ENGINEERING
THE DIGITAL TRANSFORMATION COMPANY

ACCOUNTS

Accounts 2021

Annual Accounts 2021

Engineering Ingegneria Informatica S.p.A.
Registered Office:
00144 Rome – Italy
Piazzale dell'Agricoltura, 24
Tax code 00967720285
VAT number 05724831002
Rome Chamber of Commerce 531128
Rome Companies' Register 00967720285
Share Capital:
Euro 34,095,537.11 fully paid-in

ENGINEERING
THE DIGITAL TRANSFORMATION COMPANY

ENGINEERING – Ingegneria Informatica S.p.A.
Sede Legale in Roma – Piazzale dell'Agricoltura n.24
Capitale sociale Euro 34.095.537,11 i.v.
Registro Imprese di Roma n. 00967720285 - CCIAA di Roma REA n. 531128
Codice fiscale 00967720285 e P. IVA 05724831002
www.eng.it

To the Sole Shareholder

Centurion Bidco S.p.A.

To the members of the Board of Directors

Maximo Ibarra
Luca Bassi
Stefano Bontempelli
Riccardo Bruno
Giovanni Camera
Fabio Cosmo Domenico Canè
Vito Cozzoli
Pietro Galli
Gent Stuart James Ashley
Armando Iorio
Jacobs Van Merlen Christophe Patrick M.
Aurelio Regina

To the members of the Board of Statutory Auditors

Maurizio Salom
Domenico Muratori
Stefano Roberto Tronconi

/ *By email*

Rome, April 12th, 2021

It is hereby notified that, the Board of Directors in its meeting of March 23th 2022, has called the General Meeting for:

Thursday 27th April, 2022 at 9:00 AM, on a single call

at the registered office of the Company in Rome – Piazzale dell'Agricoltura, 24, in order to resolve on the following **Agenda**:

1. **Approval of the stand-alone Financial Statements of Engineering Ingegneria Informatica for the year ended on 31 December 2021. Report of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors. Submission of the consolidated financial statements of the Group for the year ended on 31 December 2021. Related and consequent resolutions.**

2. **Financial situation of merger companies: DEUS TECHNOLOGY SRL, ENGIWEB SECURITY SRL, ENGINEERING 365 SRL (accounting effective date of the merger 1 January 2022, statutory effective date of the merger 1 March 2022).**

3. **Appointment of the Independent Auditors.**

Instructions for attendance to the meeting of the Shareholders' Meeting by means of remote telecommunications will be notified separately, in good time for the proper conduct of the meeting.

Best regards.

The Chairman of the Board of Directors

Dott. Gaetano Miccichè

Consolidated Financial Statements

ENGINEERING GROUP

Deloitte.

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

Tel: +39 06 367491
Fax: +39 06 36749282
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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 CONSOLIDATED FINANCIAL STATEMENTS

Opinion

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

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of Engineering Ingegneria Informatica S.p.A. ("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 Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group'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 the termination of the business or have no realistic alternatives to such choices.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

Deloitte.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Group as at December 31, 2021, including its consistency with the related consolidated 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 consolidated financial statements of Engineering Ingegneria Informatica Group 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 consolidated financial statements of Engineering Ingegneria Informatica Group 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 Group 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 the Consolidated Financial Statements as of 31 December 2021

I. Corporate Governance and Corporate Bodies

CORPORATE GOVERNANCE

The Group'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 1 October 2021, Maximo Ibarra became Chairman and Chief Executive Officer.

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
Aurelio Regina	Director
Christophe Patrick M. Jacobs van Merlen	Director
Fabio Cosmo Domenico Cané	Director
Giovanni Camera	Director
Luca Bassi	Director
Pietro Galli	Director
Riccardo Bruno	Director
Stefano Bontempelli	Director
Stuart James Ashley Gent	Director
Vito Cozzoli	Director

BOARD OF STATUTORY AUDITORS

Maurizio Salom	Chairman
Domenico Muratori	Statutory Auditor
Stefano Roberto Tronconi	Statutory 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 consolidation scope

INTRODUCTION

The consolidated financial statements as of 31 December 2021 of the Engineering Ingegneria Informatica Group (hereinafter the “Engineering Group”, “Engineering” or simply the “Group”) 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.

For further information regarding the result and the financial position of Engineering Ingegneria Informatica S.p.A. (“Parent Company” of the Engineering Group or “Company”), express reference is made to the relevant separate financial statements.

The Group consolidation scope includes the equity investments illustrated in the tables in the following page 15, where movements are described in detail in the following paragraph X. The companies included in the consolidation scope are consolidated under the line-by-line method. The accounting periods of the subsidiaries coincide with those of the Parent Company. The financial statements have been prepared in accordance with the going-concern principle.

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 consolidated financial statements of the Engineering Group 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 Group as performance for the year, adjusted by the following items: taxes, Income (expenses) related to changes in liabilities on acquisition of non-controlling interests, 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), costs incurred in relation to the Stock Option plan, leaving incentives, charges related to the corporate valuation process, charges for corporate transactions relating to the acquisition of non-controlling interests and extraordinary charges of subsidiaries. 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 Group might not be consistent with criteria adopted by other groups. 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 Group 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 Group 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 Group 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 Group's ability to meet its financial obligations. As regards the breakdown, reference is made to the Reconciliation statement in section IX.

