease liabilities (and adjusts the value of the corresponding right of use) if there is:

- a change in the duration of the lease or there is a change in the assessment of the exercise of the option right; in this case, the lease liability is recalculated by discounting the new lease payments at the revised discount rate;
- a change in the value of the lease payments following changes in the indices or rates, in such cases the Lease liability is recalculated by discounting the new lease payments at the initial discount rate (unless the payments due under the leases change as a result of interest rate fluctuations, in which case a revised discount rate must be used);
- a lease agreement has been modified and the modification is not included in the case studies for the separate recognition of the lease agreement. In such cases, the lease liability is recalculated by discounting the new lease payments at the revised interest rate.

Lease-related incentives (e.g. rent-free periods) are recognised as part of the initial value of the right of use and lease liability over the contractual period.

A provision for risks is made in compliance with the provisions of IAS 37 in the event that the Company is obliged to bear the costs for dismantling and removing the leased asset, restoring the site where the asset is leased or restoring the asset under the conditions required by the terms of the contract. These costs are included in the value of the Right of use.

The right of use is subject to the impairment process provided for by IAS 36 in case of indicators of a loss in value.

This value will also change as a result of new valuations or changes in the liability relating to the lease contract. In the statement of the cash flow statement, the Company divides the total amount paid between the principal portion (recognised in the cash flow deriving from financial activity) and the interest portion (recognised in the cash flow deriving from operations).

Cases of exclusion from the application of IFRS 16
The Company has decided not to recognise assets for the right of use and liabilities related to leasing:

- short term (equal to or less than one year);
- leasing of low value assets (identified below Euro 5,000).

Therefore, the Company recognises the payments due relating to the aforementioned leases as a cost on a straight-line basis over the lease term.

Lease accounting for the lessor
If the lease has the characteristics of a loan, the Company recognises under financial receivables the amount of the lease payments to be received and distributes the gross collections so as to obtain a constant rate of return based on the net investment method.
If, on the other hand, the lease has the characteristics of an operating lease, the Company will continue to keep the asset under its fixed assets and will record the collections as income on a straight-line basis over the lease term. The costs incurred to obtain the contract are considered as accessory charges to the leased asset.

3.4 GOODWILL

Goodwill is the excess of an acquisition cost in comparison to the company share of the fair value of the identifiable assets and liabilities at the acquisition date.
Goodwill from the acquisition of companies for payment is not amortised and is subject to an impairment test at least once a year. For this purpose, goodwill is allocated to one or more Cash Generating Units (CGU). Potential reductions in value emerging from the impairment test are not reversed in subsequent periods.
In the case of the sale of assets (or part of an asset) of a CGU, any goodwill associated is included in the book value of the asset in order to determine the profit or loss from sale in proportion to the value of the CGU sold. Goodwill relating to associated companies or other companies is included in the book value of these companies.

At each period-end, goodwill is subject to an impairment test and is adjusted for any loss in value. Any impairment is booked directly to the income statement.

For this purpose and in line with acquisitions of previous years, the different Cash Generating Units have been identified, which respect the independence criteria in the organisational structure and the independent capacity to generate cash flow, and are then measured using impairment test.

A Current Value is determined for the relevant asset using a Discounted Cash Flow Model (DCF) based on the end of year account situation for each CGU. The Current Value is compared with the net book value and goodwill recorded in the financial statements to determine whether it is necessary to write-down the investment and record a loss in the financial statements.

3.5 LOSS IN VALUE OF AN ASSET (IMPAIRMENT)

An impairment is established wherever the book value of an asset is greater than the recoverable value. Where indicators of an impairment exist, an estimate of the recoverable value of the asset is made (impairment test) and any write-down is applied. An impairment test is carried out at least annually for indefinite useful life assets, irrespective of the existence of such indefinite useful life indicators.

The recoverable value of an asset is recorded at the greater of its fair value, net of sales costs, and its usage value. The recoverable value is calculated for each individual asset, unless it is not capable of generating cash flows from continuous use sufficiently independent of cash flows generated from other assets or groups of assets, in which case the test is carried out at the level of the smallest independent Cash Generating Unit (CGU) which comprises the relevant assets.

3.6 BUSINESS COMBINATIONS

In IFRS 3, business combinations are defined as "a transaction or other event in which a purchaser obtains control of one or more businesses".
A business combination can be created through various procedures based on legal, fiscal or other motives. It may also involve the acquisition by an entity of share capital of another entity, acquisition of the net assets of another entity, assuming of the liabilities of another entity or the acquisition of part of the net assets of another entity which, combined, establish one or more company activities. The combination may be realised through issue of instruments representing share capital, the transfer of cash or other liquid assets or other assets, or by a combination of the above. The operation may take place between shareholders of an entity which combine or between an entity and shareholders of another entity. It may entail the incorporation of a new entity that controls the entities taking part in the combination or net assets transferred or the restructuring of one or more of the participating entities.

The business combinations are recorded under the acquisition method. This method considers that the acquisition price must be reflected in the value of the assets of the entity acquired and this allocation must be at fair value (of the assets acquired and of the liabilities assumed) and not of their book value. The possible difference (if negative) comprises the goodwill.
The changes in non-controlling interest of the Parent Company in a subsidiary, which does not lead to loss of control, are recognised as equity transactions. In this event, the book values of the equity investments must be adjusted to reflect the changes in their relative shareholdings in the subsidiaries. Any difference between the adjusted value of the non-controlling interests and the fair value of the amount paid or received is directly recorded to shareholders' equity and allocated to shareholders of the Parent Company.

3.7 EQUITY INVESTMENTS

Acquisitions are recorded at the fair value of the investment plus any directly attributable costs.
A significant and prolonged decrease in equity investment fair value below the initial booked cost is considered an objective indication of value loss.

Subsidiaries
This means the company over which Engineering Ingegneria Informatica S.p.A. has the power to directly or indirectly determine the financial and management policies and benefit from their implementation. Control is presumed where more than 50% of the effective or potentially exercisable voting rights are held at the reporting date.

Associated companies
Associated companies are defined as those in which significant influence is exercised. Such influence is presumed where more than 20% of the effective or potentially exercisable voting rights are held at the reporting date.

3.8 OTHER NON-CURRENT ASSETS

Financial receivables with a due date beyond 12 months and equity investments in other companies are recorded under other non-current assets.
Investments in other companies refer to equity investments other than subsidiaries, associates and joint ventures and are recorded at cost, adjusted for possible impairments, the impact of which is recognised in the income statement.

3.9 INVENTORIES

Inventories are assets held for sale within the normal course of business or employed or to be employed in the productive processes for sale or services.

Inventories are measured at the lower between purchase cost and the fair value. The fair value is the sale price estimated for normal activity, net of completion costs and sale expenses. The purchase cost is inclusive of all directly attributable costs and indirect costs and is determined according to the weighted average cost method. Any write-down is derecognised in subsequent years if the reason for the write-down no longer exists.

3.10 CUSTOMER CONTRACT ASSETS

Customer contract assets are represented by specific projects in the course of completion based on long-term contracts.

If the result of a project in course can be reliably estimated, the contractual revenues and costs are recorded based on the percentage of completion method (cost to cost), so as to attribute the revenues and profits over the entire duration of the contract.

If the result of a project in course of completion cannot be reliably estimated, the contractual revenues are recorded for the amount of costs incurred if it is probable that such costs are recoverable.
The sum of costs incurred and the result on each project is compared with the invoices issued on account at the date of the preparation of the accounts. If the costs incurred in addition to the profits recorded (deducting any losses) are greater than the invoices issued on account, the difference is recorded under current assets in the item “Customer contract assets”. If the invoices on account are greater than the costs incurred plus the profits (deducting the losses), the difference is classified under current liabilities in the account “Trade payables”.

3.11 DEFERRED CONTRACT COSTS

3.11 a) Incremental costs of obtaining a contract

IFRS 15 allows for the capitalisation of costs of obtaining a contract, provided that they are considered “incremental” and recoverable through the future economic benefits of the contract. All costs incurred as a result of the acquisition of the contract are considered as incremental costs. Costs, on the other hand, which have been incurred independently of the acquisition of the contract, and therefore they cannot be classified as incremental, are expensed in the income statement as they are not related to the stage of completion (not a cost to cost component).

Incremental costs are suspended and booked under a specific item of current assets (Deferred contract costs) and systematically released together with the transfer of control of the goods/services to the customer.

3.11 b) Costs of fulfilling a contract

IFRS 15 provides for costs to be capitalised for the fulfilment of the contract, i.e. those costs that meet all of the following criteria:
- relate directly to the contract;
- generate and improve resources that will be used to meet the contractual performance obligation in the future;
- are recoverable through future economic benefits of the contract.

Usually this type of cost is represented by pre-operating costs, which are not explicitly recognised within contracts with customers and are remunerated through the contract overall margin. In this case, in compliance with the three conditions mentioned above, pre-operating costs are systematically suspended and released, corresponding to the transfer of control of the goods and/or services to the customer.

In addition to the above, new provisions set out in IFRS 15 define all the costs that, for their type and nature, cannot be used for the course of the contract as, despite the fact that they are specifically referable to the contract and considered as recoverable, they do not generate or improve the resources that will be used to fulfil the contract performance obligation, or contribute to transfer the control of goods and/or services to customers.

3.12 TRADE RECEIVABLES

Trade receivables are held as part of a business model whose objective is to collect contractual cash flows consisting solely of payments of principal and interest on the amount of principal to be refunded. Consequently, they are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method (i.e. the rate that equalise the current value of expected cash flows and the carrying amount at the time of initial recognition), suitably adjusted to take account of any write-downs, by recording a doubtful debt provision. Trade receivables are included in current assets, with the exception of those falling due more than twelve months after the reporting date, which are classified as non-current assets.
At each reporting date, financial assets, with the exception of those measured at fair value with a contra-entry recognised in the income statement, are analysed to assess the existence of any possible impairment indicators. IFRS 9 requires the application of a model based on expected credit losses. The Company applies the simplified approach to estimate expected losses along the receivable useful life and takes into account its historical experience of credit losses, adjusted to reflect current conditions and estimates of future economic conditions. The model of expected credit losses requires the immediate recognition of expected losses over the useful life of the receivable, since it is not necessary for a trigger event to occur for the recognition of losses.

For trade receivables recorded at amortised cost, when an impairment has been identified, its value is measured as the difference between the asset book value and the present value of expected future cash flows, discounted at the original effective interest rate. This value is recognised in the income statement.

Receivables factored through non-recourse factoring transactions, according to which the final transfer to the transferee was carried out in relation to risks and benefits of factored receivables, were derecognised from the financial statements upon their transfer. Receivables that were instead factored through with recourse factoring transactions were not written off from the financial statements.

In 2021, the Company did not encounter any problems with the collection of trade receivables. The Finance, Telco and Utilities sectors do not report any problems in relation to Covid as the customers are large companies with primary creditworthiness.
After evaluating the historical and forward-looking information, the Company believes that there is no significant impact on the expected credit losses.

3.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank deposits on demand, other short-term financial assets with original expiry not greater than 3 months and current account overdrafts. The latter, in the preparation of the statement of financial position, are included under “financial liabilities”. Cash and cash equivalents are recognised at fair value.

3.14 DISCONTINUED OPERATIONS

A discontinued operation is a company component that has been sold or is reclassified as held for sale and represents an important independent operation or geographical area of operation or a subsidiary acquired solely for the purpose of resale. An operating activity is classified as discontinued at the moment of the sale or when the conditions have been satisfied for classification in the category “held for sale”, if prior. When an operation is classified as sold, the profit or loss for the year and the other components in the comparative comprehensive income statement are re-determined as if the operation were discontinued at the beginning of the comparative period.

3.15 SHARE CAPITAL

Share capital consists of fully paid-up and subscribed capital. Treasury shares are recorded as a reduction of the share capital for the nominal value of the shares while the excess of the book value compared to the nominal value is recorded as a reduction of the other reserves. No profit (loss) is recorded to the income statement for the purchase, sale or cancellation of equity instruments held.

3.16 RESERVES

The reserves consist of specific capital and profit reserves, some with specific allocation.

3.17 RETAINED EARNINGS

The item “Retained earnings/(losses carried forward)” includes the net profit of the current and previous periods which was not distributed, not allocated to reserves (in the case of profits) or recapitalised (in the case of losses). This item also includes the transfers from other equity reserves when those reserves are no longer required as well as the effects of the recording of changes to accounting policies and material errors.

3.18 FINANCIAL LIABILITIES

Financial liabilities are initially booked at the fair value of collected sums, adjusted for any directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest criteria. For short-term liabilities, such as trade payables, the amortised cost is actually the nominal value.

3.19 EMPLOYEE BENEFITS

Short-term employee benefits
Short-term employee benefits are recorded to the income statement in the period in which the work is carried out. The Company records a liability for the amount that it expects will have to be paid in the form of profit-sharing and incentive plans when it has a current, legal or implicit obligation to make such payments as a consequence of past events and for which the obligation can be reliably estimated.

Post-employment benefits
Post-employment benefits are recorded as costs when the Company has committed, in a demonstrable way and without a realistic possibility of withdrawal, to a formal detailed plan that provides for the termination of employment before the normal retirement date or following an offer prepared to encourage voluntary redundancy. In the case of an offer prepared by the Company to encourage voluntary redundancy, the benefits owed to employees for termination of employment are recorded in the income statement as a cost if the offer is likely to be accepted, and if the number of employees, expected to accept the offer, can be reliably estimated. Benefits owed after twelve months following the closing date of the financial year are discounted.

Defined benefit plans
Post-employment benefits represent a plan of defined benefits which are certain in terms of their existence and sum but uncertain in terms of the vesting of the post-employment benefits accrued as of 31 December 2006. The liability is determined as the current value of the benefit obligation defined at the date of reporting, in compliance with Italian regulations in force, and adjusted in order to take actuarial gains/losses into account. The amount of the defined obligation is calculated and certified annually by an independent actuary based on the “Projected Unit Credit” method.
Actuarial gains and losses are recognised in the comprehensive income statement and accumulated under shareholders’ equity on an accrual basis.

Defined contribution plans
As from 1 January 2007, the Company participated in defined contribution pension plans by means of the payment of contributions to publicly or privately managed programmes; the latter may be mandatory, contractual

or voluntary. Payment of the contributions fulfils the Company's obligation to its employees. Contributions thus constitute costs for the period in which they are due.

Share-based payments

Pursuant to provisions set out by IFRS 2 (Share-based payments) with reference to Share Based Payments Equity Settled, the cost of the incentive plan is apportioned along the vesting period and it is determined with reference to the fair value of the right assigned, at the date in which the commitment is undertaken, so that existing market conditions are reflected at the reference date. At each reporting date, all hypotheses are reviewed in relation to the number of options that are expected will reach maturity. The charge pertaining to the year is recorded in the income statement, under the item Personnel costs, and its contra-entry is recognised as equity reserve.

3.20 PROVISIONS FOR RISKS AND CHARGES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

According to IAS 37 provisions for risks and charges concern the probable liabilities of uncertain amount and/or maturity relating to past events whose fulfilment will necessitate the use of resources.
Provisions are recognised when: a) there is a current legal or implicit obligation, which originates from a past event; b) it is probable that fulfilment of the obligation will be onerous; c) the amount of the obligation can be reliably estimated.
The amount represents the best estimates in relation to resources required for fulfilling the obligation, including legal defence charges. Where the effect of the current amount of the payment is significant, the amount of the provision is represented by the value of resources considered necessary to satisfy the obligation on maturity discounted at a nominal rate without risks. The contingent assets and liabilities (possible assets and liabilities or not recorded as the amount may not be reliably estimated) are not recognised in the financial statements. Information in this regard is provided however.

3.21 REVENUES AND COSTS

IFRS 15 superseded the previous standards IAS 18 and IAS 11, as well as the related interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31.

The new standard establishes the criteria to be followed for recognising revenues arising from contracts with customers, except for those contracts that fall within the scope of the standards relating to leasing contracts, insurance contracts and financial instruments. The standard establishes a comprehensive framework for identifying the timing and amount of revenue to be recognised in the financial statements.

According to IFRS 15, the Company shall recognise revenues deriving from contracts with customers and the related effects on accounts through the following steps:

a) identification of the contract;
b) identification of the performance obligations in the contract;
c) determination of the transaction price;
d) allocation of the transaction price to each identified performance obligation;
e) recognition of revenues when the performance obligation is met.

Therefore, the amount that the Company recognises as revenue must reflect the consideration to which it is entitled in transfer of goods and/or services to customers. These amounts shall be recognised when the underlying contractual performance obligations have been fulfilled, or when the Company has transferred control of the goods or services to the customer, in the following ways:

f) over time;
g) at a point in time.

The table below shows the main types of products and services that the Company provides to its customers and the related methods of recognition:

Fulfilment of obligations	Type of goods and services			
	Deliverable-based contracts	Resource-based contracts	Service-based contracts	Assistance and maintenance-based contracts
At a point in time	n/a	n/a	Assets relating to the provision of services whose acceptance by the customer is conditional on the occurrence of specific events, including the resale of hardware and software. Revenues are recognised on the basis of specific events, such as delivery/installation.	n/a
Over time	Turnkey contracts with annual or multi-year durations. Revenues are recognised on the basis of the proportion of costs accrued to total contract costs to contract revenues.	Consultancy services rendered on demand. Revenues are recognised according to days worked for the tariff rate.	n/a	Service delivery activities in general with periodic and constant progress. Revenue is calculated based on the duration and value of the period (monthly, quarterly, half-yearly). A characteristic of this type of order is the absence of a learning curve, so the cost incurred in providing the service to the customer remains unchanged throughout the duration of the contract.

Deliverable-based contracts

Deliverable-based contracts typically include fixed price projects (e.g.: system integration or design and development of customised IT systems and related processes, the engineering and automation of industrial processes and the distribution and storage of energy and water, online ticketing).

Contract terms typically range from 1 to 2 years.

Contract prices might be subject to incentives and penalties, based on achievement of specified performance targets or level of benefits delivered to the customer.

For deliverable-based contracts, revenue is generally recognised over time, because at least one of the following conditions is met:

(i) the Company's performance enhances or creates an asset that the customer controls as the group performs;

(ii) the Company builds an asset that has no alternative use (e.g. it is customer-specific) and the Company has an enforceable right to payment for performance to date in case of termination by the customer.

The Company applies the "cost-to-cost" method to measure progress to completion.

The percentage of completion is based on costs incurred to date relative to the total estimate of cost at completion of the contract. Estimates of total contract costs are revised when new elements arise and changes in estimates and related percentage of completion are recorded in the income statement.

The related costs on deliverable-based contracts are expensed as incurred.

The Company earns contractually the right to bill upon achievement of specified milestones or upon customer acceptance of work performed.

The difference between the costs incurred at the date of work progress added to the margins recorded and the billing already carried out to certify the progress of the work is recorded as Contract assets.

Any up-front fees (non-refundable) received by the customer are recognised over the duration of the service.

Resource-based contracts

This type of contracts generally includes IT consultancy or operational activities on IT systems.

Revenue from Resource-based contracts is recognised based on working hours (or days spent) finalised for the fulfilment of the service.

Each performance obligation is satisfied over time as the client continuously receives and consumes the benefits of the services provided by the Company.
The amount to be billed is representative of the value of the service delivered to the customer and therefore, applying the right-to-bill practical expedient, revenue is recognised over time based on the working hours spent/working days valued on the basis of defined prices.

Service-based contracts
The Company supplies goods (e.g. software) and services (e.g. installation, tax collection, etc.) to customers. These revenues are recognised at a point in time, when the control of the goods have passed to the customer and when all the benefits deriving from the performance have been transferred to the customer.
In particular, as far as Public Administration and tax collection are concerned, the revenue is recognised when the evidence of the collection by the Company has been provided (e.g. tax has been paid by the tax payer).
The direct costs charged to the tax collection activity which are considered recoverable through the fees that are reasonably expected to be collected over the duration of the contract are recognised, up to the moment the obligation is fulfilled, among the “Deferred contract costs”.
Any up-front fees (non-refundable) received by the customer are recognised over the duration of the service.

Assistance- and maintenance-based contracts
This type of contract generally includes assistance and maintenance services, innovative cloud services, and licensing granted as a service, therefore on a right-to-access basis.
Each performance obligation is satisfied over time as the client continuously receives and consumes the benefits of the services provided by the Company.
The amount to be invoiced is representative of the service provided monthly/quarterly to the customer.
Any up-front fees (non-refundable) received by the customer are recognised over the duration of the service.