- **Pro-forma net financial position:** it concerns the Group'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 consolidated profit for the year by the shareholders' equity.

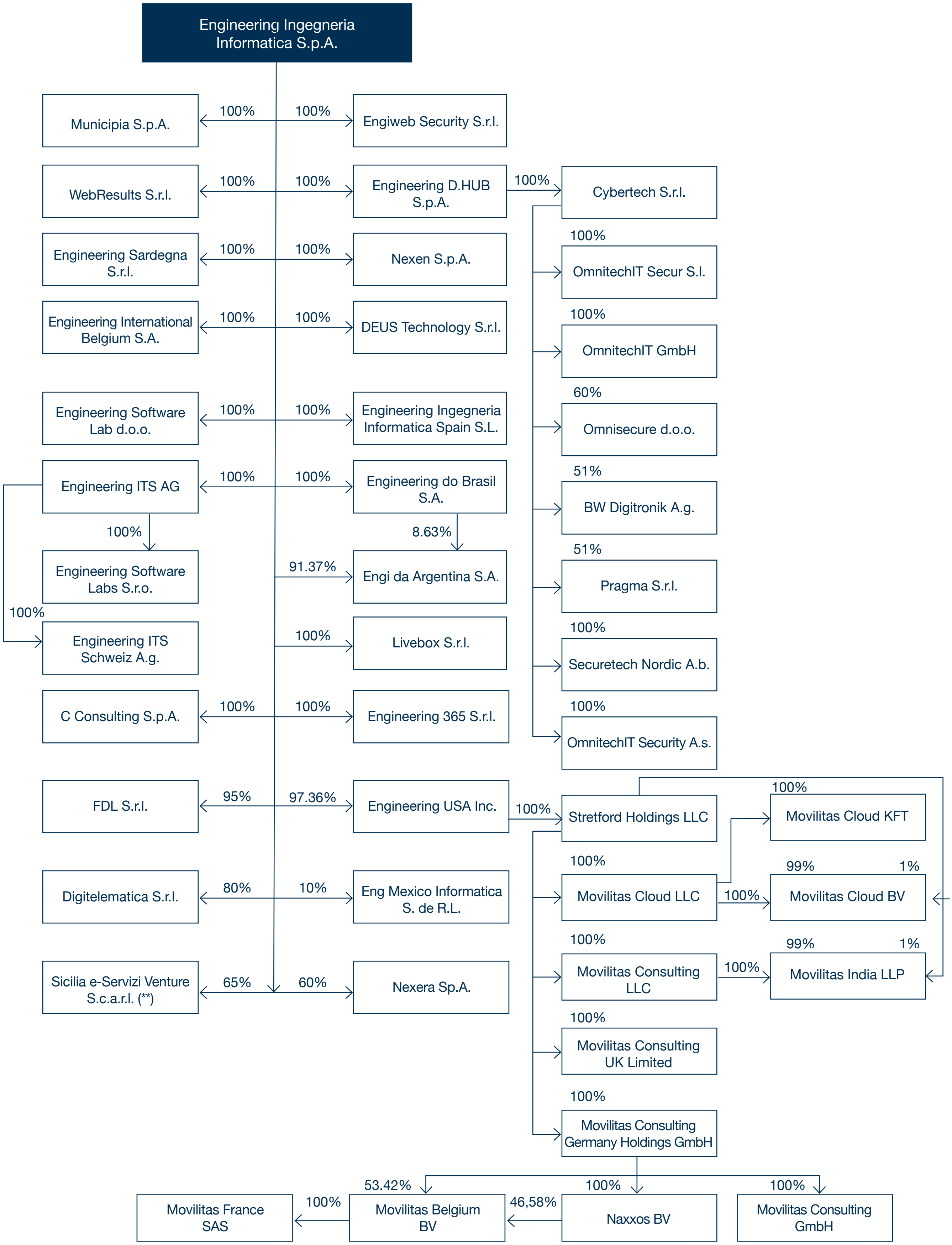
- **ROI (Return on Investment):** operating profitability index, which is a measure of the return on capital invested in the company by way of debt or risk. It is given by the ratio between operating profit (EBIT) and net capital employed, for the composition of which reference should be made to the specific statement in paragraph IX.

For a correct interpretation of APMs used by the Group, 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 Group'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 Group, might not be consistent with the methods adopted by other Groups and therefore might not be comparable.

CONSOLIDATION SCOPE

The Group's structure as of 31 December 2021 is the result of a careful policy of acquisitions and subsequent integration processes that have given rise to a Group consisting of forty-four companies, in addition to the Parent Company, of which forty-three are in operation and one is in liquidation (Sicilia e-Servizi Venture S.c.a.r.l.). It should be noted that OverIT S.r.l. was consolidated solely for economic purposes until 30 November 2021. Engineering Ingegneria Informatica S.p.A. exercises managerial and business influence on the direct subsidiaries. This structure is to be meant as a representation of a Group that operates in a context of close integration, arranged into specific centres of managerial responsibility.