Costs
Costs relating to the acquisition of new knowledge or discoveries, to the study of alternative products or processes, of new techniques or models, to the design and construction of prototypes or incurred for other scientific research activities or technological development are generally considered current costs and recorded to the income statement in the year in which they are incurred.

Expenditure on research activities undertaken with a view to obtaining new technical knowledge is recognised in profit or loss in the period in which it is incurred. These costs are almost entirely attributable to personnel costs.

3.22 DIVIDENDS

Dividends are recognised at the date of endorsement of the resolution by the Shareholders’ Meeting, unless the sale of shares is reasonably certain before the coupon detachment date.

3.23 PUBLIC GRANTS

Grants are recognised when there is reasonable certainty that they will be received and that the conditions required for obtaining them are met.
When grants relate to cost components, they are recorded as revenues, and systematically allocated to different periods to offset the costs to which they relate.
When the grants relate to an asset, for example plant, they are recorded in the income statement under revenues rather than as an adjusted item of the book value of the asset for which it was obtained. Subsequently the useful life of the asset for which it was granted is taken into account using the deferral technique.
Public grants drawn down as compensation of expenses and costs already incurred or with the intention to provide immediate financial aid to the entity without which there would be future costs, are recorded as income in the year in which they become payable.

3.24 DEFERRED AND CURRENT TAXES

Current income taxes for the financial year are calculated based on an estimate of taxable income in compliance with tax law provisions.
Deferred taxes are recognised with reference to the temporary differences between the book value of the assets and liabilities recorded in the financial statements and the corresponding values recognised for tax purposes.
Deferred tax assets are recognised for tax losses and tax credits not used and carried over, as well as the assumed temporary differences, insofar as there is a probable future taxable income for which the assets can be used. The value of deferred tax assets is revised at the closing date of each financial year, and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.25 TRANSLATION OF ACCOUNTS IN FOREIGN CURRENCIES

Functional and presentation currency
The financial statements items are valued utilising the currency of the primary economic environment in which the entity operates ("functional currency").
The functional currency of the Company is the Euro.

Operations and balances
Currency operations are translated into the presentation currency by using the exchange rate effective on the transaction date. Exchange gains and losses from the settlement of these transactions and the translation of monetary assets and liabilities into foreign currencies at the date of preparation of the accounts are recorded in the income statement.

3.26 CHANGES IN ACCOUNTING STANDARDS, ERRORS AND CHANGE OF ESTIMATES

Changes in accounting standards
Accounting standards are changed from one year to the next only when the change is required by a standard or if it contributes to providing more reliable and significant information about the effects of transactions on financial standing, as well as on the economic results, or cash flows, of the entity. Changes in accounting policies are accounted for retrospectively with the effect recorded in shareholders' equity for the first of the financial years presented. The comparative information is restated accordingly. The prospective approach is made only when it is impractical to reconstruct the comparative information. The application of a new or amended accounting standard is accounted for in accordance with the requirements of the standard itself. If the standard does not provide for transition procedures, the change is booked in accordance with the method described in the previous paragraphs.

Correction of errors from previous periods
In the case of significant errors, the same method that is used for changes in accounting standards illustrated in the previous paragraph is applied. In the case of non-significant errors, these are accounted for in the income statement in the period in which they are noted.

Changes in accounting estimates
Changes in accounting estimates are recognised and are booked to the income statement in the period in which the change occurs, so long as the change only affects this period; where the change also affects future periods, the changes are booked in both the period in which the change occurs and in the future period.

3.27 FINANCIAL RISK AND CAPITAL MANAGEMENT

As in all businesses, risk factors, which may affect results, exist and therefore preventive actions have been taken. These procedures concern the commitment and responsibilities undertaken and are subject to maximum transparency and correctness. The Company's risk management policies aim at identifying and analysing risks to which the Company is exposed, establishing appropriate limits and controls and monitoring risks with respect to those limits. These policies and the related systems are regularly revised to reflect any variations in market conditions and Company activities. As regards "Risk management", reference is made to

description made in the Directors' Report on Operations.
The Company's activities are exposed to the following risks: market risk (defined as exchange and interest rate risks), credit risk and liquidity risk.
The Board of Directors provides for a high level of capital management policies in order to maintain trust among investors, creditors and the market, allowing for future development. The Board also monitors capital returns, understood as the result from operations compared with total shareholders' equity. Furthermore, the Board of Directors monitors the level of dividends to be distributed to holders of ordinary shares. With regard to the Company's debt-to-capital ratio, reference is made to the Directors' Report on Operations.

3.27.1 Credit risk

Credit risk represents the Company's exposure to the risk of potential losses resulting from the non-performance of obligations undertaken by the counterparties.
Allocations to doubtful debt provisions reflect actual credit risks through the targeted quantification of the provision itself.
The Company manages credit risk mainly by having relationships with counterparties with a high creditworthiness and does not present significant concentrations of credit risk. Maintaining effective credit risk management is a strategic objective for the Company and in this sense, the type of business and the payment instruments activated guarantee a limited credit risk overall.

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.
The Company always recognises lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.
Maximum credit risk exposure is examined in more detail in paragraph 15 hereof.

3.27.2 Liquidity risk

Liquidity risk is understood as the difficulty of fulfilling obligations associated with financial liabilities settled in cash or through another financial asset.
The difficult economic and financial context of the markets requires particular attention to be paid to the management of liquidity risk and in this sense to actions aimed at generating financial resources through operational management and maintaining an adequate level of available liquidity. The Company therefore plans to meet the requirements deriving from financial payables falling due and expected investments through cash flows from operations, available liquidity and centralised management of the Group's treasury.
The Company believes that it has access to sufficient sources of financing to meet its planned financial needs, taking into account its cash and cash equivalents, its ability to generate cash flows, its ability to find sources of financing in the bond market and the availability of credit lines from banks.
A detailed analysis of the due dates for financial liabilities is contained in paragraph 22 hereof.

3.27.3 Market risk

The strategy followed for this type of risk is aimed at mitigating interest rate and exchange rate risks and optimising the cost of debt.
These risks are managed in accordance with the principles of prudence and in line with best market practices.

The main objectives set out in the policy are as follows:
- to pursue the defence of the long-term plan scenario from the effects caused by exposure to exchange rate and interest rate risks, by identifying the optimal combination of fixed and variable rates;
- to pursue a potential reduction of the Company's debt cost;
- to manage transactions in derivative financial instruments, taking into account the economic and equity impacts that these transactions may have, including in relation to their classification and accounting.

The exposure to interest rate risk arises from the need to finance operations and M&A investments and using available liquidity. Fluctuations in market interest rates can have a negative or positive impact on the Company's economic result, indirectly influencing the costs and returns of financing and investment transactions. The interest rate risk to which the Company is exposed derives from bank loans. The Company constantly monitors the trend in interest rates to mitigate the risk and, when deemed appropriate, makes use of derivative instruments designated as "cash flow hedges". The use of such instruments is governed by written procedures consistent with the Group's risk management strategies, which do not include derivative instruments for trading purposes.

3.28 RELATED PARTIES

Engineering Ingegneria Informatica S.p.A. approved the procedure for the identification and carrying out of transactions with related parties through Board of Directors' resolution of 12 November 2010, effective on 1 January 2011. During the financial year the Company carried out transactions with a number of related parties. All balances with related parties were determined under normal market conditions. The general conditions governing transactions with executives with strategic responsibilities and their related parties do not appear to be any more favourable than those applied, or which may have been reasonably applied, in the event of similar transactions under normal market conditions with executives without strategic responsibility of the same entities.

3.29 SEASONALITY

The activities of the Company are not subject to seasonality.

3.30 NEW IFRS AND IFRIC INTERPRETATIONS

For the purposes of drafting the financial statements, the International Accounting Standards (IFRS) approved by the European Commission and effective on 31 December 2021 were applied.

Accounting standards, amendments and IFRS interpretations applied as of 1 January 2021

The following accounting principles, amendments and IFRS interpretations were applied for the first time by the Company as of 1 January 2021:

- On 31 March 2021, the IASB published an amendment entitled **"Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)"** which envisaged a one-year extension of the application period for the amendment issued in 2020, which provided lessees the option to account for rent reductions related to Covid-19 without having to assess, through the analysis of contracts, whether they met the definition of lease modification in IFRS 16. Therefore, lessees, who applied this option in 2020, recognised the effects of rent reductions directly in the income statement on the effective date of the reduction. The 2021 amendment, which is only available to entities that have already adopted the 2020 amendment, is effective as from 1 April 2021 and early adoption is permitted. The Company has exercised the option to recognise any reduction in lease payments in the income statement. These amounts are not significant.

- On 25 June 2020, the IASB published the amendment **"Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)"**. The amendments allow for the temporary exemption from the application of IFRS 9 to be extended until 1 January 2023 for insurance companies. The adoption of this amendment had no impact on the Company's financial statements.

- In light of the reform of interbank interest rates such as IBOR, on 27 August 2020, the IASB published the **"Interest Rate Benchmark Reform - Phase 2"** which contains amendments to the following standards:
  - IFRS 9 *Financial Instruments*;
  - IAS 39 *Financial Instruments: Recognition and Measurement*;
  - IFRS 7 *Financial Instruments: Disclosures*;
  - IFRS 4 *Insurance Contracts*;
  - IFRS 16 *Leases*.

All amendments became effective on 1 January 2021. The adoption of this amendment had no impact on the Company's financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet applied mandatorily and not adopted in advance as of 31 December 2021

- On 14 May 2020, the IASB published the following amendments:
  - **Amendments to IFRS 3 Business Combinations**: the amendments aim at updating the reference in IFRS 3 to the Conceptual Framework in the revised version, without entailing amendments to provisions of the principle.
  - **Amendments to IAS 16 Property, Plant and Equipment**: the amendments aim at preventing deduction from costs related to property, plant and equipment of the amount received from the sale of assets manufactured during the testing phase of the asset itself. These revenues from sales and related costs will therefore be recognised in the income statement.
  - **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets**: the amendment clarifies that in assessing a possible onerous contract, all costs that relate directly to the contract should be comprised. Therefore, in assessing a possible onerous contract, not only incremental costs should be included (such as the cost of material that relate directly to fulfilling contracts), but also all costs that the company cannot avoid while fulfilling the contract (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
  - **Annual Improvements 2018-2020**: amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, to IFRS 9 Financial Instruments, to IAS 41 Agriculture and to the Illustrative Examples of IFRS 16 Leases.

  All amendments will become effective on 1 January 2022. Directors are currently assessing the possible impact of these amendments on the Company's financial statements.

- On 18 May 2017, the IASB published **IFRS 17 - Insurance Contracts**, which is intended to replace IFRS 4 - Insurance Contracts.
  The target of the new standard is to guarantee that an entity supplies information representing both rights and obligations related to insurance contracts. The IASB has developed this standard to cancel all inconsistencies and weaknesses of the existing accounting policies, by supplying a consolidated principle-based framework to take account of all types of insurance contracts, including reinsurance contracts held by an insurer.

  The new standard also envisages presentation and information requirements to improve comparability between entities belonging to the same sector.

  According to the new standard, an insurance contract is measured based on a General Model or a simplified version named Premium Allocation Approach ("PAA").

  The main characteristics of the General Model are:
  - estimates and assumptions of future cash flows are always the current ones;
  - measurement reflects the time value of the money;
  - estimates envisage an extensive use of observable market information;
  - there is a current and explicit measurement of risk;
  - the expected revenue is deferred and aggregated in clusters of insurance contracts upon initial recognition;
  - the expected revenue is recognised over the coverage period for the contracts, taking account of adjustments resulting from changes in assumptions related to cash flows of each single cluster of contracts.

  The PAA approach measures the liability for the remaining coverage of a cluster of insurance contracts provided that, upon initial recognition, the entity provides that this liability reasonably represents a reasonable approximation to the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. Simplifications resulting from the application of the PAA method are not applicable to the measurement of liabilities for claims in place, that are measured based on the General Model. However, discounting of cash flows is not required if the balance is likely to be paid or received within one year from the claim date.

The entity shall apply the new principle to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features (DPF).

The standard is applicable as from 1 January 2023 but earlier application is allowed solely for entities which apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. No significant effect on the Company's financial statements is expected by the Directors from the adoption of this standard.

Accounting standards, amendments and IFRS interpretations not yet approved by the European Union

At the reporting date, the competent Bodies of the European Union had not yet completed the approval process required for the adoption of amendments and the principles below.

- On 23 January 2020, the IASB published the amendment **"Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"**. The document aims at clarifying how payables and other short or long-term liabilities should be classified. The amendments are applicable as from 1 January 2023 but earlier application is permitted. No significant effect on the Company's financial statements is expected by the Directors from the adoption of this amendment.

- On 12 February 2021, the IASB published two amendments: **"Disclosure of Accounting Policies— Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates— Amendments to IAS 8"**. The purpose of the amendments is to improve the disclosure of accounting policies in order to provide more useful information to investors and to other primary users of financial statements as well as to help companies distinguish the changes in accounting estimates from changes in the accounting policy. The amendments will be applied as from 1 January 2023 but earlier application is permitted. Directors are currently assessing the possible impact of these amendments on the Company's financial statements.

- On 7 May 2021, the IAS published the **"Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"**. The document clarifies how deferred tax relating to transactions that may generate assets and liabilities of an equal amount, such as leases and dismantling obligations should be recognised. The amendments will be applied as from 1 January 2023 but earlier application is permitted. Directors are currently assessing the possible impact of these amendments on the Company's financial statements.

- On 9 December 2021, the IASB published the **"Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information"**. The amendment is a transition option relating to comparative information about financial assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, and thereby improve the usefulness of comparative information for readers of financial statements. The amendments will be applied as from 1 January 2023, together with the application of the IFRS 17 standard. No significant effect on the Company's financial statements is expected by the Directors.

- On 30 January 2014, the IASB published the standard **IFRS 14 – Regulatory Deferral Accounts**, which allows only those parties which adopt the IFRS for the first time to continue to book the amounts relative to activities subject to regulated rates ("Rate Regulation Activities") according to the previously adopted accounting standards. As the Company is not a first-time adopter, this standard is not applicable.

Statement of financial position

A) Non-current assets

4 Property, plant and equipment

(in Euros)

Description	31.12.2021	31.12.2020	Change
Property, plant and equipment	17,584,802	17,026,995	557,806

(in Euros)

Description	Land and buildings	Plant and machinery	Ind. and Comm. Equipment	Other assets	Leasehold improvements	Total
Historical cost as of 31.12.2020	12,711,919	14,076,809	42,040,743	16,079,143	10,154,549	95,063,164
Acc. depreciation as of 31.12.2020	(5,337,911)	(11,852,505)	(38,130,543)	(12,572,170)	(10,143,040)	(78,036,169)
Balance as of 31.12.2020	**7,374,008**	**2,224,304**	**3,910,200**	**3,506,974**	**11,509**	**17,026,995**
Historical cost as of 31.12.2021	12,773,265	15,934,435	43,274,694	16,087,763	10,154,549	98,224,705
Acc. depreciation as of 31.12.2021	(5,675,544)	(12,561,516)	(39,066,440)	(13,181,934)	(10,154,470)	(80,639,903)
Balance as of 31.12.2021	**7,097,721**	**3,372,919**	**4,208,254**	**2,905,828**	**79**	**17,584,802**

The changes in property, plant and equipment were as follows:

(in Euros)

Description	Land and buildings	Plant and machinery	Ind. and Comm. Equipment	Other assets	Leasehold improvements	Total
Balance as of 01.01.2020	**7,702,698**	**2,475,684**	**4,598,182**	**3,268,477**	**81,342**	**18,126,384**
Increase	8,300	497,083	1,370,821	929,549	0	2,805,752
Disposal	0	(17,380)	(196,667)	(7,393)	0	(221,440)
Decrease in accumulated depreciation	0	17,380	168,280	7,393	0	193,053
Depreciation	(336,990)	(748,463)	(2,030,416)	(691,052)	(69,832)	(3,876,753)
Balance as of 31.12.2020	**7,374,008**	**2,224,304**	**3,910,200**	**3,506,974**	**11,509**	**17,026,995**
Increase	61,346	1,861,316	2,073,449	114,200	0	4,110,310
Disposal	0	(3,690)	(839,499)	(105,581)	0	(948,769)
Decrease in accumulated depreciation	0	3,690	804,465	74,278	0	882,434
Depreciation	(337,633)	(712,701)	(1,740,362)	(684,043)	(11,430)	(3,486,168)
Balance as of 31.12.2021	**7,097,721**	**3,372,919**	**4,208,254**	**2,905,828**	**79**	**17,584,802**

All property, plant and equipment are operational and effectively utilised in Company operations and there are no obsolete assets of a significant value or requiring replacement in the short-term, which were not depreciated.

The increases are substantially due to purchases of assets made during the year, while the decreases relate to the disposal of obsolete assets and reclassifications envisaged by accounting standards.

“Plant and machinery” increased by Euro 1,861 thousand due to the installation of new air conditioning, telecommunications and safety systems in a number of Company offices.

The increase in “Industrial and commercial equipment”, amounting to Euro 2,073 thousand, relates to the purchase of computers for internal use while decreases are due to the disposal and/or donation of obsolete computers.

“Other assets” recorded an increase of Euro 114 thousand, referring to the purchase of furniture and fittings.

5 Intangible assets

(in Euros)

Description	31.12.2021	31.12.2020	Change
Intangible assets	492,080,754	491,430,638	650,116

(in Euros)

Description	Development costs	Industrial patents and intellectual property	Conc., licences and trademarks	Assets in progress	Other assets	Total
Historical cost as of 31.12.2020	35,250,385	110,159,351	453,059,490	5,986,377	96,922,842	701,378,445
Acc. depreciation as of 31.12.2020	(25,285,764)	(107,483,707)	(30,128)	0	(77,148,207)	(209,947,807)
Balance as of 31.12.2020	**9,964,620**	**2,675,644**	**453,029,362**	**5,986,377**	**19,774,634**	**491,430,638**
Historical cost as of 31.12.2021	52,864,397	115,554,776	453,059,490	969,188	96,922,842	719,370,693
Acc. depreciation as of 31.12.2021	(29,218,568)	(110,948,333)	(30,128)	0	(87,092,910)	(227,289,939)
Balance as of 31.12.2021	**23,645,829**	**4,606,444**	**453,029,362**	**969,188**	**9,829,931**	**492,080,754**

The changes in intangible assets are detailed as follows:

(in Euros)

Description	Development costs	Industrial patents and intellectual property	Conc., licences and trademarks	Assets in progress	Other assets	Total
Balance as of 01.01.2020	**5,394,290**	**3,540,201**	**453,029,362**	**4,007,049**	**35,293,578**	**501,264,480**
Increase	3,551,616	946,581	0	5,890,246	0	10,388,443
Reclassification	3,910,918	0	0	(3,910,918)	0	0
Depreciation	(2,892,204)	(1,811,138)	0	0	(15,518,944)	(20,222,286)
Balance as of 31.12.2020	**9,964,620**	**2,675,644**	**453,029,362**	**5,986,377**	**19,774,634**	**491,430,638**
Increase	11,627,635	5,397,130	0	969,188	0	17,993,954
Reclassification	5,986,377	0	0	(5,986,377)	0	0
Decrease	0	(1,705)	0	0	0	(1,705)
Decrease in accumulated depreciation	0	1,099	0	0	0	1,099
Depreciation	(3,932,804)	(3,465,725)	0	0	(9,944,703)	(17,343,231)
Balance as of 31.12.2021	**23,645,829**	**4,606,444**	**453,029,362**	**969,188**	**9,829,931**	**492,080,754**

Intangible assets recorded an increase of Euro 17,994 thousand, details of which are given below.

The change in the item "Development costs" refers to internal investments for the implementation of new solutions and reclassifications from fixed assets in progress, in use from 2021 with the consequent start of their amortisation:

- in the Finance area:
  - Product named "Soluzione Basilea 4-B4", the manufacture of which has already been started in 2020, with a total investment of around Euro 3,407 thousand and depreciation over five years;
  - Product known as "Soluzione collocamento prodotti" (Product placement solution) aimed at complementing the rules of the Financial Consultancy module in order to suggest and guide the placement and after-sales of insurance, financial and credit products. The investment is of around Euro 346 thousand with amortisation over two years.

- in the Utilities area:
  - Product named "NET@2D sistema di distribuzione" (NET@2D distribution system), which aims to provide customers with a set of advanced functions to support the macro-processes of gas and electricity distribution companies, covering the entire business process (from performance management to B2B invoicing). The investment, already started last year, is of around Euro 2,709 thousand, with an amortisation over five years;

- Product known as "Estensione Moduli Net@suite" (Extension of Net@suite modules), with an investment of Euro 4,603 thousand that began in 2020 and an amortisation over five years;
- Estensione Moduli Net@SIAL (Extension of Net@SIAL modules) with an investment of Euro 377 thousand with amortisation over five years;
- UPSTREAM module Project for energy demand calculation and Gas and Energy Trading Process Management with an investment already started in 2020 for a total amount of Euro 577 thousand.

- in the TELCO area:
  - Platform named "Google Cloud Platform", which permits developers to build, test and distribute applications. The investment started in 2020 and was completed in 2021 with an investment of approximately Euro 2,134 thousand and amortisation over five years.

- in the PAC PAL area:
  - Project for the "Management of the European recovery funds". The project aims to define and develop the Information System for the implementation of the programmes.
    The amount is of around Euro 386 thousand with amortisation over five years.

- in the Research and Development area:
  - Development of "Artificial Intelligence algorithms for predictive analysis". The investment totalled Euro 820 thousand with amortisation over five years.

- in the Health area:
  - Development project for the AREAS product suite. The investment was of Euro 1,404 thousand with amortisation over five years;
  - Modules "Cartella extra-Reparto «Territoriale»" («Territorial» Extra-Departmental Folder) and "Televista" related to Ellipse suite for a total investment of Euro 608 thousand.

- in the Industry area:
  - Various products known as "Suite Levante" / "Motore di Integrazione SAP" (SAP integration engine) – "Chat Boutique" – "IPSE Collaboration Suite" for a total amount of around Euro 242 thousand and amortisation over three years.

"Industrial patents and intellectual property rights" increased by a total of Euro 5,397 thousand following the purchase of software programmes.

"Concessions, licences and trademarks", amounting to Euro 453 million, referred to fair value of the Engineering brand. This value was recognised in 2017 upon completion of allocation of the purchase price for the acquisition of control of Engineering Ingegneria Informatica S.p.A. and its subsidiaries, by Mic Bidco S.p.A. and subsequent Reverse Merger of Mic Bidco S.p.A. into Engineering Ingegneria Informatica S.p.A..

(in Euros)

Description	31.12.2020	Write-downs	31.12.2021
Gross value - Trademark	453,029,362	0	453,029,362
Acc. impairment losses	-	-	-
Net value – Trademark	**453,029,362**	**0**	**453,029,362**

In the financial statements of previous years, the value of the brand recorded under intangible assets was determined through a process of estimating fair value, carried out with the support of an independent expert and based on assumptions considered reasonable and realistic based on the information that was available at the date of the acquisition of control. The choice of the measurement method applied to estimate the value of the brand was made taking into account the purpose of the transaction and the characteristics of the intangible itself. In particular, in line with academic doctrine and the most commonly used professional practice, the value of the Trademark owned by Engineering was determined by using the income method, based on discounting the future benefits attributable to the asset being valued.

The Trademark is a right, which is legally protected through the registration at the competent authorities. By reason of the fact that this right has no legal, contract, competitive or economic term which limits its useful life, the same is classified as an indefinite life intangible asset and therefore it is not amortised but it is subject to loss in value when tested for impairment, as provided for by IAS 36.

The impairment test carried out as of 31 December 2021 had confirmed that there was no need to write down the value of the trademark with an indefinite useful life expressed in the financial statements.

"Assets in progress" increased by Euro 969 thousand due to internal investments in new solutions:

- in the Industry area:
  - Product known as "SMART BOX CANTIERI WEBUILD", with an expected investment of around Euro 280 thousand. Costs of Euro 124 thousand were incurred in the current year.
  - The "Digital Enabler and DiVE" integration project for a new platform that will be Engineering's reference framework in the Data Management platform segment (including Big Data, Stream processing, Real Time analytics, Artificial Intelligence), interoperability between heterogeneous systems, IoT and Industrial IoT. The expected investment amounts to around Euro 950 thousand. Costs of Euro 245 thousand were incurred in the current year.

- Internal information system
  - Enhancement Controlling Model with an expected investment of approximately Euro 390 thousand for the implementation of an Enterprise Performance Management system to support Planning&Forecast, Closing Management, Corporate reporting processes, integrated with the transactional systems with Consolidated Financial Statements (Statutory). Costs of Euro 255 thousand were incurred in the current year.

- in the Health area:
  - A module of Ellipse suite known as "Ellipse Telemonitoraggio" (Ellipse Telemonitoring) is being developed, which allows doctors and other healthcare professionals to remotely monitor the clinical condition of chronic patients and patients in care programmes. The product will be completed in 2022 and over the year costs amounting to Euro 345 thousand were incurred.

The reclassification of Euro 5,986 thousand is due to the final capitalisation of projects started in previous years and completed in the current year, whose information is shown in the item "Development costs".

The item "Other fixed assets" refers to "Customer contracts and customer relationships" and is composed of the "Contract portfolio" and the "Customer Relationship Value" recognised following the business combination transactions (Purchase Price Allocation, or PPA) resulting from the acquisition transactions carried out by Engineering during previous years.

6 Right of use

(in Euros)

Description	31.12.2021	31.12.2020	Change
Right of use	116,381,798	129,009,243	(12,627,445)

(in Euros)

Description	Buildings IFRS 16	Plant and machinery IFRS 16	Conc., licences and trademarks IFRS 16	Other assets IFRS 16	Total
Historical cost as of 31.12.2020	148,079,478	237,667	52,205	11,088,165	159,457,515
Acc. depreciation as of 31.12.2020	(24,769,569)	(114,475)	(28,921)	(5,535,306)	(30,448,272)
Balance as of 31.12.2020	**123,309,909**	**123,192**	**23,283**	**5,552,858**	**129,009,243**
Historical cost as of 31.12.2021	148,826,343	131,541	30,197	11,401,260	160,389,341
Acc. depreciation as of 31.12.2021	(36,746,923)	(68,587)	(15,099)	(7,176,934)	(44,007,543)
Balance as of 31.12.2021	**112,079,420**	**62,953**	**15,099**	**4,224,325**	**116,381,798**

The following table shows the changes in the rights of use of leased assets, broken down by category:

(in Euros)

Description	Buildings IFRS 16	Plant and machinery IFRS 16	Industrial and commercial equipment IFRS 16	Other assets IFRS 16	Total
Balance as of 01.01.2020	**135,480,661**	**114,823**	**294,319**	**6,348,517**	**142,238,320**
Increase	6,057,315	86,691	0	3,056,825	9,200,831
Disposal	(6,694,467)	(48,406)	(541,186)	(1,123,133)	(8,407,192)
Decrease in accumulated depreciation	1,263,749	48,406	541,186	594,847	2,448,188
Depreciation	(12,797,348)	(78,322)	(271,036)	(3,324,198)	(16,470,904)
Balance as of 31.12.2020	**123,309,909**	**123,192**	**23,283**	**5,552,858**	**129,009,243**
Increase	1,177,512	258,363	0	2,189,219	3,625,094
Disposal	(430,647)	(364,489)	(22,007)	(1,876,124)	(2,693,268)
Decrease in accumulated depreciation	361,427	364,489	22,007	1,433,312	2,181,235
Depreciation	(12,338,781)	(318,602)	(8,185)	(3,074,939)	(15,740,506)
Balance as of 31.12.2021	**112,079,420**	**62,953**	**15,099**	**4,224,325**	**116,381,798**

Increases related to item “Buildings IFRS 16” (lease payments for real estate properties), amounting to around Euro 1,178 thousand, refer to new rental contracts or renewals signed in 2021.

The “Other IFRS 16 assets” refer entirely to cars under operating lease, assigned to employees and its amortisation is reclassified under personnel costs.

The following table highlights the impact of rights of use on the income statement:

(in Euros)

Description	31.12.2021
Depreciation of right of use	(15,740,506)
Interest expenses on leasing	(1,231,303)
Expenses of short-term agreements	(119,224)
Expenses of lease agreements with a value < 5 thousand Euro	(73,769)
IFRS 16 economic impact	**(17,164,802)**

The Company has also exercised the option to recognise in the income statement any reduction in lease payments according to provisions set out in “Covid-19 Related Rent Concessions (Amendment to IFRS 16)”. Decreases amounted to around Euro 23 thousand.

7 Goodwill

(in Euros)

Description	31.12.2021	31.12.2020	Change
Goodwill	44,648,340	44,648,340	0

(in Euros)

Description	31.12.2021	31.12.2020	Change
Goodwill - Finance	16,344,694	16,344,694	0
Goodwill - Pal & Health	11,498,215	11,498,215	0
Goodwill - Industry & Services	345,174	345,174	0
Goodwill - Telco & Media	6,798,110	6,798,110	0
Goodwill - Energy & Utilities	9,662,147	9,662,147	0
Total	**44,648,340**	**44,648,340**	**0**

The analysis was performed to determine the goodwill recoverable value, which was allocated to Cash Generating Units (CGUs) to which it is related.

CGU is defined as an asset or small group of assets that generate incoming cash flows that are widely independent from the incoming cash flows resulting from other assets or group of assets. The CGUs were determined based on the market segments and the single operating investees, consistently with the corporate Management view in terms of monitoring of results and economic planning.

The impairment test carried out on 31 December 2021 on the goodwill allocated to the Cash Generating Units (CGUs) to which it relates confirmed that there was no need to make any write-downs to the value of goodwill in the financial statements.

Based on the impairment test carried out according to the requirements of IAS 36 described above and according to special modalities described hereunder, the aggregate value of the goodwill tested for impairment was deemed as adequately supported in terms of expected economic results and related cash flows.
There is no evidence at the present date for the Company to proceed with any impairment.
For the identification of the recoverable value – the "value in use" of the CGUs – obtained through discounting, of the cash flows (DCF Model) extrapolated from the business plans drawn up by the Management of the divisions, the following elements were considered:

a) estimates of future cash flows generated by the entity;
b) expected possible changes in these cash flows in terms of the amount and time periods;
c) cost of money, comprising the current market risk-free rate of interest;
d) cost to assume the risk related to implicit uncertainty in the management of the CGU;
e) other risk factors concerning the operations of a specific market and changes over time.

The parameters utilised for discounting the cash flows and the Terminal Value under the DCF model illustrated above were as follows:

- Free-risk rate equal to the five-year average of the weighted average rate of government bonds in which the Company operates with a ten-year maturity extrapolated by S&P Capital IQ and Bloomberg and equal to approximately 1.93%;
- Equity Risk Premium equal to the higher return expected from the capital market (equity) compared to an investment in risk-free debt securities. The reference rate used for the evaluations is the average of the monthly surveys recorded over the last 3 years, extrapolated by Damodaran and equal to approximately 5.08%;
- Debt cost, equal to the average indebtedness cost (long and short term) of the Company equal to approx. 5%;
- Leveraged beta equal to the average unlevered beta of comparable listed companies, re-levered on the basis of the D/E structure of the comparables and the theoretical tax rate. This recalculation resulted in a levered beta of 0.99%;
- Structure considered for weighting purposes equal to the average of the comparables taken as a reference;
- LTG (Long Term Growth) equal to the long-term inflation-weighted growth rate for the countries in which the Company operates, inferred from International Monetary Fund data and equal to 1.49%.

8 Equity investments

(in Euros)

Description	31.12.2021	31.12.2020	Change
Equity investments	208,250,800	179,245,885	29,004,915

Changes in equity investments

(in Euros)

Equity investments	Value as of 31.12.2020	Increase	Decrease	Value as of 31.12.2021
In subsidiaries	179,231,067	29,004,915	0	208,235,982
In associated companies	14,818	0	0	14,818
Total	**179,245,885**	**29,004,915**	**0**	**208,250,800**

a) Subsidiaries

(in Euros)

	Value as of 31.12.2020	Increase	Decrease	Value as of 31.12.2021
Municipia S.p.A.	18,667,692			18,667,692
Nexen S.p.A.	5,669,820			5,669,820
Engineering do Brasil S.A.	19,615,006			19,615,006
Engineering D. HUB S.p.A.	30,908,619			30,908,619
WebResults S.r.l.	4,194,317			4,194,317
ITS Holding AG	18,121,101	10,000,000		28,121,101
Engineering Ingegneria Informatica S.L.	103,589			103,589
Livebox S.r.l.	8,077,502			8,077,502
IT Soft USA Inc.	32,211,691			32,211,691
Engineering Software Labs d.o.o.	47,800			47,800
Engineering International Belgium S.A.	270,202			270,202
Engiweb Security S.r.l.	2,141,089			2,141,089
Engineering Sardegna S.r.l.	58,707			58,707
Engineering da Argentina S.A.		317,582		317,582
Engineering 365 S.r.l.	-	50,000		50,000
Digitelematica S.r.l.	3,666,753			3,666,753
DEUS Technology S.r.l.	30,000,000			30,000,000
FDL Servizi S.r.l.	5,477,178			5,477,178
Eng Mexico Informatica S. de R.L. de C.V.		8,298		8,298
Nexera S.p.A.		3,600,000		3,600,000
C Consulting S.p.A.		15,029,035		15,029,035
Total	**179,231,067**	**29,004,915**	**-**	**208,235,982**

Changes in equity investments in subsidiaries were as follows:

- the increase of Euro 10,000,000 of the subsidiary ITS Holding AG is due to the conversion for future capital increase, of which Euro 5,910,120 is attributable to financial receivables and Euro 4,089,880 to the conversion of trade receivables, both outstanding at 31 December 2021;
- the increase of Euro 317,582 is due to the recapitalisation of the subsidiary Engineering da Argentina S.A.;
- the increase of Euro 50,000 is due to the recapitalisation of the subsidiary Engineering 365 S.r.l.;
- the establishment of the company ENG Mexico Informatica S. de R.L. de C.VEng with a 10% equity investment held by Engineering Ingegneria Informatica S.p.A. and 90% by IT Soft Usa Inc. with Engineering's control of the company equal to 87.62%;
- the acquisition of 60% interest in Nexera S.p.A.;
- the acquisition of 100% interest in C Consulting S.p.A..

As required by IAS 36, the recoverability of the value of equity investments reporting impairment indicators was tested. Recoverable amount is determined as the highest of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

Impairment testing performed on 31 December 2021 on equity investments:

- DEUS Technology S.r.l.
- Digitelematica S.r.l.
- FDL Servizi S.r.l.
- IT Soft Usa Inc.
- ITS Holding AG
- WebResults S.r.l.

had confirmed that there was no need to write down the value of the same expressed in the financial statements. Therefore, there are no indications that equity investments may have suffered impairment in 2021. According to requirements envisaged in the international accounting standard IAS 36, as of 31 December 2021, the value of equity investments tested for impairment is equal to Euro 103,671 thousand.

Equity investments in subsidiaries are detailed as follows:

(in Euros)

	Town	Assets	Liabilities	Share capital	Shareholders' equity	Revenues	Net profit/ (loss)	Value as of 31.12.2021	%
Engineering do Brasil S.A.	Sao Paulo (Brazil)	36,675,476	24,728,661	8,182,124	11,946,815	41,890,767	1,972,037	19,615,006	100
Engineering International Belgium S.A.	Brussels	7,403,975	5,680,364	61,500	1,723,611	13,134,271	573,393	270,202	100
Engineering D. HUB S.p.A.	Pont-Saint-Martin	216,530,745	102,463,834	2,000,000	114,066,911	155,017,582	14,278,012	30,908,619	100
Engi da Argentina S.A.	Buenos Aires	4,654,194	3,756,138	428,833	898,056	1,762,813	753,277	317,582	91
Engineering Sardegna S.r.l.	Cagliari	10,006,583	5,596,394	1,000,000	4,410,189	10,281,898	62,978	58,707	100
Engineering 365 S.r.l.	Lancenigo (TV)	10,470,513	10,192,697	50,000	277,816	16,330,108	629,861	50,000	100
WebResults S.r.l.	Treviolo (BG)	15,342,093	19,216,112	10,000	(3,874,019)	18,083,857	(6,991,368)	4,194,317	100
Engineering Software Labs d.o.o.	Beograd (SRB)	3,849,303	1,916,721	3,843	1,932,582	7,771,569	892,378	47,800	100
Engineering ITS GmbH	Berlin	10,804,123	10,699,923	50,000	104,200	26,920,169	(3,654,914)	28,121,101	100
Engineering Ingegneria Informatica S.L.	Madrid	2,845,509	1,730,227	100,000	1,115,282	2,687,247	372,564	103,589	100
Municipia S.p.A.	Trento	96,783,923	68,941,648	13,000,000	27,842,275	69,086,245	6,521,819	18,667,692	100
Livebox S.r.l.	Rome	27,537,864	16,101,493	100,000	11,436,371	13,697,332	2,547,675	8,077,502	100
Engineering USA Inc.	Chicago (USA)	72,656,755	61,161,104	230,267	11,495,651	21,208,775	787,938	32,211,691	97
Engiweb Security S.r.l.	Trento	10,482,803	4,504,493	50,000	5,978,310	11,009,131	704,175	2,141,089	100
Nexen S.p.A.	Padua	26,303,017	11,422,482	1,500,000	14,880,535	22,507,903	3,489,785	5,669,820	100
Digitelematica S.r.l.	Lomazzo (Italia)	3,710,834	1,952,145	100,000	1,758,689	4,105,268	828,936	3,666,753	80
DEUS Technology S.r.l.	Milan (Italy)	6,288,729	3,800,324	147,000	2,488,405	5,229,218	840,101	30,000,000	100
FDL Servizi S.r.l.	Brescia (Italy)	1,981,474	455,319	20,800	1,526,155	1,416,384	334,950	5,477,178	95
Sicilia e-Servizi Venture S.c.a.r.l.	Palermo	52,679,468	79,367,423	300,000	(26,687,955)	2,064	(94,254)	0	65
Eng Mexico Informatica S. de R.L.	Nuevo Leon (Mexico)	339,397	260,014	87,070	79,384	317,801	(7,418)	8,298	10
Nexera S.p.A.	Naples (Italy)	4,369,929	3,915,065	678,750	454,864	2,099,089	(622,325)	3,600,000	60
C Consulting S.p.A.	Genoa (Italy)	5,287,901	3,723,759	174,395	1,564,142	5,506,180	801,680	15,029,035	100

(in Euros)

	Town	Assets	Liabilities	Share capital	Sharehol-ders' equity	Revenues	Net profit/ (loss)	Value as of 31.12.2020	%
Engineering do Brasil S.A.	Sao Paulo (Brazil)	36,966,513	27,111,937	8,100,733	9,854,576	43,826,781	(490,864)	19,615,006	100
Engineering International Belgium S.A.	Brussels	6,379,395	5,229,177	61,500	1,150,218	12,122,300	478,162	270,202	100
Engineering D. HUB S.p.A.	Pont-Saint-Martin	180,481,216	80,601,708	2,000,000	99,879,509	134,850,006	15,512,383	30,908,619	100
Engi da Argentina S.A.	Buenos Aires	3,342,247	3,498,098	81,860	(155,851)	1,298,314	(341,046)	0	91
Engineering Sardegna S.r.l.	Cagliari	10,127,710	5,780,498	1,000,000	4,347,211	9,768,652	696,169	58,707	100
Engineering 365 S.r.l.	Lancenigo (TV)	14,202,530	14,841,940	1,168,353	(639,410)	16,428,058	(1,417,627)	0	100
WebResults S.r.l.	Treviolo (BG)	12,126,329	8,920,621	10,000	3,205,708	15,468,035	434,773	4,194,317	100
Engineering Software Labs d.o.o.	Beograd (SRB)	3,342,264	2,299,720	3,850	1,042,543	6,551,382	941,048	47,800	100
Engineering ITS GmbH	Berlin	27,220,530	15,427,635	50,000	11,792,895	9,473,153	(1,707,740)	18,121,101	100
Engineering Ingegneria Informatica S.L.	Madrid	1,848,425	1,105,707	100,000	742,718	2,023,056	170,909	103,589	100
Municipia S.p.A.	Trento	90,763,610	69,387,264	13,000,000	21,376,346	63,310,328	2,613,958	18,667,692	100
Livebox S.r.l.	Rome	19,864,176	10,946,988	100,000	8,917,188	15,709,240	1,627,086	8,077,502	100
Engineering USA Inc.	Chicago (USA)	13,967,505	4,116,572	212,534	9,850,933	15,346,955	2,281,323	32,211,691	97
Engiweb Security S.r.l.	Trento	11,170,527	5,919,166	50,000	5,251,362	13,400,721	1,060,018	2,141,089	100
Nexen S.p.A.	Padua	23,955,929	12,517,679	1,500,000	11,438,250	18,523,700	2,961,742	5,669,820	100
Digitelematica S.r.l.	Lomazzo (Italia)	2,775,940	1,831,311	100,000	944,628	3,200,263	493,359	3,666,753	80
DEUS Technology S.r.l.	Milan (Italy)	6,311,630	4,688,335	147,000	1,623,294	6,291,657	970,341	30,000,000	100
FDL Servizi S.r.l.	Brescia (Italy)	1,611,242	415,779	20,800	1,195,463	1,586,597	524,634	5,477,178	95
Sicilia e-Servizi Venture S.c.a.r.l.	Palermo	52,767,260	79,360,960	300,000	(26,593,700)	2,064	(155,996)	0	65

b) Associated companies

(in Euros)