CONSOLIDATION SCOPE AS OF 31 DECEMBER 2021



(**) in liquidation.

III. Group activities and operations

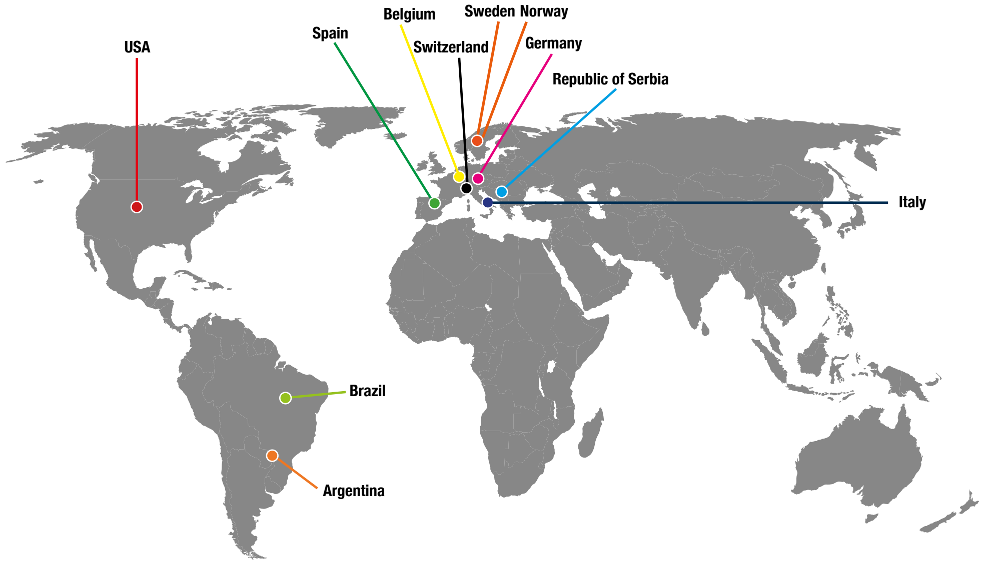
The Company Engineering Ingegneria Informatica S.p.A. was established in Padua on 6 June 1980 and leads a Group operating in Software and IT Services. Engineering is the leading Italian player of Digital Transformation.

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.

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 Group 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:

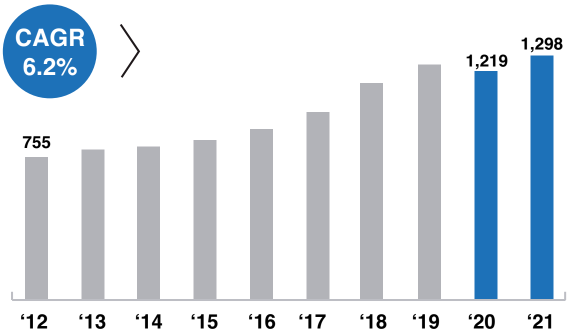
- management of risk and bank compliance (GRACE);
- credit management (ELISE);
- corporate banking (INBIZ);
- bank insurance (EBAAS);
- billing and CRM for Utilities (Net@SUITE);
- integrated solutions in the Health segment (AREAS);
- management system for documents and procedures (AURIGA);
- administration, accounting and personnel systems for Local PA (SICER);
- Work Force Management systems (GEOCALL);
- Mobile Payments platforms (MPAY);
- systems for the management of municipal revenues (GERI, NETTUNO);
- business intelligence analytics systems (KNOWAGE);
- Digital platforms (Digital Enabler);
- predictive maintenance systems for manufacturing (DIVE);
- Systems for the management of municipal administration (INFOR);
- Systems for the management of mobility in urban centres (Kiunsys);
- Cloudsire cloud services.

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.

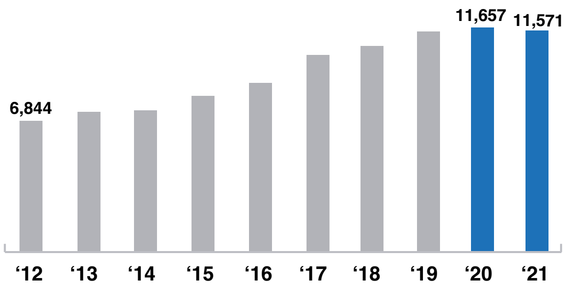
The products are available under usage licences or service modalities based on Engineering's Cloud platform. This strong presence of proprietary solutions permits Engineering to stand out in the market and this is one of the main strong points with respect to competitors.

HIGHLIGHTS OVER THE LAST 10 YEARS

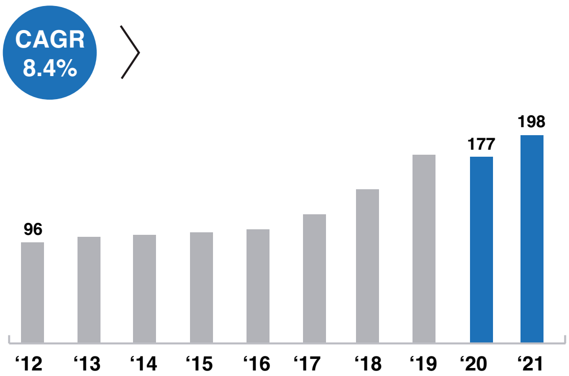
Revenues
(in Euro million)



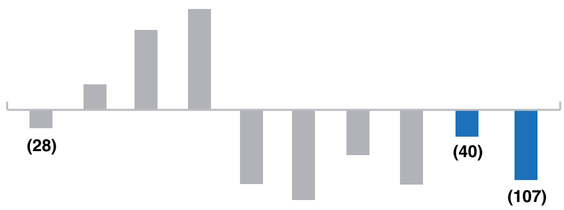
Employees
(Units)



Adjusted EBITDA
(in Euro million)



Pro-forma net financial position
(in Euro million)



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.

V. Operational overview

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.

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 Consulting 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 AND MUNICIPALITIES

The Group 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 Group'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.

MUNICIPALITIES

Engineering Ingegneria Informatica S.p.A., through its subsidiary Municipia S.p.A., has continued to diversify its Digital Transformation value proposition for cities, acting mainly on public services: specifically, revenue management processes, urban mobility, security, environment, energy efficiency and local development are the priorities of the customers to which the company intends to direct its solutions.

To this end, it has changed its organisational structure by creating a team of experts for the different business lines capable of selecting the most interesting opportunities and supporting the commercial structure in the go-to-market.

The offer is structured in two established ways: technology and related deployment and system integration services on the one hand, and outsourcing services on the other. Depending on the lines of business, one or the other of these methods is prevalent, depending on the needs of customers and the prevailing business models.

The Company's commitment to proposing the public-private partnership contractual model and project financing continues: although this approach is still struggling to take root, there are important signs of its slow diffusion in the market, also thanks to some government initiatives such as the project for the national public cloud (P.S.N.) in which Engineering Ingegneria Informatica S.p.A. is also participating.

The main events occurred in 2021 are highlighted hereunder:

- depletion of the Consip-SGI framework contract and therefore lack of contractual tools for the supply of software and system integration services;
- reaching the Euro 110 million booking volume;
- obtainment of a three-star legality rating (maximum score);
- confirmation of high customer satisfaction.

HEALTH

For the HC segment, 2021 was a year of a slow return to normality following the acute phase of the Covid-19 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.

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 (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).

Movilitas is also the market leader, in this case globally, in digital supply chain, logistics and tracking solutions throughout the entire production chain. The Movilitas offering complements the Industry X.0 vision on logistics and, in particular, as technologies extending Engineering USA Inc. and Industries eXcellence Global know-how on the SAP platform.

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.

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 Ingegneria Informatica S.p.A. 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.

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 Ingegneria Informatica S.p.A., 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.

FOREIGN COMPANIES

ENGINEERING DO BRASIL

Also in 2021 continues the path of growth and consolidation of Engineering in Brazil, (over 700 direct employees), as a strategic partner in the digital transformation of the main companies operating in South America.

The digital offer in Brazil is based on the strong dominance of innovative technologies in the field of Artificial Intelligence (AI) and APIs, which has led Engineering to be a central player in helping organisations reconfigure operations and decision-making processes by putting AI at the heart of creating competitive advantage and adopting an API-first approach, taking advantage of digital ecosystems to reconfigure and radically innovate the value chain and redesign products and services.

This is demonstrated by, among others, the important projects acquired in 2021 aimed at transforming core operations in AI-driven terms for Brazilian giants such as SABESP and SEARA, or API projects aimed at launching new business models and innovating the value chain leveraging external ecosystems, made for major companies such as VIA or strategic enterprises such as BBCE.

In 2021 Engineering was listed by the prestigious IT media organisation as one of the 100 most innovative Brazilian companies in all sectors (with a ranking of 48th place), it was awarded the prestigious GPTW (great place to work) award with an even higher score than the previous year, demonstrating its focus on and appreciation of human capital and its efforts for an increasingly human working environment, and it was certified as an ethical company by ABES (Associação Brasileira das Empresas de Software).

ENGINEERING USA

The core business of Engineering in the USA is focused on the creation of digital solutions for the industry with special attention to the manufacturing and transport sectors. Engineering USA Inc. provides Fortune 500 companies with high added value consultancy and solutions according to Industry 4.0 guidelines. Leveraging on its unique experience in the implementation and integration of the entire offer of digital tools, the Engineering USA Inc. team facilitates the adoption, implementation, integration and digital transformation process in various industrial sectors at global level. A growing number of companies today look at Engineering USA Inc. solutions in order to improve their processes, the quality of products or services, and increase the flexibility of the systems.

Engineering USA's proposal consists mainly of the implementation of Industry 4.0 solutions in the various areas ranging from the conception, implementation and use of the product and the process to produce it. This forms Engineering's Digital Enterprise solution, which expanded in 2021 by acquiring new capabilities in Design Automation, Product Simulation, Trace & Tracking and Digital Supply Chain.

Engineering USA Inc. also consolidated its knowledge of AI and process simulation in 2021, creating a specific Decision Science Practice to support the decision-making process in operations from design and production to logistics and customer experience.