	Value as of 31.12.2020	Increase	Decrease	Value as of 31.12.2021
Si Lab – Calabria S.c.a.r.l.	8,293			8,293
Si Lab – Sicilia S.c.a.r.l.	3,525			3,525
Consorzio Sanimed Group	3,000			3,000
Total	**14,818**	-	-	**14,818**

Equity investments in associated companies are detailed as follows:

(in Euros)

	Town	Assets	Liabilities	Share capital	Sharehol-ders' equity	Revenues	Net profit/ (loss)	Value	%
Si Lab – Calabria S.c.a.r.l.	Rende	46,811	10,150	10,001	36,661	1,501	(6,239)	8,293	24
Si Lab – Sicilia S.c.a.r.l.	Palermo	41,446	2,211	30,000	39,235	14,750	2,630	3,525	24
Consorzio Sanimed Group								3,000	25

Nota: Data relate to the last financial statements approved

c) Indirectly controlled companies

(in Euros)

	Town	Assets	Liabilities	Share capital	Sharehol-ders' equity	Revenues	Net profit/ (loss)	%
Engineering Software Labs S.r.o.	Prague (Czech Republic)	445,243	463,489	4,023	(18,246)	1,266,861	(147,197)	100
Securetech Nordic S.A.	Stockholm (Sweden)	399,651	339,391	4,878	60,260	400,356	(1,328)	100
OmnitechIT Secur S.L.	Madrid (Spain)	496,798	520,274	3,000	(23,476)	422,615	(42,298)	100
OmnitechIT GmbH	Geilenkirchen (Germany)	72,383	4,752	25,000	67,631		(33,676)	100
Omnisecure d.o.o.	Belgrade (Serbia)	332,875	168,062	20,968	164,813	561,037	31,779	60
BW Digitronik A.G.	Ulster (Switzerland)	5,498,788	5,012,336	387,184	486,452	3,578,758	(220,077)	51
OmnitechIT Security AS	Oslo (Norwey)	145,757	99,251	3,003	46,506	163,615	12,136	100
Pragma S.r.l.	Sommacampagna (Italy)	3,259,567	2,915,565	100,000	344,002	3,409,361	30,230	51
Cybertech S.r.l.	Rome (Italy)	19,273,395	26,293,043	10,000	(7,019,649)	21,529,714	(8,098,986)	100
Eng Mexico Informatica S. de R.L.	Nuevo Leon (Mexico)	339,397	260,014	87,070	79,384	317,801	(7,418)	88
Engineering ITS Schweiz A.g.	Zurich (Switzerland)	67,906	39,740	96,796	28,166		(65,583)	100
Movilitas	Maryland (Usa)	16,197,539	8,920,422	16,539,437	7,277,117	0	0	97
Stretford Holdings LLC	Maryland (Usa)	1,485,508	50,054	7,475,230	1,435,454	0	0	97
Movilitas Cloud LLC	United States	837,449	2,958,186	717,637	(2,120,737)	0	0	97
Movilitas Cloud KFT	Hungary	243,839	189,430	8,126	54,410	0	0	97
Movilitas Cloud BV	Brussels	823,976	581,945	18,550	242,031	0	0	97
Movilitas Consulting LLC	United States	7,541,607	5,857,262	3,620,486	1,684,345	0	0	97
Movilitas India LLP	New Delhi (India)	203,046	46,288	83,107	156,757	0	0	97
Movilitas Consulting UK Ltd	United Kingdom	285,150	221,112	119	64,038	0	0	97
Movilitas Consulting Germany H GmbH	Germany	13,423,485	2,433,980	6,054,539	10,989,505	0	0	97
Movilitas Consulting GmbH	Mannheim	8,707,429	6,420,489	4,222,740	2,286,940	0	0	97
Naxxos BV	Brussels (Belgium)	4,201,878	(53,540)	777,583	4,255,418	0	0	97
Movilitas Belgium BV	Belgium	1,940,041	1,460,319	4,208,081	479,721	0	0	97
Movilitas France SAS	France	1,100,069	981,596	30,000	118,473	0	0	97

9 Deferred tax assets

(in Euros)

Description	31.12.2021	31.12.2020	Change
Deferred tax assets	20,067,515	18,520,916	1,546,599

The calculation of deferred tax assets was carried out through critically evaluating the existence of future recoverability requisites of these assets. They are calculated at the current rates (for IRES 24%, while for IRAP according to regional pertinence) on the entries shown in the table hereunder:

(in Euros)

Description	31.12.2021		31.12.2020	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Allocation to other provisions and changes	2,819,688	676,725	2,154,000	516,960
Property, Plant and Equipment - IAS depreciation	2,499,248	599,820	1,936,105	464,665
Other current liabilities - Directors' fees	300,519	72,125	910,083	218,420
Doubtful debt provision	38,444,589	9,226,701	38,444,589	9,226,701
Provision for risks	8,901,478	2,272,058	3,866,545	1,078,766
Adjustments for IAS 19	16,115,348	3,867,684	14,977,437	3,594,585
Goodwill, exemptions pursuant to Law Decree 104/2020	12,015,780	3,352,403	12,261,000	3,420,819
Total	**81,096,651**	**20,067,515**	**74,549,759**	**18,520,916**

Deferred tax assets relating to redeemed goodwill were recognised in the financial statements for the year ended 31 December 2020 considering an initial time horizon of 18 years. As a result of the regulatory amendment introduced by the 2022 Budget Law, the Company adjusted to the new amortisation period for goodwill, which was changed from 18 to 50 years.

The following table provides details of deferred tax assets:

(in Euros)

Description	Doubtful debt provision	Goodwill, exemptions pursuant to Law Decree 104/2020	Adjustments for IFRS 19	Other temporary differences	Totale
Balance as of 01.01.2020	**9,226,701**		**3,687,235**	**3,519,035**	**16,432,971**
Impact on the income statement		3,420,819	0	(1,240,224)	2,180,595
Impact on the comprehensive income statement			(92,650)	0	(92,650)
Balance as of 31.12.2020	**9,226,701**	**3,420,819**	**3,594,585**	**2,278,811**	**18,520,916**
Impact on the income statement		(68,416)	0	1,341,916	1,273,500
Impact on the comprehensive income statement			273,099		273,099
Balance as of 31.12.2021	**9,226,701**	**3,352,403**	**3,867,683**	**3,620,727**	**20,067,515**

10 Other non-current assets

(in Euros)

Description	31.12.2021	31.12.2020	Change
Other non-current assets	3,833,085	6,413,932	(2,580,846)

The balance is broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Change
Investments in other companies	2,403,533	2,835,170	(431,637)
Other non-current assets	1,429,552	3,578,761	(2,149,209)
Total	**3,833,085**	**6,413,932**	**(2,580,846)**

a) Investments in other companies

Investments in other companies are shown hereunder:

(in Euros)

	Value as of 31.12.2020	Increase	Decrease	Write-downs	Value as of 31.12.2021
Banca Popolare di Credito e Servizi	7,747				7,747
Banca Credito Cooperativo Roma	1,033				1,033
Global Riviera	1,314				1,314
Tecnoalimenti S.c.p.a.	65,832				65,832
Dhitech Distretto Tecnologico High-Tech S.c.a.r.l.	237,404				237,404
Distretto Tecnol. Micro e Nanosistemi S.c.r.l.	34,683				34,683
Wimatica S.c.a.r.l. (da Esel)	6,000				6,000
Consorzio Cefriel	191,595				191,595
Consorzio Abi Lab	1,000				1,000
Partecipazione Ce.R.T.A.	360				360
Consorzio Arechi Ricerca	5,000				5,000
Ehealthnet S.c.a.r.l.	10,800				10,800
Distretto Tecnologico Campania Bioscience S.c.a.r.l.	20,000				20,000
CAF ITALIA 2000 S.r.l	260				260
M2Q S.c.a.r.l.	3,000				3,000
sedApta S.r.l.	750,000				750,000
Consel S.r.l.	382,486		(382,486)		-
Istella S.r.l.	1,000,000				1,000,000
Palantir Digital Media S.r.l.	500				500
Seta S.r.l.	82,192			(49,151)	33,041
Ditecfer S.c.a.r.l.	3,000				3,000
SIIT S.c.p.a.	30,963				30,963
Total	**2,835,170**	**-**	**(382,486)**	**(49,151)**	**2,403,533**

During the year equity investment in the company Consel S.r.l. were sold and the company Seta S.r.l. was written down by Euro 49,151.

b) Other non-current assets

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Tax receivables and taxes paid abroad	0	1,448,727	(1,448,727)
Security deposits	314,552	314,034	518
Others	1,115,000	1,816,000	(701,000)
Total	**1,429,552**	**3,578,761**	**(2,149,209)**

The item “Others” includes the fair value of assets related to the exercise of options to purchase non-controlling interests.

The amount related to “Tax receivables and taxes paid abroad” was reclassified under “Other current assets” as it refers to foreign withholding taxes which will be recoverable within the following year.

B) Assets held for sale and held for distribution to owners

11 Assets held for sale and held for distribution to owners

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Assets held for sale and held for distribution to owners	0	11,389,673	(11,389,673)

The change is attributable to the partial spin-off of Engineering Ingegneria Informatica S.p.A. involving the equity investment in OverIT S.p.A.. This spin-off was implemented in favour of the beneficiary company Centurion Bidco 1 S.r.l. and occurred on 1 December 2021.

C) Current assets

12 Customer contract assets

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Customer contract assets	175,033,161	151,656,430	23,376,731

Customer contract assets and the related changes are shown hereunder:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Initial customer contract assets	151,656,430	156,958,879	(5,302,449)
Adjustments and changes in customer contract assets	447,695	(674,932)	1,122,627
Amounts of costs incurred increased by profits recorded based on the completion percentage, net of losses	501,699,289	439,571,730	62,127,559
Invoicing actual progress in customer contract assets	(478,770,253)	(444,199,247)	(34,571,006)
Total	**175,033,161**	**151,656,430**	**23,376,731**

Customer contract assets concern projects in the course of completion based on long-term contracts. They include, but are not limited to, adjustments for projects for which critical issues emerged as regards possible realisable value. The related amount is the best estimate made based on the information available to us.

During the year, there were no significant changes in the contractual conditions and the Company was not subject to penalties for non-fulfilment of contractual obligations or withdrawal by customers.
The Company applies the simplified approach of IFRS 9 to measure the expected credit loss on trade receivables and customer contract assets. Customer contract assets refer to invoices to be issued for contracts in progress, and have substantially the same risk characteristics as trade receivables for the same type of contracts. The Company has therefore concluded that the expected credit loss for trade receivables represents a reasonable approximation of the losses on customer contract assets. The allocation for the period related to ECL is included under item “Adjustments and changes in customer contracts”.
For further information on the ways to calculate the ECL, reference is made to the following paragraph “Trade receivables”.

13 Deferred contract costs

(in Euros)

Description	31.12.2021	31.12.2020	Change
Deferred contract costs	4,457,989	7,040,137	(2,582,148)

During the year 2021, the Company recognised deferred contract costs related to the fulfilment of contracts, represented by the so-called transition costs (Euro 1,724 thousand). These are costs that are directly associated with the performance of the services offered and, in particular, refer to the costs incurred for the taking over of orders that will have benefits over their duration (transition cost).
The portions of cost pertaining to 2021, recognised in the income statement in the period, were determined on the basis of the ratio between the revenues accrued for the activities carried out at the reporting date and the total estimated revenues until the end of the contracts. These costs amounted to Euro 4,306 thousand.

Total deferred costs, equal to Euro 4,458 thousand, will be released in the income statement in the amount of Euro 1,324 within one year, and Euro 3,134 thousand after one year.

14 Trade receivables

The book value of trade receivables and other receivables is shown at amortised cost and the value approximates the fair value. The value refers to receivables from banking institutes, Utilities, Industry, Services, Public Administration and companies operating in the Telecommunications market.

(in Euros)

Description	31.12.2021	31.12.2020	Change
Trade receivables	543,939,068	524,056,744	19,882,324

Trade receivables as of 31 December 2021 are broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Change
Customers	376,785,428	406,109,107	(29,323,679)
Subsidiaries	160,384,029	110,519,170	49,864,858
Associated companies	552,504	552,504	0
Others	6,217,107	6,875,962	(658,855)
Total	**543,939,068**	**524,056,744**	**19,882,324**

a) From customers

(in Euros)

Description	31.12.2021	31.12.2020	Change
Receivables on invoices issued	336,779,046	367,689,145	(30,910,099)
of which overdue	113,369,778	114,850,114	(1,480,336)
Invoices to be issued	65,222,508	60,786,300	4,436,208
Credit notes to be issued	(760,459)	(357,074)	(403,385)
Doubtful debt provision	(24,042,796)	(23,572,582)	(470,214)
Provision for interest in arrears	(870,283)	(870,283)	0
Others	457,411	2,433,600	(1,976,189)
Total	**376,785,428**	**406,109,107**	**(29,323,679)**

Receivables from customers, less doubtful debt provisions, amounted to Euro 376,785 thousand.

It is noted that, as of 31 December 2021, the Company factored trade receivables for the total amount of Euro 88,8 million (Euro 74,5 million as of 31 December 2020). The transfer was non-recourse, so risks and benefits related to receivables were transferred to the transferee; receivables were therefore written off from the Assets in the statement of financial position, according to the consideration received by factoring companies.

Receivables from customers include Engineering's receivables from Sicilia Digitale S.p.A., which amount to Euro 8,35 million and are the object of a recovery plan resulting from the transaction signed on 12 June 2019 between the transferees of the SISEV receivable and Sicilia Digitale S.p.A.. For further details, reference is made to Note 14 b) subsidiaries.

The doubtful debt provision decreased by Euro 470 thousand. The amount relates to the difference between the allocation for the year (Euro 698 thousand) and its use (Euro 228 thousand).

The closing balance of the doubtful debt provision for trade receivables is reconciled with the opening balance as shown below:

(in Euros)

Trade receivables	31.12.2021
Doubtful debt provision as of 31.12.2020	(23,572,582)
Provision for the period	(698,478)
Write-off of receivables considered non-recoverable	228,264
Doubtful debt provision as of 31.12.2021	**(24,042,796)**

The Company applies the simplified approach of IFRS 9 to measure the expected credit loss on all trade receivables and customer contract assets.
Rates on expected credit loss are based on collection terms over a period of 545 days prior to 31 December 2021 and on the corresponding historical credit losses during this period. Historical loss rates are updated to reflect current and future macroeconomic conditions affecting customers' ability to repay loans. The Company has identified the average default rate of Italian companies for the period, considering the Covid-19 pandemic effect as a relevant factor for receivables from third parties, while it has identified the country risk of Italy as the main factor for receivables from the Public Administration. These factors were used to update the historical loss rates recorded.

According to the model described above, it is specified that the doubtful debt provision includes the expected credit loss of Euro 744 thousand in total.

The following table shows the reconciled balance of receivables for invoices issued, divided by "overdue" and "not overdue".

(in Euros)

Description	Not expired	Days falling due					Total as of 31.12.2020
		30	60	90	120	over 120	
Public Administration	28,914,581	6,712,668	2,998,064	1,476,919	195,599	17,771,914	58,069,745
Health	22,112,583	3,443,815	1,415,444	1,222,335	322,503	18,687,027	47,203,708
Finance	62,754,056	5,838,790	2,217,587	580,691	800,113	8,026,167	80,217,404
Industry & Services	44,672,342	5,707,105	3,114,486	1,372,655	592,313	11,955,125	67,414,027
Energy & Utilities	49,278,214	4,653,456	2,887,385	758,771	1,212,656	4,978,518	63,769,001
Telco & Media	45,107,254	2,588,147	1,596,214	19,140		1,704,506	51,015,261
Trade receivables	**252,839,031**	**28,943,981**	**14,229,181**	**5,430,512**	**3,123,183**	**63,123,256**	**367,689,145**
ECL rate	0.010%	0.01%	0.04%	0.12%	0.18%	0.18% - 3.30%	
Doubtful debt provision - Expected credit loss	25,284	2,729	6,370	6,472	5,622	687,366	733,842

(in Euros)

Description	Not expired	Days falling due					Total as of 31.12.2021
		30	60	90	120	over 120	
Public Administration	26,728,838	6,935,336	1,557,645	787,010	144,225	16,378,079	52,531,133
Health	19,110,366	1,257,401	1,041,918	826,831	437,276	15,904,238	38,578,030
Finance	48,037,859	24,445,397	793,452	857,168	960,096	5,509,670	80,603,642
Industry & Services	48,172,063	6,044,249	1,146,197	751,584	706,830	13,487,737	70,308,659
Energy & Utilities	50,592,651	3,034,607	1,644,814	382,555	579,335	4,571,839	60,805,801
Telco & Media	30,767,491	749,958	59,450	18,675	25,520	2,330,685	33,951,780
Trade receivables	**223,409,268**	**42,466,948**	**6,243,477**	**3,623,823**	**2,853,283**	**58,182,248**	**336,779,046**
ECL rate	0.003%	0.02%	0.04%	0.04%	0.06%	0.009% - 0.399%	
Doubtful debt provision - Expected credit loss	6,702	8,493	2,497	1,450	1,712	723,218	744,073

The diversification of the sectors in which the Company's customers operate (Public Administration, Finance, Health, Industry, Transportation, Telco & Media, Energy & Utilities) constitutes an element mitigating the potential risk of credit solvency, considering the current risk of creditworthiness, the economic context and the health emergency due to the Covid-19.

Information on credit risk in respect of total Customer contract assets, Trade receivables from third parties and Deferred contract costs is provided below.

(in Euros)

Customer contract assets, trade receivables from third parties, deferred contract costs	Not expired	Days falling due					Total as of 31.12.2021
		30	60	90	120	over 120	
Balance as of 31.12.2020	456,831,522	28,943,981	14,229,181	5,430,512	3,123,183	63,123,256	571,681,636
Balance as of 31.12.2021	**449,123,907**	**42,466,948**	**6,243,477**	**3,623,823**	**2,853,283**	**58,182,248**	**562,493,685**

b) Subsidiaries

These receivables can be broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Receivables on invoices issued	42,794,692	43,222,236	(427,544)
Invoices to be issued	44,368,376	35,775,392	8,592,985
Cash Pooling	31,877,736	33,523,702	(1,645,966)
Doubtful debt provision	(17,347,171)	(17,285,905)	(61,265)
Credit notes to be issued	(26,675)	(59,040)	32,365
Loans receivables	58,124,212	14,338,120	43,786,093
Others	592,857	1,004,666	(411,809)
Total	**160,384,029**	**110,519,170**	**49,864,858**

For further details on receivables from subsidiaries, reference should be made to the section herein “Transactions with related parties”, which lists the subsidiaries and the related receivables by kind and amount.

Receivables from subsidiaries include the exposure as of 31 December 2021, with respect to Sicilia e-Servizi Venture S.c.a.r.l. in liquidation (“SISEV”), amounting to Euro 32,909,043 (gross of the related doubtful debt provision amounting to Euro 17,347,171), of which Euro 8,996,914 of customer contracts assets, resulted from the IT activities connected with the building of an integrated IT platform for the Sicilian Region within specifications and provisions set out in the convention signed between the Sicilian Region, Sicilia Digitale S.p.A. (former Sicilia e-Servizi S.p.A.) and Sicilia e-Servizi Venture S.c.a.r.l. in liquidation on 21 May 2007. The convention expired on 22 December 2013.

Given the non-payments of Sicilia Digitale S.p.A., on 26 June 2013, SISEV filed a petition for a payment order before the Court of Palermo against Sicilia Digitale S.p.A., and obtained the payment order for Euro 30,052 thousand (in addition to interests, expenses and remunerations, VAT and CPA), for which, however, no execution order was given.

As regards Sicilia Digitale S.p.A.’s judgment of opposition to the payment order, filed on 3 September 2013, obtained in the amount of approximately Euro 30,052 thousand, the Judge ordered Office Technical Experts, to evaluate, inter alia, the actual services rendered by SISEV, which are related to the invoicing subject to the payment order. With sentence of 30 August 2018, the Judge also ordered Sicilia Digitale S.p.A. to pay Euro 19,508 thousand in favour of SISEV, in addition to interest, starting from, and at the rate shown in the order decree. The Judge therefore confirmed the evaluations expressed by the experts, in the aforementioned supplementary expertise report, considering that only the services certified by SISEV’s managerial figures were “recognised” to SISEV.

On 12 June 2019, a specific transaction was agreed between the transferees of the SISEV credit (Engineering and Accenture, as creditor partners for services rendered and not remunerated at that time) and Sicilia Digitale S.p.A. (“amicable agreement”) for the recognition to them of a total amount of Euro 19,5 million (of which Euro 13,2 million in favour of Engineering and Euro 6,3 million in favour of Accenture), with waiver of the interest on arrears and which specifies, among other things, a plan for the repayment of the credit transacted with last expected repayment date on 1 May 2020.

The failure to comply with any time scans for the payment so agreed implies, for the express provision of the agreement, the resolution of the same and the possibility for the creditor parties (Engineering and Accenture) to act for the entire amount (see Article 5).

Moreover, since the instalments provided for in Article 2, point 2, letter b) of the same agreement for the months of November 2019, December 2019, January 2020 and February 2020, for a total amount of Euro 4,175,000.00, have not been paid, a warning notice was sent on 3 February 2020 for their fulfilment, under penalty of termination of the transaction.

However, no further payment was received so that the settlement agreement was dissolved, with a note dated 20 January 2021 and the execution of the judgement was started for the higher amount indicated therein, through the notification of a specific writ of order (i.e. on 21 February 2020, the enforceable judgement was served).

Sicilia Digitale S.p.A. also filed an objection to the execution, requesting (and obtaining) the anticipation of the discussion on the “suspension” in the executive phase to 8 March 2021. On 23 March 2021, the Court of Appeal adjourned the case to 16 April 2021, noting the need to form a panel with a different composition.

In addition to what has just been described, on 18 February 2016, SISEV sent a writ of summons to obtain the payment of the entire amount of its receivables (around Euro 79,7 million, including the works recognised in the financial statements to complete the amount already requested with an appeal for a payment order) as the Company deems, as already stated, that these amounts were correctly originated and are correctly payable, also pursuant to provisions contained in the trilateral agreement signed on 9 October 2012 by the Sicilian Region, Sicilia Digitale S.p.A. and SISEV. Both parties, i.e. the Sicilian Region and Sicilia Digitale S.p.A., appeared and filed objections including, but not limited to, the fact that the measure dated 9 October 2012 was invalid, the service contracts and related orders were null and void and Venture unfulfilled its know-how transfer obligations. The parties also filed a claim for damages for a total amount of Euro 95,643 thousand. These plaintiff’s claims were objected at the first hearing of 8 June 2016. After filing the pre-trial briefs, the Judge reserved on the ruling of all claims submitted, including but not limited to, evidence by SISEV based on documents and expertise.
On 30 May 2018, the technical experts appointed by the Court of Palermo sent the parties and their respective technical experts a draft of the expertise.

The aforementioned final report shows (i) a receivable assessed from SISEV for only Euro 4,2 million against a claim of Euro 79,7 million and (ii) provides the Judge, as a possible alternative assessment criterion, with a second calculation certifying a total receivable of Euro 26,2 million from Venture. The case was adjourned to the hearing of 12 December 2019, for examination by the expertise.

Considering the report to be seriously omissive and erroneous, a new request for the renewal of the expertise, pursuant to Article 196 of the Italian Criminal Code, was submitted. It was discussed at the hearing of 30 May 2019, at which the Region and Sicilia Digitale S.p.A. contested the application and asked for its complete rejection.

On 4 September 2020, the Civil Court of Palermo issued judgment no. 3343/2020 (filed on 23 October 2020 and notified by the Region on 26 October 2020), which dismissed in its entirety the legal claim brought by the applicant company, also dismissing all the counterclaims brought by the defendants.

By a writ of summons on appeal served on 23 November 2020 the judgment no. 3343/2020 was appealed. The first hearing was held on 19 March 2021 before the Business Section of the Court of Appeal (RG 1635/20); lifting the reserve assumed in said hearing, the Judge adjourned the hearing to 21 October 2022 for the specification of the conclusion, reserving the right to make any decision on the request for the renewal of the expertise to an overall examination of merit.

It is considered that the appeal is likely to succeed. The issue will then have to be shifted, on appeal, to a redetermination of SISEV’s actual claim, hopefully through the renewal of the expertise, as requested on several occasions by SISEV.

Please note that, in addition to the above, no specific critical issues or formal claims related to the correct execution of services and good quality of products delivered by SISEV were highlighted by Sicilia Digitale S.p.A. and/or the Sicilian Region. Moreover, the above-mentioned claims do not seem prima facie suited to stop the aggregate claims of SISEV. To date, it is therefore deemed that the defence of the summoned parties are not such to affect the evaluation on the collectability of receivables in favour of SISEV.

The Directors, considering the legitimacy of the credit lines and the correct performance of the services rendered, and assessing the appraisal delivered by the independent expert as part of the writ of summons to obtain payment of an amount of their receivables, equal to approximately Euro 79,7 million, as seriously omissive and erroneous, stated, also based on the opinion of the lawyer in charge, that SISEV receivables from Sicilia Digitale S.p.A. are collectable. Moreover, the above-mentioned claims do not seem prima facie suited to stop the aggregate claims of SISEV.

In any case, considering the continuous change of institutional interlocutors and the difficulty of achieving an amicable agreement, considering the legal dispute and the objections filed by Sicilia Digitale S.p.A. and the Sicilian Region, as of 31 December 2021 SISEV recognised the interest set out by law pertaining to the period considered (Euro 5,7 million) in the income statement and under financial income, in addition to the amount already recognised until 31 December 2020 (for a total amount of approx. Euro 46,7 million), and accrued additional provision for around Euro 5,7 million for a total doubtful debt provision of around Euro 74 million, which includes the total impairment of the statutory interest shown above and recognised in the financial statements and, for the remaining portion, the impairment of the nominal value of the receivable.

c) Associated companies

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Receivables on invoices issued	552,504	552,504	0
Total	**552,504**	**552,504**	**0**

d) Others

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Prepayments	341,659	586,127	(244,468)
Others	5,875,449	6,289,836	(414,387)
Total	**6,217,107**	**6,875,962**	**(658,855)**

The item "Others" refers to prepaid expenses for fee-based activities mainly related to software package maintenance, rentals, sureties and insurance.

15 Other current assets

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Other current assets	44,736,237	31,314,710	13,421,527

Other current assets are broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Other assets and tax receivables	4,698,907	1,857,151	2,841,756
Others	40,037,330	29,457,559	10,579,771
Total	**44,736,237**	**31,314,710**	**13,421,527**

a) Other assets and tax receivables

The item is broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Tax receivables	1,873,645	1,474,892	398,753
Social security institutions	137,262	382,259	(244,996)
Other	2,688,000		2,688,000
Total	**4,698,907**	**1,857,151**	**2,841,756**

Tax receivables mainly include the following:

- Euro 1,391 thousand relating to the foreign withholding taxes paid in Brazil in 2013, which may be recovered up until 31 December 2022;
- Euro 271 thousand relating to receivables from the Inland Revenue Office for recoverable VAT;
- Euro 146 thousand in tax refunds receivable.

The item “Other” includes the fair value of assets related to the exercise of options to purchase non-controlling interests.

b) Others

The item “Others” mainly includes:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Applied research grants	29,402,781	28,873,518	529,263
Prepaid expenses	976	976	0
Others	10,633,573	583,065	10,050,507
Total	**40,037,330**	**29,457,559**	**10,579,771**

- Receivables from applied research, amounting to Euro 29,403 thousand, related to projects financed by national public entities or by the European Community.

- The item “Others” includes the Company’s receivable from the company Centurion Newco S.p.A. amounting to Euro 9,406 thousand, having joined the national tax consolidation scheme with the same. The Company recognised the consolidated accounts and in particular the tax effect of the ROL surplus transfer for the 2021 taxable period.

16 Cash and cash equivalents

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Cash and cash equivalents	99,258,188	110,083,010	(10,824,822)

The balance includes cash and cash equivalents and bank and postal current accounts. Bank and postal deposits are remunerated at interest rates in line with the market.

Cash and cash equivalents consist of the following:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Banks	99,244,204	110,070,533	(10,826,329)
Cash	13,984	12,477	1,507
Total	**99,258,188**	**110,083,010**	**(10,824,822)**

For further information, please refer to the cash flow statement hereof.

D) Shareholders' equity

17 Information on shareholders' equity

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Shareholders' equity	768,183,342	808,190,577	(40,007,235)

All changes are shown in the table below:

(in Euros)

Shareholders' equity	Value as of 31.12.2020	Increase	Decrease	Value as of 31.12.2021
Share capital	34,095,537	0	0	34,095,537
Total share capital	**34,095,537**	**0**	**0**	**34,095,537**
Legal reserve	6,375,000	0	0	6,375,000
Share premium reserve	30,650,262	0	0	30,650,262
Merger reserve	504,437,886	0	(471,414,528)	33,023,358
Other reserves	1,320,000	471,414,528	0	472,734,528
Total reserves	**542,783,148**	**471,414,528**	**(471,414,528)**	**542,783,148**
Prior years' undistributed profits	75,232,192	165,887,199	(94,793,973)	146,325,418
First-time application of IAS/IFRS	1,700,058	0	0	1,700,058
IAS 19 actuarial gains/(losses)	(11,507,557)	0	(864,812)	(12,372,369)
Retained earnings/(losses carried forward)	**65,424,693**	**165,887,199**	**(95,658,785)**	**135,653,107**
Profit/(loss) for the year	**165,887,199**	**55,651,549**	**(165,887,199)**	**55,651,549**
Total shareholders' equity	**808,190,577**	**692,953,276**	**(732,960,512)**	**768,183,342**

18 Share capital

The subscribed and fully paid-up share capital is Euro 34,095,537, divided into 13,003,677 shares each without nominal value.

19 Reserves

In relation to the possible utilisation and distribution of reserves, the following should be noted:

- **Legal reserve:**
  the legal reserve of Euro 6,375,000 is available for the covering of losses but is not distributable.

- **Share premium reserve:**
  the share premium reserve of Euro 30,650,262, created as a result of new shares issued to implement the Stock Option plan.
  The reserve is available and distributable, after covering negative reserves.

- **Merger reserve:**
  the merger reserve as of 31 December 2021, amounting to Euro 33,023,358, is available and distributable. This reserve as of 31 December 2020 amounted to Euro 504,437,886 and following the resolution of the Shareholders' Meeting at the time of the approval of the financial statements as of December 2020, it was reclassified, in the amount of Euro 471,414,528 as an unavailable reserve "Realignment reserve under Italian Decree Law 104/2020", recognised under "Other reserves".

- **Other reserves equal to Euro 472,734,528 relate to:**
  - Special Egov research reserve:
    equal to Euro 72,000, is neither available nor distributable.

  - Special Erp Light research reserve:
    equal to Euro 168,000, is neither available nor distributable.

  - Special PIA project applied research reserve:
    equal to Euro 1,080,000, is neither available nor distributable.

  - Exemption reserve under Italian Law Decree 104/2020:
    equal to Euro 471,414,528 was established in 2021 following the application of the realignment procedure for all misalignments arising in the financial statements as of 31 December 2019 resulting from Schedule RV of the corporate tax return form UNICO SC, and in particular with regard to trademarks, goodwill and other intangible assets, as provided for in Italian Law Decree no. 104 of 14 August 2020 ("August Decree"), converted into Law No. 126 of 13 October 2020, (Article 110, paragraph 8), and 2021 Budget Law - Law No. 178 of 30 December 2020 (Article 1, paragraph 83).
    The reserve is neither available nor distributable.

20 Retained earnings

Retained earnings are equal to Euro 135,653,107 and include:

- **Prior years' undistributed profits amounting to Euro 146,325,418.**
  Changes in the item are as follows:
  - increase in the amount of Euro 165,887,199 for the allocation of profits gained in 2020;
  - decrease due to the distribution of profits to shareholders in the amount of Euro 63,000,000;
  - decrease equal to Euro 31,793,973, following the partial spin-off of the subsidiary OverIT S.p.A. and its subsidiaries from Engineering Ingegneria Informatica S.p.A. was implemented in favour of the beneficiary company Centurion Bidco 1 S.r.l..

  The reserve is available and distributable, after covering negative reserves.

- **First-time application of IAS/IFRS, amounting to Euro 1,700,058**
  The reserve is neither available nor distributable and relates to the first-time application of International Accounting Standards.

- **IAS 19 actuarial gains/(losses) amounting to Euro (12,372,369)**
  The reserve decreased by Euro 864,812 due to actuarial gains net of deferred taxes amounting to Euro 273,099.

E) Non-current liabilities

21 Non-current financial liabilities

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Non-current financial liabilities	129,163,182	124,610,701	4,552,481

For a better disclosure, item “Contingent consideration for business combinations” was reclassified into item “Other non-current liabilities”.

Non-current financial liabilities relate to “Bank loans” and “Other non-current financial liabilities”.

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Bank loans	128,992,518	124,512,407	4,480,111
Other non-current financial liabilities	258,325	258,325	0
Value of financial payables at amortised cost	(87,661)	(160,031)	72,370
Total	**129,163,182**	**124,610,701**	**4,552,481**

Total Bank loans as of 31 December 2021 are broken down as follows:

(in Euros)

Lender	Year of maturity	Interest rate	2022	2023	2024	2025	2026	after 5 years	Total
MIUR PR. 248064 SAFE&SMART	2024	0.2500000	64,971	130,429	65,459				260,859
BANCO BPM	2024	2.2500000	3,750,000	3,750,000	1,875,000				9,375,000
BANCO BPM	2025	0.8800000	2,467,133	2,488,916	2,510,891	2,533,060			10,000,000
MISE FINDUSTRY	2029	0.1800000	121,846	122,065	122,285	122,505	122,726	369,505	980,931
MISE/MCC SUMMIT	2028	0.1700000	64,628	64,738	64,848	64,958	65,069	97,811	422,051
Centurion Bidco loan	2026	Euribor 3 month + 5.5					114,422,255		114,422,255
Centurion Bidco loan	2022	3.00	44,146,212						44,146,212
Total			**50,614,790**	**6,556,148**	**4,638,483**	**2,720,523**	**114,610,049**	**467,315**	**179,607,308**

Payables amount to a total of Euro 179,607,308 before amortised cost, of which Euro 128,992,518 is due after one year as from 2023 and Euro 50,614,790 is due within one year (year 2022) and are classified as current financial liabilities.

Some information and characteristics of the existing loans are shown hereunder:

- loan granted by the parent company Centurion Bidco S.p.A. of:
  - Euro 114,4 million disbursed on 23 July 2020;
  - USD 50 million (equal to Euro 44,146,212 calculated as of the 31 December 2021 exchange rate of 1.1326) disbursed on 15 December 2021 for the purchase of the Movilitas Group companies;
- loans disbursed by Banco BPM:
  - on 13 October 2020 for Euro 15 million and a duration of 4 years to support current operations;
  - on 22 December 2021 for Euro 10 million and duration of four years;
- the three loans granted by MIUR (Safe & Smart) and MISE (Summit and Findustry) are at a subsidised fixed rate and are always linked to the implementation of research and technological development projects. The Safe & Smart loan reported an initial disbursement on 25 January 2019. The Summit loan was disbursed on 23 October 2019. Lastly, a new loan (called Findustry) was disbursed on 3 June 2021.

Covenants

The commitments/obligations set out in the contract for the loan granted by Banco BPM (loan of Euro 15 million as of 13 October 2020), at a variable rate, reflect the provisions of the financial documentation signed in the context of the acquisition transaction of 23 July 2020. In particular, the following Financial Parameters must be respected:

Test SSN FCCR (Fixed Charge Coverage Ratio): the fixed charge coverage ratio of the SSN Issuer (“FCCR”) must be at least 2:1 pro-forma for the issue of the new debt. The calculation of the FCCR is detailed in the SSN Indenture and is essentially the ratio between the SSN Issuer’s LTM EBITDA (EBITDA adjusted for acquisitions, disposals and run-rate synergies etc. for the four most recent consecutive fiscal quarters for which consolidated financial statements are available) and the SSN Issuer’s consolidated fixed expenses (i.e. interest expense plus all dividends accrued or paid in cash or otherwise).

Test PIK CTNLR (Consolidated Total Net Leverage Ratio (PIK Notes)): the consolidated total net leverage ratio of the PIK Issuer (“CTNLR”) cannot exceed 5:1 pro-forma for the issue of the new debt. The calculation of the CTNLR is detailed in the PIK indenture and is essentially the ratio between the consolidated total net debt of the PIK Issuer (i.e. all indebtedness of the PIK Issuer and its subsidiaries excluding the indebtedness of the SSN Issuer incurred by virtue of factoring, securitisation, asset-backed loans and borrowings and other similar financing and hedging obligations, but including capitalised interest on the PIK Securities, less cash resulting from the PIK Issuer’s financial statements on a consolidated basis) and the PIK Issuer’s LTM EBITDA (EBITDA adjusted for acquisitions, disposals and run-rate synergies etc.) for the last four consecutive fiscal quarters for which consolidated financial statements are available).

If the SNN Issuer, or any of its subsidiaries subject to restrictions, wants to secure the new debt ratio on the SSN guarantee, in addition to fulfilling the FCCR and PIK CTNLR tests, the consolidated senior secured net leverage ratio (“CSSNLR”) of the SSN Issuer cannot exceed 5:1 pro-forma for the issue of the new debt.

Test CSSNLR (Consolidated Senior Secured Net Leverage Ratio (SSNs)): the consolidated senior secured net leverage ratio (“CSSNLR”) of the SSN Issuer cannot exceed 5:1 pro-forma for the issue of the new debt. The calculation of the CSSNLR is detailed in the SSN indenture and is essentially the ratio between the consolidated senior secured net debt of the SSN Issuer (i.e. all indebtedness guaranteed with SSN guarantee less cash resulting from the SSN Issuer’s consolidated financial statements) and the SSN Issuer’s LTM EBITDA (EBITDA adjusted for acquisitions, disposals and run-rate synergies etc. for the four most recent consecutive fiscal quarters for which consolidated financial statements are available).

The Financial Parameters are revised twice a year with reference to the Consolidated Financial Statements and the Consolidated Half-Year Report.