With a strong consulting approach, more than 15 years of experience in the supply and production of technology, specialised personnel with a deep knowledge of specific industry standards, Engineering USA operates in the Aerospace & Defence, Chemical, Automotive, Food, Oil & Gas, Pharmaceutical sectors, and more.

During the year, Engineering USA Inc. also invested in the implementation of projects in the transport sector, supported the growth of the business in new geographical areas of North America such as Mexico and Canada, and laid the foundations for further growth of the manufacturing sector towards innovative digital tools.

VI. Personnel

As of 31 December 2021, the Group's workforce (persons with employment contracts) amounted to 11,571, of which 1,517 were employed abroad (they were 11,632 and 1,311 respectively as of 31 December 2020).

In 2021, the policy of hiring resources continued with the recruitment of 1,069 people in Italy (compared to 723 in 2020), with a strong focus on young graduates and new diploma holders.

There were 796 leavers in Italy (including 99 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 654 leavers in 2020).

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

- the number of graduates totalling 61.17%;
- the number of women totalling 31.06%;
- the average age is 43;
- the number of executives was equal to 3.80%;
- employees with Super Management/Management qualifications total around 20.60%.

During 2021, two companies left the Group's perimeter in Italy: SofiterTech S.r.l. (71 employees) and OverIT S.p.A. (534 employees).

Finally, in 2021, the majority of the Group'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 for around one hundred employees.

TRAINING

The training activities carried out by Engineering Group 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 Group 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 Ingegneria Informatica S.p.A. 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 Engineering Group, 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 PA 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, as described hereunder.

(in Euro million)

Description	2021	2020	Change % YoY
Total revenues	**1,321.3**	**1,241.5**	**+6.4**
Revenues	**1,298.0**	**1,218.5**	**+6.5**
Adjusted EBITDA	**198.2**	**177.4**	**+11.7**
% of revenues	+15.3	+14.6	
EBIT	**70.4**	**90.1**	**-21.9**
% of revenues	+5.4	+7.4	
Consolidated profit for the year	**47.5**	**190.8**	**-75.1**
% of revenues	+3.7	+15.7	
Shareholders' equity	**792.7**	**836.8**	**-5.3**
Pro forma net financial position	**(107.0)**	**(40.1)**	**+166.8**
ROE % (N.P./N.E.)	**+6.0**	**+22.8**	**-73.7**
ROI % (EBIT/N.C.E.)	**+6.7**	**+8.7**	**-22.5**
No. of employees	**11,571**	**11,632**	**-0.5**

The Engineering Group ended the 2021 financial year with a growth in profitability both in percentage and absolute terms on all the main indicators.

In detail:

- **total revenues** stood at Euro 1,321 million, up 6.4% compared to 2020;
- **adjusted EBITDA** amounted to Euro 198.2 million, up 11.7% compared to the previous year, with profitability on revenues increasing from 14.6% in 2020 to 15.3% in 2021;
- **EBIT** is equal to Euro 70.4 million (Euro 90.1 million in 2020) with a percentage profitability of approximately 5.4%; the decrease is essentially due to the higher extraordinary expenses (for details see the table below reconciling adjusted EBITDA) recorded in the year and the higher provisions compared to 2020;
- **consolidated profit for the year** is equal to Euro 47.5 million compared to Euro 190.8 million in 2020, the delta is essentially due to the positive effect of the realignment between higher book values present at 31 December 2019 and lower tax values recorded in 2020;
  Engineering Ingegneria Informatica S.p.A. and some subsidiaries (Engineering D.HUB S.p.A., Nexen S.p.A., WebResults S.r.l., Municipia S.p.A.) having adhered to the national tax consolidation with Centurion Newco S.p.A. have recognised the consolidation entries and in particular the tax effect of the transfer:
  - the surplus in ROL relating to the 2021 tax period for the Parent Company and the companies Engineering D.HUB S.p.A., Nexen S.p.A. and Municipia S.p.A.;
  - the ACE surplus and the tax loss relating to the 2021 tax period for the company WebResults S.r.l..
    The positive economic impact of the above entries, in terms of recognition of income and taxes from tax consolidation, amounts to Euro 13.1 million.
- the Group recorded a **pro-forma net financial position** of Euro -107.0 million compared to Euro -40.1 million as of 31 December 2020.

ALTERNATIVE PERFORMANCE MEASURES

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

(in Euro million)

Description	Note	2021	2020
Consolidated profit for the year		**47.5**	**190.8**
Income taxes		16	(100.6)
Income/(expenses) from equity investments		4.6	(8.7)
Financial income		(10.4)	(7.3)
Interest expense (excluding interest on leases)	(1)	11.0	14.4
Interest on leases		1.5	1.5
Depreciation of property, plant and equipment		7.4	8.2
Depreciation of right-of-use assets	(1)	18.8	19.6
Amortisation of intangible assets		30.0	33.3
Provisions and write-downs		23.4	8.7
Stock Option costs		0.0	10.0
Leaving incentives/change management	(2)	21.1	3.8
Charges related to the corporate strategic valuation process	(3)	7.0	3.6
OVT non-ordinary charges	(4)	12.2	0.0
Charges for corporate transactions	(5)	8.0	0.0
Adjusted EBITDA		**198.2**	**177.4**

(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 Group 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 Group has adopted the IFRS 16 standard by using the modified retrospective approach, with effect on the balance of the opening Shareholders' Equity of the Group as of 1 January 2019, equal to zero.