The item “Other non-current financial liabilities” refers to security deposits the changes of which are shown in the following table:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Security deposits	258,325	258,325	0
Total	**258,325**	**258,325**	**0**

The following table represents the movement of Financial Liabilities:

(in Euros)

Description	December 2019	Cash flows		Non monetary changes		December 2020
		New loans	Repayment of loans	Reclassifi-cations	Other changes	
Non-current financial liabilities	182,104,046	129,848,700	(241,656,725)	52,431,290	1,883,390	124,610,701
Non-current lease liabilities	130,512,656			1,097,369	(9,807,957)	121,802,068
Current financial liabilities	90,452,502	193,000,000	(173,000,000)	(52,431,290)	(6,930,215)	51,090,997
Current lease liabilities	13,440,996		(12,613,816)	(1,097,369)	13,194,701	12,924,512
Total	**416,510,200**	**322,848,700**	**(427,270,541)**	**0**	**(1,660,081)**	**310,428,278**

(in Euros)

Description	December 2020	Cash flows		Non monetary changes		December 2021
		New loans	Repayment of loans	Reclassifi-cations	Other changes	
Non-current financial liabilities	124,610,701	11,331,160	(3,937,509)	(2,595,877)	(245,292)	129,163,182
Non-current lease liabilities	121,802,068			(4,025,315)	(10,235,853)	107,540,901
Current financial liabilities	51,090,997	170,640,956	(130,000,000)	2,595,877	5,614,908	99,942,739
Current lease liabilities	12,924,512		(14,644,567)	4,025,315	13,545,859	15,851,118
Total	**310,428,278**	**181,972,116**	**(148,582,076)**	**0**	**8,679,622**	**352,497,940**

For a better disclosure, item “Contingent consideration for business combinations” was reclassified into item “Other current and non-current liabilities”, excluding items “Current and non-current financial liabilities”.

22 Non-current lease liabilities

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Non-current lease liabilities	107,540,901	121,802,068	(14,261,167)

With regard to the portion due within 12 months of lease payables, amounting to Euro 15,851,118, please refer to the paragraph on Current financial liabilities.

The table below shows the breakdown of leased liabilities into current and non-current payables:

(in Euros)

Description	Expiring within 31 December of the year						
	2022	2023	2024	2025	2026	after 5 years	Total
Amounts due for finance lease (former IAS 17)	1,399,313	1,624,315					3,023,627
Payables for lease offices and branches	12,062,575	12,384,283	12,248,790	11,921,849	11,635,785	55,764,070	116,017,353
Payables for vehicle financing	2,323,373	1,468,081	436,238	10,181	1,361		4,239,234
Payables for hardware and software lease	28						28
Other lease liabilities	65,829	26,323	16,840	2,784			111,777
Grand total	**15,851,118**	**15,503,002**	**12,701,869**	**11,934,815**	**11,637,145**	**55,764,070**	**123,392,019**

23 Deferred tax liabilities

Deferred tax liabilities were calculated on the following items at the current rates of 24% for IRES and, as regards IRAP, calculation is based on regional competence.

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Deferred tax liabilities	22,369,097	20,143,241	2,225,856

(in Euros)

Description	31.12.2021		31.12.2020	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Goodwill	14,589,587	4,070,495	13,650,030	3,808,358
Trademark	9,060,587	2,527,904	0	0
Other revenues - Research grants	157,574	43,963	157,574	43,963
Other revenues - Research grants taxed in 5 years	63,375,567	15,210,136	65,581,246	15,739,499
Adjustments for IFRS FTA	1,783,202	497,513	1,892,377	527,973
Other	79,524	19,086	97,698	23,447
Total	**89,046,040**	**22,369,097**	**81,378,926**	**20,143,241**

The following table shows details of the impact of deferred tax liabilities on the income statement:

(in Euros)

Description	Doubtful debt provision	Trademark	Allocation of goodwill	R&D grants	Other temporary differences	Total
Balance as of 01.01.2020	**0**	**126,395,192**	**10,049,749**	**16,140,170**	**4,115,348**	**156,700,459**
Impact on the income statement		(126,395,192)	(10,049,749)	(356,707)	244,430	(136,557,218)
Impact on the comprehensive income statement						
Balance as of 31.12.2020	**0**	**0**	**0**	**15,783,463**	**4,359,778**	**20,143,241**
Impact on the income statement		2,527,904		(529,363)	227,315	2,225,856
Impact on the comprehensive income statement						
Balance as of 31.12.2021		**2,527,904**		**15,254,099**	**4,587,094**	**22,369,097**

24 Other non-current liabilities

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Other non-current liabilities	16,598,977	16,885,954	(286,977)

For a better disclosure, item “Contingent consideration for business combinations” was reclassified into item “Other non-current liabilities”.

The item “Other non-current liabilities” relates to:

- the non-current portion of the substitute tax (Euro 4,856 thousand) due for the application of tax realignment, to be paid in 2023. The substitute tax totalling Euro 14,567 thousand was recognised in 2020, to be paid over three years. The first instalment was paid in June 2021, the second will be paid in June 2022 and is recognised as other current liabilities under “Current tax payables”;
- the payables amounting to Euro 2,273 thousand or a non-competition agreement signed with the top management and consultants;
- the recognition of the payable amounting to Euro 2,314 thousand, in case payment is to be made to the Inland Revenue Office of the amount asked to the subsidiary Livebox S.r.l.;
- contingent considerations for business combination, after one year, equal to Euro 7,155 thousand and referring to earn-outs.

25 Post-employment benefits

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Post-employment benefits	48,296,047	49,995,647	(1,699,599)

Due to the introduction of Italian Law no. 296 of 27 December 2006 and subsequent decrees and regulations issued at the beginning of 2007, post-employment benefits from 1 January 2007 changed from a “defined benefit plan” to a “defined contribution plan” as a consequence of the application of differing accounting treatment of post-employment benefits accrued before or after 31 December 2006.
Post-employment benefits, accrued after 1 January 2007, represent a “defined contribution plan”. Periodically, the Company pays post-employment benefits accrued to a separate entity (e.g. INPS and/or a Fund) and with payment of the contributions it fulfils the obligation to its employees. For accounting purposes, it is included under other contributions, therefore the post-employment benefit matured is recorded as a cost in the period with the payable recognised under short-term payables.

Post-employment benefits accrued up to 31 December 2006 continue to represent a “defined benefit plan” which is more certain in terms of their existence and sum, but uncertain in terms of manifestation.
The total amount of the benefit obligation is calculated and certified on an annual basis by an independent actuary by using the “Projected Unit Credit” method.

A summary of the actuarial assumptions adopted in measuring post-employment benefits is provided below:

Financial Assumptions:

- future annual rates of inflation were set according to the average rates of inflation in Italy in recent years, based on ISTAT data;
- future annual revaluation rates of existing provisions and subsequent payments fixed, as established by regulations at 75% of the inflation rate plus 1.50% net of taxes;
- the annual discount rates were established as variable from 0.0000% to 0.2743% and were deducted adopting a rate curve combining the effective yield rates movements of the Euro Bonds of primary companies with AA rating or higher.

Demographic assumptions:

- to evaluate length of employment with the Company, the “Tavola di permanenza nella posizione di attivo” RG48 (a table for company service length prepared by the Italian Treasury Department based on data for those born in 1948) was used, selected, projected and separated by gender, supplemented with the probability of additional reasons for departure (resignations, advances which are a financial-based cause for leaving, measurable in terms of cancellation probability, and other).

The following table show the absolute and relative changes in liabilities measured according to IAS 19 (DBO), while assuming a 10% negative or positive change in the revaluation and/or discounting rates.

(in Euros)

Description		Discounting				
		-10%		100%		10%
	-10%	**48,199,194**	30,986	**48,168,207**	(30,914)	**48,137,293**
		(127,997)	(96,854)	(127,840)	(158,753)	(127,683)
Infla	100%	**48,327,190**	31,143	**48,296,047**	(31,070)	**48,264,977**
		128,438	159,581	128,280	97,053	128,123
	+10%	**48,455,628**	31,301	**48,424,327**	(31,227)	**48,393,100**

Description		Discounting				
		-10%		100%		10%
	-10%	**+99.80%**	+0.06%	**+99.74%**	-0.06%	**+99.67%**
		-0.27%	-0.20%	-0.26%	-0.33%	-0.26%
Infla	100%	**+100.06%**	+0.06%	**+100.00%**	-0.06%	**+99.94%**
		+0.27%	+0.33%	+0.27%	+0.20%	+0.27%
	+10%	**+100.33%**	+0.06%	**+100.27%**	-0.06%	**+100.20%**

Actuarial gains and losses are recognised under shareholders’ equity on an accrual basis.

Changes are detailed below:

(in Euros)

Description	
Balance as of 01.01.2020	**53,133,499**
Provisions	20,068,338
Amounts paid to social security institutions + INPS	(20,075,400)
Actuarial losses/(gains)	(386,041)
Benefits paid	(2,820,389)
Post-empl. benefits on acquisition of Group business units/subsidiaries	508,636
Transfer payables of Group business units/subsidiaries	(432,996)
Balance as of 31.12.2020	**49,995,647**
Provisions	21,167,131
Amounts paid to social security institutions + INPS	(21,187,846)
Actuarial losses/(gains)	1,137,911
Benefits paid	(3,246,477)
Post-empl. benefits on acquisition of Group business units/subsidiaries	792,795
Transfer payables of Group business units/subsidiaries	(363,114)
Balance as of 31.12.2021	**48,296,047**

F) Current liabilities

26 Current financial liabilities

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Current financial liabilities	99,942,739	51,090,997	48,851,741

For a better disclosure, item "Contingent consideration for business combinations" was reclassified into item "Other current liabilities".

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Bank loans	87,114,790	43,872,700	43,242,089
Bank overdraft	66,787	0	66,787
Other current financial liabilities	12,761,162	7,218,297	5,542,865
Total	**99,942,739**	**51,090,997**	**48,851,741**

"Bank loans" totalling Euro 87,115 thousand relate, in the amount of Euro 50,615, to the short-term portion of bank loans for which reference is made in table "Non-current financial liabilities" herein and for Euro 36,500 thousand relate to short-term loans with a duration lower than six months.

"Bank overdrafts" refer to bank overdrafts in the amount of Euro 67 thousand.

"Other current financial liabilities" refer to:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Other payables and grants to be repaid	12,761,162	7,218,297	5,542,865
Total	**12,761,162**	**7,218,297**	**5,542,865**

"Other grants" refer to the following:

- Euro 7,553 thousand for collections received for research projects to be reversed to other partner subjects;
- Euro 5,208 thousand for collections received from customers for invoices transferred to factoring companies.

27 Current lease liabilities

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Current lease liabilities	15,851,118	12,924,512	2,926,606

"Current lease liabilities" relate to the short-term portion of leases described in paragraph "Non-current financial liabilities".

28 Current tax payables

(in Euros)

Description	31.12.2021	31.12.2020	Change
Current tax payables	8,665,899	10,090,735	(1,424,836)

The breakdown is as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Change
IRES	3,076,016	3,759,676	(683,660)
IRAP	552,729	930,474	(377,745)
Other tax payables	5,037,154	5,400,585	(363,431)
Total	**8,665,899**	**10,090,735**	**(1,424,836)**

The provision for income taxes as of 31 December 2021 is recorded net of the amounts paid for IRES and IRAP taxes.

The item “Other tax payables” refers, in the amount of Euro 4,856 thousand, to the substitute tax relating to tax realignment to be paid within the year 2022 and, in the amount of Euro 181 thousand, to the short-term portion of the payable to the Inland Revenue Office for the acceptance of the Report on Findings with reference to the general tax assessment, regarding the 2015 tax period, carried out by the Lazio Regional Authority.

29 Current provisions for risks and charges

(in Euros)

Description	31.12.2021	31.12.2020	Change
Current provisions for risks and charges	7,401,419	2,729,032	4,672,387

(in Euros)

Description	31.12.2021	31.12.2020	Change
Provision for risks and charges	5,640,065	1,302,115	4,337,950
Provision for losses on projects	1,761,354	1,426,918	334,437
Total	**7,401,419**	**2,729,032**	**4,672,387**

The item “Provision for risks and charges” mainly relates to legal disputes and to the risk of penalties with customer contracts. In addition, the item includes the provision to cover losses of the subsidiary WebResults S.r.l. amounting to Euro 5,421,912 made during the year.

The item “Provision for losses on projects” refers to the risks for probable future losses on some existing projects.

Provisions are the best estimate made based on the information available to us at the reporting date.

The decrease refers to the use of provisions for risks and charges and to the projects implemented in previous years.

The changes in the current provisions for risks and charges during the years in question are as follows:

(in Euros)

Description	
Balance as of 01.01.2020	**9,228,919**
Increase	1,012,569
Decrease	(7,512,457)
Balance as of 31.12.2020	**2,729,032**
Increase	6,597,185
Decrease	(1,924,798)
Balance as of 31.12.2021	**7,401,419**

30 Other current liabilities

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Other current liabilities	131,245,483	117,847,695	13,397,788

For a better disclosure, item “Contingent consideration for business combinations” was reclassified into item “Other current liabilities”.

This item is broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Directors and Statutory Auditors	535,103	1,086,750	(551,647)
Consultants	931	301	630
Withholding taxes	87,406	99,857	(12,451)
Tax payables	21,378,207	12,995,790	8,382,416
Due to RTI partners	(54,153)	2,250,308	(2,304,462)
Social security institutions	17,313,091	15,677,195	1,635,896
Others	9,151,542	5,206,449	3,945,093
Employees	74,646,462	72,300,899	2,345,563
Partners for research projects	8,028,219	8,051,343	(23,124)
Accrued m/l loan interest	50,746	12,004	38,743
Other accruals	12,638	71,507	(58,869)
Other deferred income	95,292	95,292	0
Total	**131,245,483**	**117,847,695**	**13,397,788**

The item “Others” includes also the earn-outs recorded and still to be paid for the companies FDL Servizi S.r.l., Digitelematica S.r.l. and Nexera S.p.A., the new company acquired during the year. The change from the previous year is mainly due to the reclassification from non-current to current liabilities of approximately Euro 3,500 thousand related to earn-outs to be paid.

The most significant changes relate to tax payables, the details of which are shown in the following table.

(in Euros)

Description	31.12.2021	31.12.2020	Changes
VAT	9,539,875	1,407,490	8,132,385
Suspended VAT	1,121,277	1,123,237	(1,960)
IRPEF	10,717,028	10,465,062	251,965
Other	26		26
Total	**21,378,207**	**12,995,790**	**8,382,416**

31 Trade payables

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Trade payables	415,013,532	385,525,494	29,488,038

The balance is broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Suppliers	217,675,812	183,248,053	34,427,758
Subsidiaries	153,123,247	161,386,973	(8,263,726)
Parent Companies	4,272	452,652	(448,380)
Others	44,210,201	40,437,816	3,772,386
Total	**415,013,532**	**385,525,494**	**29,488,038**

a) Payables due to suppliers

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Due to suppliers	136,987,933	122,079,786	14,908,146
Due to foreign suppliers	4,734,913	4,824,295	(89,381)
Invoices to be received	76,202,654	56,977,437	19,225,216
Credit notes to be received	(249,688)	(633,465)	383,777
Total	**217,675,812**	**183,248,053**	**34,427,758**

b) Payables due to subsidiaries

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Invoices to be received	23,924,611	29,235,483	(5,310,872)
Invoices received	30,330,757	36,776,911	(6,446,154)
Credit notes to be received	0	(18,424)	18,424
Deferred income	21,166	5,192	15,974
Cash Pooling payables	98,846,714	95,387,811	3,458,902
Total	**153,123,247**	**161,386,973**	**(8,263,726)**

c) Payables due to parent companies

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Invoices to be received	4,272	452,652	(448,380)
Total	**4,272**	**452,652**	**(448,380)**

d) Others

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Advances for future work	44,210,201	40,437,816	3,772,386
Total	**44,210,201**	**40,437,816**	**3,772,386**

Income statement

A) Total revenues

(in Euros)

Description	2021	2020	Changes
Total revenues	975,476,306	911,963,692	63,512,614

32 Total revenues

(in Euros)

Description	2021	2020	Changes
Revenues from sales and services	919,151,263	881,805,920	37,345,342
Cgs. finished products and construction contracts	22,999,035	(4,840,383)	27,839,419
Other revenues	33,326,008	34,998,155	(1,672,147)
Total	**975,476,306**	**911,963,692**	**63,512,614**

The Company records revenues from the fulfilment of the obligation to do both "at a point in time" and "over time", as summarised in the table below, per type of product/service:

(in Euros)

Fulfilment of obligations	Type of goods and services				Total
	Deliverable-based contracts	Resource-based contracts	Service-based contracts	Assistance and maintenance-based contracts	
At a point in time			62,101,179		62,101,179
Over time	523,977,118	88,218,569		267,853,432	880,049,119
Total	**523,977,118**	**88,218,569**	**62,101,179**	**267,853,432**	**942,150,298**

The portion of revenues recognised in the current year relating to liabilities arising from customer contracts that arose in previous years amounted to Euro 32 million.

33 Other revenues

(in Euros)

Description	2021	2020	Changes
Other revenues	33,326,008	34,998,155	(1,672,147)

The breakdown of "Other revenues" is as follows:

(in Euros)

Description	2021	2020	Changes
Grants	14,918,664	15,438,307	(519,643)
Other income	5,331,465	9,988,608	(4,657,143)
Other revenues from parent company	3,716		3,716
Sundry revenues from subsidiaries	13,072,163	9,571,240	3,500,923
Total	**33,326,008**	**34,998,155**	**(1,672,147)**

Other revenues refer mainly to grants for research projects financed by national bodies and by the European Community. For further information, please refer to the relevant section of the Directors' Report on Operations. The item "Sundry revenues from subsidiaries" is mainly attributable to the charging of overheads.

34 Disclosure pursuant to Article 1, paragraphs 125-129, Italian Law 124/2017

As required by Italian Law no. 124 of 2017, in relation to transparency obligations envisaged by Art. 1, par. 125-129, information is provided below on amounts collected over the year in relation to grants, contributions, paid assignments and economic benefits of any kind received by Public Administrations and/or companies directly or indirectly controlled by them.

In order to avoid the accumulation of irrelevant information, the Company has made use of the possibility of not providing information on benefits received of less than Euro 10,000 in the period considered.

(in Euros)

Project title	Project description	Lender	Collection date	Total
ECHO SYSTEM Phase 3	Creation of a decision support platform for the classification of objects detected in open sea, through the analysis of acoustic signals obtained using sonar sensors.	Ministry of Defence - Navarm - Segredifesa - Direz. Naval Armaments	01.11.2021	77,025
			Total	**77,025**
BISS phase 2	Project financed as part of the PNRM (National Plan for Military Research) in favour of the Italian Navy for the creation of a software platform and Artificial Intelligence algorithms for the detection of objects in an underwater environment with non-cooperative Bi-Static sonar configuration.	Ministry of Defence - Navarm - Segredifesa - Direz. Naval Armaments	07.09.2021	143,037
			10.12.2021	23,561
			14.12.2021	143,909
			Total	**310,506**
EHEALTHNET RI	Research, modelling and development of innovative eHealth IT applications (eHealthNet project).	MUR (Ministry of University and Research)	13.12.2021	153,527
			Total	**153,527**
EMORFORAD	Development of an integrated radiomic and phenotypic system for the diagnosis, prognosis and personalisation of therapy in head and neck cancers (eMORFORAD). As part of this activity ENG produced the conceptual data model for EMORFORAD's electronic medical record system called the Unified Health Model (UHM), analysing and implementing the requirements relating to the types of data that the system must be able to acquire and process, produced by heterogeneous sources and integrated into EMORFORAD.	Campania Region	01.11.2021	215,998
			Total	**215,998**
FINDUSTRY	Within the FINDUSTRY4.0 research project, activities were carried out to provide support for the design and development of innovative applications with the aim of creating an ecosystem of ICT services based on an Open Digital Platform for Industry 4.0. Thanks also to new business models, these systems are accompanied by skills, methodologies and training activities to encourage the adoption of these services.	MiSE (Ministry of Economic Development)	03.06.2021	2,229,450
			Total	**2,229,450**
M2Q RI	The objective of the project is the creation of a public-private laboratory to carry out R&D activities in the agro-industrial field, particularly in favour of SMEs to drive their access to large-scale distribution and international markets, through: Support for product and process innovation; Product qualification and product certification; Environmental sustainability of production.	MUR (Ministry of University and Research)	26.10.2021	33,961
			Total	**33,961**
RE-HOME	The project defines, develops, prototypes and validates a technological platform capable of integrating the various components that meet motor and cognitive rehabilitation needs in a context of continuity of care. The platform is targeted in particular at individuals suffering from three chronic degenerative diseases: Severe Cognitive Disorder (mNCD), stroke and Parkinson's disease.	Piedmont Region (through FinPiemonte)	30.06.2021	66,737
			Total	**66,737**
SAFE & SMART	Within the Safe & Smart research project, activities were carried out to provide support for the design and development of innovative applications with the aim of developing a Service-Oriented Architecture (SOA) capable of making heterogeneous systems interoperable to ensure the integrity of the information exchanged within the typical processes of the agri-food supply chains. The project also included the development of a prototype system to carry out the functional validation of the smart chain.	MUR (Ministry of University and Research)	25.05.2021	60,652
			14.06.2021	14,725
			Total	**75,377**
Grand total				**3,162,580**

B) Operating expenses

35 Operating expenses

(in Euros)

Description	2021	2020	Changes
Operating expenses	889,305,578	850,905,866	38,399,711

The breakdown of “Operating expenses” is as follows:

(in Euros)

Description	2021	2020	Changes
Raw materials and consumables	15,651,921	21,734,820	(6,082,899)
Service costs	389,332,409	367,888,374	21,444,035
Personnel costs	441,250,621	418,989,092	22,261,529
Amortisation and Depreciation	33,494,967	37,245,745	(3,750,778)
Provisions	5,907,325	1,852,182	4,055,143
Other costs	3,668,336	3,195,653	472,683
Total	**889,305,578**	**850,905,866**	**38,399,711**

36 Raw materials and consumables

(in Euros)

Description	2021	2020	Changes
Raw materials and consumables	15,651,921	21,734,820	(6,082,899)

Below is a breakdown of Costs for raw materials and consumables:

(in Euros)

Description	2021	2020	Changes
Hardware	1,657,784	2,696,224	(1,038,440)
Software	10,854,525	18,466,283	(7,611,758)
Consumables	3,139,611	572,313	2,567,299
Total	**15,651,921**	**21,734,820**	**(6,082,899)**

37 Service costs

(in Euros)

Description	2021	2020	Changes
Service costs	389,332,409	367,888,374	21,444,035

Service costs are listed hereunder:

(in Euros)

Description	2021	2020	Changes
EDP purchases, services and data lines	2,645,833	2,032,102	613,731
Insurance	3,494,165	3,256,236	237,929
Bank commissions	1,746,628	1,690,558	56,070
Technical support and consultancy	219,624,220	197,389,656	22,234,564
Consultancy from subsidiaries	99,336,441	103,503,683	(4,167,242)
Legal and administrative consultancy	6,396,645	5,717,071	679,574
Training and refresher courses	2,008,670	2,021,196	(12,526)
Consultants	346,022	288,064	57,958
Cost of corporate boards	2,485,193	1,708,904	776,289
Building rental	699,940	619,552	80,388
Maintenance of property, plant and equipment and intangible assets	11,771,810	13,008,010	(1,236,200)
Canteen and other personnel costs	7,799,181	7,572,480	226,701
Automotive expenses	4,998,560	4,705,194	293,366
Hardware and software rental	93,975	190,139	(96,164)
Services from subsidiaries	13,258,894	9,347,938	3,910,956
Maintenance and security services	2,247,177	2,919,908	(672,731)
Advertising and sales rep. expenses	826,961	718,420	108,541
Travel costs	2,778,280	3,132,116	(353,835)
Postage and shipping expenses	1,226,405	1,823,683	(597,278)
Utilities	4,184,208	5,325,472	(1,141,264)
Other	1,363,200	917,994	445,206
Total	**389,332,409**	**367,888,374**	**21,444,035**

The main change in the item “Technical support and consultancy” is due to the increase in production activities, which made the use of external resources necessary.

The table below shows the fees paid to the Auditing Company for these financial statements, pursuant to Article 149-duodecies of the Consolidated Law on Finance.

(in Euros)

Service	Provider	Beneficiary	Remuneration
Audit	Deloitte & Touche S.p.A.	Engineering Ingegneria Informatica S.p.A.	318,000
Other services pursuant to Art. 2501	Deloitte & Touche S.p.A.	Engineering Ingegneria Informatica S.p.A.	250,000

Fees are net of expenses.

38 Personnel costs

(in Euros)

Description	2021	2020	Changes
Personnel costs	441,250,621	418,989,092	22,261,529

Personnel costs consist of:

(in Euros)

Description	2021	2020	Changes
Salaries and wages	322,552,448	306,134,263	16,418,185
Social security expenses	81,104,500	77,783,569	3,320,931
Post-employment benefits	21,167,131	20,068,338	1,098,793
Restructuring and reorganising personnel	13,430,153	1,785,650	11,644,503
Other personnel costs	2,996,389	13,217,272	(10,220,884)
Total	**441,250,621**	**418,989,092**	**22,261,529**

The item “Salaries and wages” includes costs related to holidays and leave pays, indemnities, overtime and bonuses.

The change of Euro 16,418 thousand is mainly due to merit increases, higher provisions for unused holidays and leave, commissions and partly to the increase in personnel during the year.

“Restructuring and reorganising personnel” contains the cost of incentives for employees that went into early retirement during the year.

The item “Other personnel costs” includes the reclassification of amortisation and depreciation of Euro 3,075 thousand relating to cars assigned to employees as required by IFRS 16, applied from 1 January 2019.
The decrease, amounting to Euro 10,221 thousand, is mainly due to the stock option plan (Euro 9,636 thousand) which, following the change in control of the entire share capital of Engineering Ingegneria Informatica S.p.A. in 2020, enabled the beneficiaries to exercise their dividend options.

The average number of employees is as follows:

(units)

Average number of employees	2021	2020	Changes
Executives	321	318	3
Managers	1,635	1,596	39
Other employees	5,307	5,291	16
Total	**7,263**	**7,205**	**58**

39 Amortisation and Depreciation

(in Euros)

Description	2021	2020	Changes
Amortisation and depreciation	33,494,967	37,245,745	(3,750,778)

The breakdown is as follows:

(in Euros)

Description	2021	2020	Changes
Depreciation of property, plant and equipment	3,486,168	3,876,753	(390,585)
Amortisation of intangible assets	17,343,231	20,222,286	(2,879,055)
Depreciation and amortisation IFRS 16	12,665,567	13,146,706	(481,139)
Total	**33,494,967**	**37,245,745**	**(3,750,778)**

40 Provisions and write-downs

(in Euros)

Description	2021	2020	Changes
Provisions	5,907,325	1,852,182	4,055,143

The breakdown is as follows:

(in Euros)

Description	2021	2020	Changes
Allocation to doubtful debt provision	592,720	1,475,200	(882,480)
Risk provision	5,314,605	376,982	4,937,622
Total	**5,907,325**	**1,852,182**	**4,055,143**

Amounts recognised in the financial statements are the best estimates and assumptions based on the best information available at the reporting date.

The item "Allocation to doubtful debt provision" mainly includes the following:

- the release of provisions made in previous years for adjustments to customer contract assets amounting to Euro 209 thousand;
- the allocation for the year, amounting to Euro 698 thousand for receivables form customers.

The item "Risk provision" includes:

- the allocation, equal to Euro 5,422 thousand, made to cover losses of the subsidiary WebResults S.r.l.;
- risk provision, equal to Euro 1,176 thousand;
- adjustments to provisions from previous years due for elimination of risks amounting to Euro 1,283 thousand.

41 Other costs

(in Euros)

Description	2021	2020	Changes
Other costs	3,668,336	3,195,653	472,683

Other costs are broken down as follows:

(in Euros)

Description	2021	2020	Changes
Dues and subscriptions	886,546	780,496	106,050
Taxes	1,117,169	961,413	155,756
Gifts and donations	197,774	56,221	141,552
Charges for social causes	312,290	236,405	75,884
Other	1,154,558	1,161,118	(6,560)
Total	**3,668,336**	**3,195,653**	**472,683**

The item "Other" includes mainly costs for third-party transactions, amounting to Euro 813 thousand.

42 Net Financial income/(expenses)

(in Euros)

Description	2021	2020	Changes
Net Financial income/(expenses)	(5,633,134)	(7,796,823)	2,163,690

Financial income is broken down as follows:

(in Euros)

Description	2021	2020	Changes
Interest income	1,414,960	1,465,013	(50,053)
Fair value gain (differential from derivative)	2,496,535	1,445,683	1,050,852
Gain on exchange differences	400,318	266,552	133,767
Total	**4,311,813**	**3,177,247**	**1,134,566**

Financial expenses consist of:

(in Euros)

Description	2021	2020	Changes
Interest expense	9,254,798	10,117,348	(862,550)
Other	690,149	856,723	(166,574)
Total	**9,944,947**	**10,974,071**	**(1,029,124)**

Interest expense is due principally to loans detailed in paragraph “Non-current financial liabilities” hereof.

43 Income/(expenses) from investments

(in Euros)

Description	2021	2020	Changes
Income/(expenses) from equity investments	(12,033,381)	6,452,451	(18,485,832)

The breakdown is as follows:

(in Euros)

Description	2021	2020	Changes
Gains on equity investments	111,471	7,380,427	(7,268,956)
Write-downs of equity investments	(12,144,851)	(927,976)	(11,216,875)
Total	**(12,033,381)**	**6,452,451**	**(18,485,832)**

The item “Write-down of equity investments” relates to write-downs of the following companies:

- Euro 12,096 thousand related to OverIT S.p.A.;
- Euro 49 thousand related to Seta S.r.l..

44 Income taxes

(in Euros)

Description	2021	2020	Changes
Income taxes	12,852,665	(106,173,746)	119,026,410

The breakdown of taxes is as follows:

(in Euros)

Description	2021	2020	Changes
Current	11,900,309	32,564,068	(20,663,759)
Deferred	952,356	(138,737,814)	139,690,170
Total	**12,852,665**	**(106,173,746)**	**119,026,410**

The change in deferred taxes was affected by the positive effect occurred in the 2020 financial year related to the realignment (as per Decree Law 126/2020) of all misalignments existing in the financial statements as of 31 December 2019, resulting from Schedule RV of the corporate tax return form UNICO SC, in particular with reference to the trademark, goodwill and other intangible assets, which resulted in the release to the income statement of the deferred tax liabilities related to these intangible assets until now not relevant for tax purposes and the allocation of deferred tax assets with reference to the value of goodwill.

Current taxes include the positive effect of Euro 9,406 thousand, as the Company adhered to the national tax consolidation with Centurion Newco S.p.A.. The Company recognised the consolidated accounts and in particular the tax effect of the ROL surplus transfer for the 2021 taxable period.

For details on temporary differences giving rise to deferred taxation, reference is made to the previous paragraphs "Deferred tax assets" and "Deferred tax liabilities" herein.

Reconciliation between the theoretical and IRES effective tax rate is shown below:

(in Euros)

	2021		2020	
Profit before taxes	**68,504,214**		**59,713,453**	
Ordinary rate applied	**16,441,011**	**+24.0%**	**14,331,229**	**+24.0%**
Income taxable in prior years	4,256,679	+6.2%	4,465,618	+7.50%
Income not taxable	(3,580,485)	-5.2%	(5,504,736)	-9.20%
Expenses not deductible	5,652,776	+8.3%	5,816,198	+9.70%
Deductible expenses not charged to income statement	(6,150,320)	-9.0%	(5,218,562)	-8.70%
Utilisation of previous years tax losses	0	+0.0%	0	+0.00%
Total assessable IRES	**69,248,589**		**57,873,950**	
Tax/Tax rate	**16,619,661**	**+24.0%**	**13,889,748**	**+24.0%**

Deferred taxes were calculated taking into consideration the accumulated sum of all temporary differences on the basis of the average expected rate for successive tax periods when these differences will reverse.

45 Other information

COMMITMENTS UNDERTAKEN

Disclosures relating to commitments undertaken by the Company:

(in Euros)

Description	31.12.2021
Third party sureties	345,775,021
Bank sureties in favour of other companies	9,138,683
Bid Bonds and Performance Bonds	22,441,150
Total commitments undertaken	**377,354,853**

46 Breakdown of financial instruments by category

For all transactions the balances (financial or non-financial) for which an accounting standard requires or permits measurement at fair value and which fall within the scope of IFRS 13, the Company applies the following criteria:

a) identification of the unit of account, i.e. the level at which an asset or liability is aggregated or disaggregated to be recognised for IFRS purposes;
b) identification of the main market (or, in the absence thereof, the most advantageous market) in which transactions could take place for the asset or liability being valued; in the absence of evidence to the contrary, it is assumed that the market currently used coincides with the main market or, in the absence thereof, with the most advantageous market;
c) definition, for non-financial assets, of the highest and best use: in the absence of evidence to the contrary, the highest and best use coincides with the current use of the asset;
d) definition of the most appropriate valuation techniques for estimating fair value: these techniques maximise the use of observable data, which market participants would use in determining the price of the asset or liability;
e) determination of the fair value of the assets, as the price that would be received for their sale, and of the liabilities and equity instruments, as the price that would be paid for their transfer in a regular transaction between market participants at the valuation date;
f) inclusion of "non-performance risk" in the valuation of assets and liabilities and, in particular for financial instruments, determination of an adjustment factor in the measurement of fair value to include, in addition to counterparty risk (CVA - credit valuation adjustment), own credit risk (DVA - debit valuation adjustment).

On the basis of the data used for fair value measurements, a fair value hierarchy is identified on the basis of which assets and liabilities measured at fair value or for which fair value is indicated in the financial statement disclosures are classified:

a) level 1: includes prices quoted in active markets for assets or liabilities identical to those being valued;
b) level 2: includes observable data, different from those included in level 1, such as: (i) prices quoted in active markets for similar or identical assets or liabilities; (ii) prices quoted in non-active markets for similar or identical assets or liabilities; (iii) other observable data (interest rate curves, implicit volatilities, credit spreads);
c) level 3: uses non-observable data, which may be used if no observable input data is available. The non-observable data used for fair value measurement purposes reflects the assumptions that market participants would make when pricing the assets and liabilities being measured.

Please refer to the table below for the definition of the fair value hierarchy level on the basis of which the individual instruments measured at fair value have been classified.
No transfers between the different levels of the fair value hierarchy took place during the year.

The fair value of derivative instruments is determined by discounting expected cash flows, using the market interest rate curve at the reference date and the listed credit default swap curve of the counterparty and Group companies, to include the non-performance risk explicitly provided for by IFRS 13.
For medium/long-term financial instruments, other than derivative instruments, where market prices are not available, the fair value is determined by discounting expected cash flows, using the market interest rate curve at the reference date and considering the counterparty risk in the case of financial assets and its credit risk in the case of financial liabilities.

Therefore, the following table highlights the measurement hierarchical level of fair value, for financial assets and liabilities measured at fair value as of 31 December 2021:

(in Euros)

Items as of 31.12.2021	Asset at amortised cost	Assets at FVPL	Assets at FVOCI
Other non-current assets	2,728,085	1,105,000	
Trade receivables	543,939,068		
Other current assets	42,048,237	2,688,000	
Cash and cash equivalents	99,258,188		
Total assets	**687,973,579**	**3,793,000**	**0**

(in Euros)

Items as of 31.12.2020	Asset at amortised cost	Assets at FVPL	Assets at FVOCI
Other non-current assets	5,308,932	1,105,000	
Trade receivables	524,056,744		
Other current assets	31,314,710		
Cash and cash equivalents	110,083,010		
Total assets	**670,763,395**	**1,105,000**	**0**

(in Euros)

Items as of 31.12.2021	Liabilities at amortised cost	Liabilities at FVPL	Liabilities at FVOCI	Other liabilities
Non-current financial liabilities	129,163,182			
Non-current lease liabilities	107,540,901			
Other non-current liabilities	16,598,977	0		
Current financial liabilities	99,942,739			
Current lease liabilities	15,851,118			
Other current liabilities	131,245,483			
Trade payables	415,013,532			
Total liabilities	**915,355,932**	**0**	**0**	**0**

(in Euros)

Items as of 31.12.2020	Liabilities at amortised cost	Liabilities at FVPL	Liabilities at FVOCI	Other liabilities
Non-current financial liabilities	124,610,701	0		
Non-current lease liabilities	121,802,068			
Other non-current liabilities	16,395,954	490,000		
Current financial liabilities	51,090,997			
Current lease liabilities	12,924,512			
Other current liabilities	117,847,695			
Trade payables	385,525,494			
Total liabilities	**830,197,420**	**490,000**	**0**	**0**

Assets and liabilities measured at fair value, as shown in the table above, are included in level 2 (iii).

For a better disclosure, item “Contingent consideration for business combinations” was reclassified into item “Other current and non-current liabilities”.

47 Transactions with related parties

During the year, transactions were carried out with related entities under normal market conditions. These transactions relate to trade activities carried out in favour of primary customers which produced profitability in line with the company's profitability parameters.
The table below summarises both the trade and financial exchanges recognised as a result of the use of the cash pooling system:

(in Euros)

Description	Revenues	Costs	Financial income (expenses)	Trade receivables	Trade payables	Cash pooling receivables	Cash pooling payables
OverIT S.p.A.	886,617	22,987,678		0	0	0	0
Engiweb Security S.r.l.	338,640	10,476,365	(38,417)	639,275	5,858,449	0	3,831,935
Municipia S.p.A.	6,757,822	965,404	180,027	5,647,071	1,330,476	28,221,483	0
Engineering Sardegna S.r.l.	1,061,263	806,524	18,309	609,159	1,348,063	3,223,457	0
Nexen S.p.A.	5,454,870	5,552,515	(65,286)	4,264,406	2,713,766	0	11,097,058
Engineering do Brasil S.A.	21,705	336,842	366,228	9,436,127	289,872	0	0
Sicilia e-Servizi Venture S.c.a.r.l.	60,000		3,640	32,909,043	33,295	0	0
Engineering International Belgium S.A.	646,551	546,970	27,000	3,297,124	428,099	0	0
Engineering D. HUB S.p.A.	12,790,310	32,280,263	(507,850)	16,558,819	23,135,020	0	78,147,929
Engi da Argentina S.A.	(6)			2,055,521	16,396	0	0
Engineering 365 S.r.l.	1,709,634	6,344,894	13,921	1,774,212	2,596,240	0	950,487
WebResults S.r.l.	2,552,833	13,048,216	(3,198)	2,509,283	4,637,868	432,796	0
Engineering Sofware Lab d.o.o.	142,083	7,740,258	1,945	721,946	2,826,628	0	0
Engineering ITS GmbH	2,300,271	16,440	25,581	2,790,395	40,441	0	0
Engineering Ingegneria Informatica S.L.	517,961	989,922		910,008	1,005,750	0	0
Livebox S.r.l.	2,209,004	4,101,779	209,056	7,981,834	4,021,598	0	1,801,803
Engineering USA Inc.	1,667,600	53,456		46,025,515	115,168	0	0
Pragma S.r.l.	9,289			11,081	0	0	0
Cybertech S.r.l.	722,087	7,234,888		1,066,188	2,484,911	0	0
Digitelematica S.r.l.	221,020	650,419		217,315	705,185	0	0
DEUS Technology S.r.l.	117,430	38,000	(16,897)	101,559	47,195	0	3,017,501
FDL Servizi S.r.l.	29,524	9,000	(3,113)	22,048	642,113	0	0
Eng Mexico Informatica S. de R.L.	7,018			7,018	0	0	0
Nexera S.p.A.			1,608	651,608	0	0	0
Total	**40,223,525**	**114,179,834**	**212,553**	**140,206,557**	**54,276,534**	**31,877,736**	**98,846,714**

The item "Trade Receivables" include Customer Contract Assets. Loans granted to subsidiaries are also included:

(in Euros)

Description	31.12.2021
Engineering USA Inc.	44,146,212
Engineering do Brasil S.A.	5,500,000
Engineering International Belgium S.A.	2,100,000
Livebox S.r.l.	5,000,000
Nexera S.p.A.	650,000
Sicilia e-Servizi Venture S.c.a.r.l.	728,000
Total	**58,124,212**

It should also be noted that two loans were disbursed by the company Centurion Bidco for Euro 114,4 million and Euro 44 million, the details of which are shown in the table 'Non-current financial liabilities' herein.

No transactions were entered into with key managers and their related parties. With regard to the stability pact in place with certain senior managers, please refer to the section "Other non-current liabilities" hereof.

48 Events occurring after 31 December 2021

The main events occurred after the reporting date are described hereunder:

- On 17 February 2022, the deed of merger by incorporation of the subsidiaries DEUS Technology S.r.l., Engiweb Security S.r.l., Engineering 365 S.r.l. into Engineering Ingegneria Informatica S.p.A. was signed, with civil law effects as of 1 March 2022 and retroactive accounting and fiscal effects as of 1 January 2022.

- On 1 March 2022 Engineering acquired 100% of the shares of Plusure S.p.A., a Milan-based company operating in the ICT market in the PLM (Product Lifecycle Management) sector.