(2) Charges related to early-leaving incentives paid over the year, exceeding already existing provisions and charges incurred during the year for change management.

(3) Charges related to the corporate valuation process.

(4) Non-ordinary charges relating to the subsidiary OverIT S.p.A., which left the Group's consolidation scope on 1 December 2021.

(5) Charges for corporate transactions relating to the acquisition of minority interests.

In accordance with IFRS 8, we report below the breakdown of revenues and adjusted EBITDA by market. 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 net revenues.

(in Euro million)

Description	31.12.2021		31.12.2020	
		%		%
Total revenues				
Finance	279.1	+21.50	274.6	+22.5
Public Administration	296.0	+22.81	277.4	+22.8
Health	98.1	+7.56	78.3	+6.4
Industry & Services	292.9	+22.57	261.1	+21.4
Telco & Media	133.5	+10.29	130.7	+10.7
Energy & Utilities	198.4	+15.28	196.3	+16.1
Total revenues	**1,298.0**	**+100.0**	**1,218.5**	**+100.0**
Other revenues	23.3		23.0	
Total revenues	**1,321.3**		**1,241.5**	

(in Euro million)

Description	31.12.2021		31.12.2020	
		%		%
Adjusted EBITDA				
Finance	73.2	+36.9	63.4	+35.8
% of revenues	+26.2		+23.1	
Public Administration	36.9	+18.6	33.1	+18.7
% of revenues	+12.5		+11.9	
Health	20.5	+10.3	16.3	+9.2
% of revenues	+20.9		+20.9	
Industry & Services	29.3	+14.8	24.3	+13.7
% of revenues	+10.0		+9.3	
Telco & Media	13.1	+6.6	10.9	+6.1
% of revenues	+9.8		+8.3	
Energy & Utilities	25.2	+12.7	29.3	+16.5
% of revenues	+12.7		+14.9	
Total adjusted EBITDA	**198.2**	**+100.0**	**177.4**	**+100.0**
% of revenues	+15.3		+14.6	

OPERATING EXPENSES

Operating expenses increased by a total of Euro 99.6 million compared to 2020 (+8.7% compared to 2020).

(in Euro million)

Description	2021	2020	Change	
			Absolute	%
Personnel costs	673,994,989	637,809,828	36,185,161	+5.7
Service costs	437,762,484	393,620,417	44,142,067	+11.2
Raw materials and consumables	35,098,362	39,553,638	(4,455,277)	-11.3
Amortisation and Depreciation, Provision	79,628,630	69,825,208	9,803,423	+14.0
Other costs	**24,461,737**	**10,528,351**	**13,933,386**	**+132.3**
Total operating expenses	**1,250,946,202**	**1,151,337,443**	**99,608,759**	**+8.7**

Analysing the increase in absolute values, the main items affected were:

- personnel costs, which increased (+5.7%) and is directly related to the increase in sales volumes;
- service costs, which increased by Euro 44.1 million compared to 2020, also essentially linked to the increase in revenues;
- the cost of Depreciation, Amortisation and Provisions, which increased by Euro 9.8 million, due mainly to higher provisions made during the year, details of which are provided in the following sections of the notes;
- the increase in Other Costs mainly relates to extraordinary charges related to corporate transactions for the acquisition of minority interests;
- 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 cost for raw materials is closely linked to resale activities of HW material.

EBIT AND CONSOLIDATED PROFIT FOR THE YEAR

Consolidated profit for the year stood at Euro 47.5 million, down from Euro 190.8 million in 2020. The decrease is essentially due to the positive effect of the realignment between higher book values present at 31 December 2019 and lower tax values recorded in 2020.

(in Euro million)

Description	31.12.2021	31.12.2020	Change %
EBIT	**70,353,706**	**90,119,902**	**-21.9**
Financial income (expenses)	(2,127,176)	(8,696,779)	-75.5
Income/Expenses rel, to changes in Liab on acquisition of non.contr. interests	(4,563,501)	8,684,421	-1.5
Profit before taxes	**63,663,029**	**90,107,544**	**-29.3**
% on revenues	+4.9%	+7.4%	
Income taxes	16,178,165	(100,648,452)	-116.1
tax rate	+25.4%	-111.7%	
Consolidated profit for the year	**47,484,864**	**190,755,997**	**-75.1**
% on revenues	+3.7%	+15.7%	
of which:			
Engineering Group	48,775,056	190,603,374	-74.4
Non-controlling interest	(1,290,191)	152,623	-9.5

IX. Statement of financial position

The cash flow statement below summarises the Group cash flow movements according to the direct method, 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 are thus shown.

Short-term cash and cash equivalents at the end of the period decreased by about Euro 8 million to a balance of about Euro 132.9 million as of 31 December 2021. The cash flow from operating activities (Euro +155.5 million) fully covered the investment needs of the period (Euro -88.1 million) and financing activities (Euro -43.2 million) but not completely the flow absorbed by assets and liabilities held for distribution to owners (Euro -32.5 million).