- The Board of Directors meeting of 16 November 2021 approved the preliminary draft of the Reverse Merger project of the parent company Centurion Holdco S.à.r.l into Engineering Ingegneria Informatica S.p.A., which is expected to be completed during the first half of 2022 and will take effect retroactively from 1 January 2022.

- In February 2022, Russia launched a military operation by invading Ukrainian territory, and the consequences for the world's political and economic balance are unpredictable.
  The European Union and many other countries have implemented particularly stringent economic sanctions against Russia and Belarus, and more may be resolved later.
  Based on current evidence, at present the Company does not foresee any significant impact on trade relations, trade receivables collection and assets as our presence in these countries is practically nil.

49 Information on the members of the Board of Directors and Control Boards

BOARD OF DIRECTORS

On 23 July 2020, after the resolution of the Company's Ordinary Shareholders' Meeting and following the resolution of the Board of Directors held on the same day, a new Board of Directors and a new Board of Statutory Auditors were elected and will remain in office until the approval of the financial statements as of 31 December 2022. On 2 March 2021, Aurelio Regina was appointed by the Board of Directors as an additional director.
On 29 July 2021, the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A. was held and appointed, effective from 1 August 2021, Maximo Ibarra, as Appointed Chief Executive Officer, with a term until the Shareholders' Meeting to approve the financial statements for the year ending 31 December 2022.
On 1 October 2021, Maximo Ibarra became Chairman and Chief Executive Officer of Engineering Ingegneria Informatica S.p.A., with the resignation of Paolo Pandozy taking effect.

On 28 March 2022, the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A. resolved as follows:

- the Director Michele Cinaglia resigned from his office of member of the Company's Board of Directors;
- Maximo Ibarra remains a member of the Board of Directors and Chief Executive Officer;
- Gaetano Micciché was appointed member of the Board of Directors and Chairman of the Board of Directors.

The current composition of Corporate Bodies is as follows:

Gaetano Micciché	Chairman
Maximo Ibarra	Director and Chief Executive Officer
Armando Iorio	Director
Luca Bassi	Director
Giovanni Camera	Director
Stuart James Ashley Gent	Director
Christophe Patrick M. Jacobs van Merlen	Director
Fabio Cosmo Domenico Canè	Director
Stefano Bontempelli	Director
Riccardo Bruno	Director
Pietro Galli	Director
Vito Cozzoli	Director
Aurelio Regina	Director

BOARD OF STATUTORY AUDITORS

Maurizio Salom	Chairman
Domenico Muratori	Standing Auditor
Stefano Roberto Tronconi	Standing Auditor
Monica Antonia Castiglioni	Alternate Auditor
Alice Lubrano	Alternate Auditor

SUPERVISORY BODY

Roberto Fiore	Chairman
Annalisa Quintavalle	Member

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

50 Conclusions and Shareholders’ Meeting proposals

Net profit for the year amounted to Euro 55,651,549.

The Board of Directors proposes Shareholders to approve the 2021 financial statements and to allocate the net profit as follows:

Legal reserve:	Euro	450,000
Reserve for undistributed profit:	Euro	55,201,549

The Chairman, on behalf of the Board of Directors, points out that the financial statements are audited by the Independent Auditors Deloitte & Touche S.p.A..

51 Summary table of Centurion Holdco S.à.r.l.

As envisaged in Article 2497-bis, paragraph 4, the following table summarises the data from the latest approved financial statements of Centurion Holdco S.à.r.l., which exercises management and coordination over our Company:

RCSL Nr. : B241329	Matricule : 20192483426

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494
Email :
centralebilans@statec.etat.lu

BALANCE SHEET

Financial year from 01 01/12/2019 **to** 02 31/12/2020 *(in* 03 EUR)

Centurion Holdco S.à r.l.
4 Rue Lou Hemmer
L-1748 Senningerberg

ASSETS

	Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101	101		102	
I. Subscribed capital not called	1103	103		104	
II. Subscribed capital called but unpaid	1105	105		106	
B. Formation expenses	1107	107		108	
C. Fixed assets	1109	109	676,753,034.00	110	
I. Intangible assets	1111	111		112	
1. Costs of development	1113	113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115		116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117	117		118	
b) created by the undertaking itself	1119	119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	121		122	
4. Payments on account and intangible assets under development	1123	123		124	
II. Tangible assets	1125	125		126	
1. Land and buildings	1127	127		128	
2. Plant and machinery	1129	129		130	

The notes in the annex form an integral part of the annual accounts

ENGINEERING

Page 2/5

RCSL Nr. : B241329		Matricule : 20192483426			
		Reference(s)		Current year		Previous year

		Reference(s)		Current year		Previous year
3. Other fixtures and fittings, tools and equipment	1131		131		132	
4. Payments on account and tangible assets in the course of construction	1133		133		134	
III. Financial assets	1135	2.2.1, 3	135	678,753,034.00	136	
1. Shares in affiliated undertakings	1137	3.1	137	678,753,034.00	138	
2. Loans to affiliated undertakings	1139		139		140	
3. Participating interests	1141		141		142	
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Investments held as fixed assets	1145		145		146	
6. Other loans	1147		147		148	
D. Current assets	1151		151	4,893,579.91	152	
I. Stocks	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work in progress	1157		157		158	
3. Finished goods and goods for resale	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163	2.2.1	163	535.00	164	
1. Trade debtors	1165		165		166	
a) becoming due and payable within one year	1167		167		168	
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171		171		172	
a) becoming due and payable within one year	1173		173		174	
b) becoming due and payable after more than one year	1175		175		176	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other debtors	1183		183	535.00	184	
a) becoming due and payable within one year	1185		185	535.00	186	
b) becoming due and payable after more than one year	1187		187		188	

The notes in the annex form an integral part of the annual accounts

ENGINEERING INGEGNERIA INFORMATICA

RCSL Nr. : B241329		Matricule : 20192483426			
	Reference(s)		Current year		Previous year
III. Investments	1189	189		190	
1. Shares in affiliated undertakings	1191	191		192	
2. Own shares	1209	209		210	
3. Other investments	1195	195		196	
IV. Cash at bank and in hand	1197	197	4,893,044.91	198	
E. Prepayments	1199	199	0.00	200	
TOTAL (ASSETS)		201	683,646,613.91	202	0.00

The notes in the annex form an integral part of the annual accounts

Page 4/5

RCSL Nr. : B241329	Matricule : 20192483426

CAPITAL, RESERVES AND LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301	4	301	678,132,419.85	302	0.00
I. Subscribed capital	1303	4.1	303	12,000.00	304	
II. Share premium account	1305	4.2	305	695,115,488.00	306	
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309		310	
1. Legal reserve	1311		311		312	
2. Reserve for own shares	1313		313		314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves, including the fair value reserve	1429		429		430	
a) other available reserves	1431		431		432	
b) other non available reserves	1433		433		434	
V. Profit or loss brought forward	1319		319		320	
VI. Profit or loss for the financial year	1321		321	-16,995,068.15	322	0.00
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
B. Provisions	1331		331		332	
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335		336	
3. Other provisions	1337		337		338	
C. Creditors	1435	2.2.3	435	5,514,194.06	436	
1. Debenture loans	1437		437		438	
a) Convertible loans	1439		439		440	
i) becoming due and payable within one year	1441		441		442	
ii) becoming due and payable after more than one year	1443		443		444	
b) Non convertible loans	1445		445		446	
i) becoming due and payable within one year	1447		447		448	
ii) becoming due and payable after more than one year	1449		449		450	
2. Amounts owed to credit institutions	1355		355		356	
a) becoming due and payable within one year	1357		357		358	
b) becoming due and payable after more than one year	1359		359		360	

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B241329		Matricule : 20192483426			
	Reference(s)		Current year		Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361	361		362	
a) becoming due and payable within one year	1363	363		364	
b) becoming due and payable after more than one year	1365	365		366	
4. Trade creditors	1367	367	5,513,659.06	368	
a) becoming due and payable within one year	1369	369	5,513,659.06	370	
b) becoming due and payable after more than one year	1371	371		372	
5. Bills of exchange payable	1373	373		374	
a) becoming due and payable within one year	1375	375		376	
b) becoming due and payable after more than one year	1377	377		378	
6. Amounts owed to affiliated undertakings	1379	379		380	
a) becoming due and payable within one year	1381	381		382	
b) becoming due and payable after more than one year	1383	383		384	
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385		386	
a) becoming due and payable within one year	1387	387		388	
b) becoming due and payable after more than one year	1389	389		390	
8. Other creditors	1451	451	535.00	452	
a) Tax authorities	1393 2.2.3.1	393	535.00	394	
b) Social security authorities	1395	395		396	
c) Other creditors	1397	397		398	
i) becoming due and payable within one year	1399	399		400	
ii) becoming due and payable after more than one year	1401	401		402	
D. Deferred income	1403	403	0.00	404	
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405	683,646,613.91	406	0.00

The notes in the annex form an integral part of the annual accounts

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494
Email :
centralebilans@statec.etat.lu

RCSL Nr. : B241329	Matricule : 20192483426

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/12/2019 **to** 02 31/12/2020 *(in* 03 EUR*)*

Centurion Holdco S.à r.l.
4 Rue Lou Hemmer
L-1748 Senningerberg

PROFIT AND LOSS ACCOUNT

		Reference(s)		Current year		Previous year
1. Net turnover	1701		701		702	
2. Variation in stocks of finished goods and in work in progress	1703		703		704	
3. Work performed by the undertaking for its own purposes and capitalised	1705		705		706	
4. Other operating income	1713		713		714	
5. Raw materials and consumables and other external expenses	1671	5	671	-16,978,068.28	672	
a) Raw materials and consumables	1601		601		602	
b) Other external expenses	1603	5.1	603	-16,978,068.28	604	
6. Staff costs	1605		605		606	
a) Wages and salaries	1607		607		608	
b) Social security costs	1609		609		610	
i) relating to pensions	1653		653		654	
ii) other social security costs	1655		655		656	
c) Other staff costs	1613		613		614	
7. Value adjustments	1657		657		658	
a) in respect of formation expenses and of tangible and intangible fixed assets	1659		659		660	
b) in respect of current assets	1661		661		662	
8. Other operating expenses	1621		621		622	

The notes in the annex form an integral part of the annual accounts

Page 2/2

RCSL Nr. : B241329				Matricule : 20192483426	
	Reference(s)		Current year		Previous year
9. Income from participating interests	1715	715		716	
a) derived from affiliated undertakings	1717	717		718	
b) other income from participating interests	1719	719		720	
10. Income from other investments and loans forming part of the fixed assets	1721	721		722	
a) derived from affiliated undertakings	1723	723		724	
b) other income not included under a)	1725	725		726	
11. Other interest receivable and similar income	1727	727	15,975.33	728	
a) derived from affiliated undertakings	1729	729		730	
b) other interest and similar income	1731	731	15,975.33	732	
12. Share of profit or loss of undertakings accounted for under the equity method	1663	663		664	
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	665		666	
14. Interest payable and similar expenses	1627	627	-32,440.20	628	
a) concerning affiliated undertakings	1629	629		630	
b) other interest and similar expenses	1631	631	-32,440.20	632	
15. Tax on profit or loss	1635	635		636	
16. Profit or loss after taxation	1667	667	-16,994,533.15	668	0.00
17. Other taxes not shown under items 1 to 16	1637 7	637	-535.00	638	
18. Profit or loss for the financial year	1669	669	-16,995,068.15	670	0.00

The notes in the annex form an integral part of the annual accounts

Report of the Board of Statutory Auditors on the Financial Statements as at 31 December 2021

ENGINEERING

Engineering Ingegneria Informatica spa

Piazzale dell'Agricoltura, 24 - 00144 Rome

Share capital: Euro 34,095,537.11 fully paid-up

Sole Shareholder: Centurion Bidco S.p.A.

Rome Register of Companies and Tax Code 00967720285, VAT no. 05724831002

Company subject to management and coordination by Centurion Holdco S.à r.l.

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REPORT OF THE BOARD OF STATUTORY AUDITORS

ON THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

PURSUANT TO ART. 2429 OF THE ITALIAN CIVIL CODE

Dear Shareholders,

the financial statements for the year ended as of 31 December 2021 submitted for your approval were approved by the Board of Directors at the meeting on 29 March 2022 and closed with a profit of Euro 55,651,549.

The draft financial statements were made available to us, complete with explanatory notes, the cash flow statement and the report on operations which, as required by Article 40, paragraph 2-bis, of Italian Legislative Decree 127/91, were drafted in a single document, both for the separate financial statements and the consolidated financial statements, also prepared in accordance with the IFRS.

By means of this report, we inform you of the most significant aspects of the activities performed by us in 2021 and the relevant outcomes, as well as the result for the year ended as of 31 December.

As you are aware, pursuant to Article 2409-bis, paragraph 1 of the Italian Civil Code, the responsibility for the independent audit of your Company lies with Deloitte & Touche S.p.A., so that our controls on the financial statements are limited to the correctness of the general approach and overall compliance with the law.

MONITORING ACTIVITIES PERFORMED BY THE BOARD OF STATUTORY AUDITORS PURSUANT TO ART. 2403 OF THE ITALIAN CIVIL CODE

The share capital of Engineering S.p.A. is wholly-owned by Centurion Bidco S.p.A. as Sole Shareholder.

The activities carried out by the board concerned, from a timing perspective, the whole year and, during said year, meetings were regularly held pursuant to Article 2404 of the Italian Civil Code, and the appropriate minutes were drawn up for said meetings, duly signed for unanimous approval.

Also in view of the decisions taken by the Government or being implemented in relation to Covid-19, which foreshadow a rapid return to normality and a gradual improvement in the economic climate, the directors have determined that there are no critical issues regarding the ability to continue to operate and meet its obligations for the foreseeable future.

Our activities during the year adhered to the legislative and regulatory principles and were based on the rules of conduct of the Board of Statutory Auditors recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Institute of Chartered Accountants).

In particular, we:

- monitored observance of the law and the articles of association and respect for the principles of proper administration;
- regularly held and took minutes for the meetings pursuant to Article 2404 of the Italian Civil Code;
- took part in the shareholders' meetings and the meetings of the Board of Directors, held in observance of the statutory, legislative and regulatory provisions that govern their functioning;
- obtained information from the directors during the meetings held, on the general operating performance and its outlook, as well as on the most significant transactions, in terms of size or characteristics, carried out by the Company. Therefore, we can reasonably ensure that the decisions taken conform to the law and to the articles of association and are not manifestly imprudent, risky, do not involve a potential conflict of interest or are not in contrast to the resolutions passed by the shareholders' meeting or are as such to compromise the integrity of company assets;

- monitored, for matters within our competence, the adequacy of the Company's organisational structure, also by collecting information from those responsible for organisational positions and have no observations to make in this regard;
- monitored the adequacy of the Company's administrative and accounting system and its suitability in correctly representing management events, by requesting and obtaining all necessary information from the managers of the competent company functions and conducting all necessary checks, and did not identify any exceptions worthy of note;
- engaged, according to the provisions of Article 2409-*septies* of the Italian Civil Code, in a periodic exchange of information with the independent auditors Deloitte & Touche, and no information came to light which needs to be highlighted in this report;
- also examined the financial statements of the subsidiaries, within the limits deemed necessary for the drafting of this report and for the purposes of expressing our considerations on the Company's financial statements as of 31 December 2021, but not also on the individual financial statements of the subsidiaries;
- met with the Supervisory Body and acknowledged the report of the Supervisory Body pursuant to Italian Legislative Decree 231, relating to the control activities for 2021, which does not contain any especially significant criticalities;
- did not receive any complaints pursuant to Article 2408 of the Italian Civil Code;

  in addition, during our monitoring activities as described above, no other significant facts came to light that needed to be mentioned in this report.

OBSERVATIONS AND PROPOSALS REGARDING THE FINANCIAL STATEMENTS AND THEIR APPROVAL

We examined the draft financial statements for the year ended as of 31 December 2021, regarding which we report as follows:

- given we were not tasked with the analytical verification of the content of the financial statements, we focussed attention on the general approach to the draft financial statements, their overall compliance with the law for matters relating to their formation and structure, as well as their consistency with the facts and information which we are aware of;

- The financial statements for the year ended as of 31 December 2021 have been prepared in compliance with the International Financial Reporting Standards (IFRS), as defined hereinafter, issued by the International Accounting Standards Board (hereinafter IASB) and adopted by the European Commission as per the procedure set down by Article 6 of Regulation (EC) 1606/2002 of the European Parliament and the Council of 19 July 2002 applied consistently to the periods reported;
- we also verified the observance of the legal rules regarding the preparation of the report on operations;
- we monitored the accounting approach to the main extraordinary transactions approved or carried out in 2021;
    - a spin-off, completed on 1 December 2021 through which Engineering S.p.A. spun off its equity investment in OverIT in the beneficiary company "OverIT Bidco 1 S.r.l.";
    - in 2021, the boards of directors of Engineering S.p.A. and Centurion Bidco S.p.A. approved the launch of the reverse merger by incorporation of Centurion Bidco S.p.A. in the subsidiary Engineering S.p.A., which is expected to be completed in 2022.
- in compliance with the international accounting standards, and in particular with the criteria and methodologies set forth in IAS 36 – Impairment of assets, the Company performed the impairment test on intangible assets with indefinite life, booked for a total of Euro 453 million under the item "Trademarks", and for a total of Euro 44.6 million to the item "Goodwill", providing evidence of this in the report approved by the Board of Directors on 29 March 2022. The analysis carried out confirmed the sustainability of the values booked to assets, given no evidence of impairment emerged. As required by the international accounting standards, the basic assumptions, the key data and the results relating to the performance of the impairment test are described extensively in the explanatory notes. During the course of our monitoring activities, we examined the Directors' report on the impairment test and the information on that point in the explanatory notes and have no comments to make in this regard;

- pursuant to Article 2426, no. 5 of the Italian Civil Code, we expressed our consent to the recognition, under balance sheet assets, of the item "Development costs" of intangible assets, amounting to Euro 23,645,829 net of amortisation. As reported in the explanatory notes, development costs are amortised based on their useful life or, when this cannot be determined accurately, in a period not exceeding 5 years. Furthermore, additional development costs for Euro 969,188 were booked to fixed assets in progress relating to intangible assets, given incurred as part of projects for the creation of new IT solutions still not completed.

INDEPENDENT AUDITOR'S REPORT

- The independent audit, assigned to the independent auditors Deloitte & Touche S.p.A., today prepared its report pursuant to Article 14 of Italian Legislative Decree no. 39 of 27 January 2010, in which it expressed a judgment without any remarks and certifies that the financial statements for the year ended as of 31 December 2021 represent a true and fair view of the financial position, the economic result and the cash flows of the Company, also certifying that the report on operations is consistent with the financial statements for the year ended as of 31 December 2021.

CONCLUSIONS

Based on the checks carried out and in consideration of the above, taking into account that the report issued by the independent auditors does not contain any remarks and/or reservations, we proposed that you approve the draft financial statements for the year ended as of 31 December 2021 prepared by the Directors, and the proposed allocation of profit for the year of Euro 55,651,549 formulated by them.

Rome, Milan 11 April 2022

THE STATUTORY AUDITORS

Maurizio Salom

Domenico Muratori

Stefano Roberto Tronconi

Resolutions of the Shareholders' Meeting

On 27 April 2022, at 9:00 am, the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A, duly called, resolved on the following:

1. to approve the financial statements as at 31 December 2021 of Engineering Ingegneria Informatica S.p.A., as prepared, including the attachments;

2. considering that the financial statements as at 31 December 2021 show a net profit for the year of Euro 55,651,549, to defer to the legal reserve Euro 450,000 and to allocate the additional Euro 55,201,549 to the reserve for undistributed profits, granting the Chairman Gaetano Micciché and the Chief Executive Officer Maximo Ibarra, severally, all the widest powers to implement this resolution;

3. to assign the task of the statutory audit to the company Deloitte & Touche S.p.A.. The audit will also include the verification during the year that the Company's accounts are properly kept and that management events are correctly recorded in the accounting records.

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ENGINEERING
PIAZZALE DELL'AGRICOLTURA 24
00144 ROME – ITALY

eng.it

LifeAtEngineering
@EngineeringSpa
Engineering Ingegneria Informatica Spa
Engineering Ingegneria Informatica S.p.A.