(in Euros)

	Description	2021	2020
	Cash collected from the sales of products/services - third parties	1,480,163,966	1,308,055,394
	Cash paid for goods and/services - third parties	(606,750,141)	(593,201,247)
	Personnel costs	(654,813,819)	(598,705,414)
	Interest received	68,079	(108,265)
	Interest paid for operating activities	(282,089)	(640,387)
	Exchange differences	(366,521)	374,129
	Income tax payments and reimbursements	(62,544,654)	(48,577,140)
A)	**Total cash flow from operating activities**	**155,474,820**	**67,197,071**
	Sale of property, plant and equipment	34,144	359,408
	Purchase of property, plant and equipment	(6,881,640)	(8,676,352)
	Sale of intangible assets	0	50,264
	Purchase of intangible assets	(16,444,756)	(6,814,573)
	Consideration paid for acquisition of businesses	(65,325,879)	(20,349,672)
	Purchase of other investments and securities	(450)	0
	Sale of other investments and securities	493,440	29,169
B)	**Total cash flow from investing activities**	**(88,125,140)**	**(35,401,754)**
	New loans	191,140,000	327,552,907
	Repayment of loans	(141,974,323)	(421,360,678)
	Dividends distribution	(63,000,000)	0
	Acquisition of non-controlling interest and reserves	523,021	32,870,799
	Interest paid for financing activities	(8,212,629)	(3,489,103)
	Repayment of lease liabilities	(21,626,445)	(17,209,849)
C)	**Total cash flow from financing activities**	**(43,150,377)**	**(81,635,924)**
D)	**Cash flow absorbed from assets and liab. held for distr. to owners**	**(32,500,000)**	**0**
E)	**= (A + B + C + D) change in cash and cash equivalents**	**(8,300,697)**	**(49,840,607)**
F)	**Cash and cash equivalents at beginning of year**	**141,219,539**	**191,870,292**
G)	**Cash and cash equivalents held for shareholders' distribution/from merger**	**0**	**(810,146)**
H)	**= (E + F + G) cash and cash equivalents at end of year**	**132,918,842**	**141,219,539**

NET FINANCIAL POSITION

The pro-forma net financial position (not including lease liabilities for IFRS 16 right of use) shown below stands at Euro -107.0 million, up from the end of the 2020 financial year (Euro -40.1 million). The cash flows generated did not support the increase in both current and non-current financial debt. It should be noted that for a better disclosure of the results, the portion of debt for contingent consideration for business combination to non-controlling shareholders has been reclassified - also for comparative purposes - from “other current financial liabilities” and “other non-current financial liabilities” to “other current liabilities” and “other non-current liabilities”.

(in Euros)

Description	31.12.2021	31.12.2020
Cash and cash equivalents	26,856	23,573
Bank and postal deposits	132,891,986	141,195,966
A) Cash and cash equivalents	**132,918,842**	**141,219,539**
B) Current financial receivables	**0**	**0**
Bank overdrafts (Bank overdrafts of bank accounts)	(167,756)	(164,316)
Short-term bank loans	(92,920,373)	(46,424,342)
Other current financial liabilities	(13,650,947)	(9,325,813)
C) Current borrowing	**(106,739,076)**	**(55,914,470)**
D) Net current financial position	**26,179,765**	**85,305,069**
Non-current financial liabilities	(132,650,416)	(124,907,564)
Other non-current financial liabilities	(508,325)	(492,868)
E) Non-current borrowing	**(133,158,741)**	**(125,400,432)**
F) Pro-forma net financial position	**(106,978,976)**	**(40,095,363)**

The net financial position including lease liabilities is also reported:

(in Euros)

Description	31.12.2021	31.12.2020
Cash and cash equivalents	26,856	23,573
Bank and postal deposits	132,891,986	141,195,966
A) Cash and cash equivalents	**132,918,842**	**141,219,539**
B) Current financial receivables	**0**	**0**
Bank overdrafts (Bank overdrafts of bank accounts)	(167,756)	(164,316)
Short-term bank loans	(92,920,373)	(46,424,342)
Current lease liabilities	(20,836,918)	(18,113,441)
Other current financial liabilities	(13,650,947)	(9,325,813)
C) Current borrowing	**(127,575,994)**	**(74,027,912)**
D) Net current financial position	**5,342,847**	**67,191,627**
Non-current financial liabilities	(132,650,416)	(124,907,564)
Non-current lease liabilities	(122,061,288)	(139,282,197)
Other non-current financial liabilities	(508,325)	(492,868)
E) Non-current borrowing	**(255,220,029)**	**(264,682,629)**
F) Net financial position	**(249,877,182)**	**(197,491,002)**

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 34.4 million. Non-recourse factoring transactions, arranged on a quarterly basis, amount to a total of approximately Euro 90.2 million compared to Euro 82.6 million in 2020. In return for these transfers, the factoring companies were paid an average rate of 0.27% 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 203,041,919.16. 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 S.p.A. 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 21.7 million, including the new one already amortised, with approximately Euro 7 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

Net working capital decreased compared to 2020 by Euro 51.8 million (-15.3%), amounting to Euro 285.9 million. The change in Net Working Capital is the result of the increase in Trade Receivables and Trade Payables. We note a clear improvement in the ratio of Net Working Capital to Revenues from 27.2% in 2020 to 21.6% in 2021.

(in Euro million)

Description	31.12.2021	31.12.2020	Change	
			Absolute	%
Current assets				
Customer contract assets	211,668,336	185,329,656	26,338,680	+14.2
Deferred contract costs	17,447,808	20,238,017	(2,790,209)	-13.8
Trade receivables	623,113,637	617,545,173	5,568,464	+0.9
Other current assets	62,185,988	46,788,557	15,397,431	+32.9
Total	**914,415,768**	**869,901,403**	**44,514,366**	**+5.1**
Current liabilities				
Trade payables	(407,449,871)	(343,529,300)	(63,920,570)	+18.6
Other current liabilities	(221,022,453)	(188,598,687)	(32,423,766)	+17.2
Total	**(628,472,324)**	**(532,127,987)**	**(96,344,336)**	**+18.1**
Net working capital	**285,943,445**	**337,773,415**	**(51,829,970)**	**-15.3**

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

The Group's balance sheet shows a very solid structure, with a ratio of 0.9x shareholders' equity/fixed assets, down from the previous year (1.0x).

(in Euro million)

Description	31.12.2021	31.12.2020	Change	
			Absolute	%
Real estate property	25,704,985	26,406,285	(701,300)	-2.7
Right of use	136,282,572	152,281,026	(15,998,454)	-10.5
Intangible assets	524,522,804	526,664,548	(2,141,743)	-0.4
Goodwill	169,109,982	100,921,606	68,188,376	+67.6
Equity investments	14,818	14,818	0	+0.0
Fixed assets	**855,635,162**	**806,288,282**	**49,346,879**	**+6.1**
Short-term assets	914,415,768	869,901,403	44,514,366	+5.1
Short-term liabilities	(628,472,324)	(532,127,987)	(96,344,336)	+18.1
Net working capital	**285,943,445**	**337,773,415**	**(51,829,970)**	**-15.3**
Other non-current assets	37,303,844	31,555,344	5,748,500	+18.2
Assets/(Liabilities) held for sale	0	(1,085,728)	1,085,728	-100.0
Post-employment benefits	(71,630,985)	(71,966,156)	335,171	-0.5
Other non-current liabilities	(64,699,051)	(68,246,731)	3,547,680	-5.2
Net capital employed	**1,042,552,414**	**1,034,318,426**	**8,233,988**	**+0.8**
Group shareholders' equity	798,962,151	846,790,177	(47,828,026)	-5.6
Non-controlling interests shareholders' equity	(6,286,919)	(9,962,753)	3,675,834	-36.9
D - Shareholders' equity	**792,675,232**	**836,827,424**	**(44,152,192)**	**-5.3**
(Available)/financial indebtedness	**249,877,182**	**197,491,002**	**52,386,180**	**+26.5**
Total sources	**1,042,552,414**	**1,034,318,426**	**8,233,988**	**+0.8**

RECONCILIATION

Reconciliation between Engineering Ingegneria Informatica S.p.A.'s financial statements as of 31 December 2021 and the Group's consolidated financial statements at the same date is shown below:

(in Euros)

Description	Net profit for the year	Shareholders' equity
Net profit and shareholders' equity of Engineering Ingegneria Informatica S.p.A.	55,651,549	768,183,342
Net profit and shareholders' equity of consolidated companies	(7,713,978)	206,478,200
Aggregated total	**47,937,571**	**974,661,542**
Elimination of the net book value of equity investments in consolidated subsidiaries and any intercompany dividend	0	(284,450,449)
Other adjustments	(452,707)	102,464,139
Total consolidated net profit and shareholders' equity	**47,484,864**	**792,675,232**
of which non-controlling interests net profit/(loss) and shareholders' equity	(630,172)	(6,286,919)
Group consolidated net profit and shareholders' equity	**48,115,036**	**798,962,151**

X. Significant events during the year

The significant events are detailed below:

- on 4 March 2021, the company ENG Mexico Informatica S. de R.L. de C.V was established, with registered office in Mexico, whose share capital, consisting of 10,000 Mexican pesos, is 90% owned by the subsidiary Engineering USA Inc. and the remaining 10% directly by Engineering Ingegneria Informatica S.p.A.;

- on 16 March 2021, the Merger Deed was signed concerning the German Companies Engineering Software Labs, Engineering DSS GmbH, Engineering BSC GmbH in Engineering ITS AG, with registered office in Stuttgart, Germany. The accounting effects of the merger are retrospective as of 1 January 2021;

- on 29 March 2021, Sogeit Solutions S.r.l. acquired a business unit from Livebox S.r.l., including an important innovative product, “vDesk”, a smart working and collaboration platform for enterprise companies;

- 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%);

- on 27 April 2021 the Shareholders’ Meeting of Engineering 365 S.r.l., in extraordinary session, resolved to reconstitute the share capital at Euro 50,000 (fifty thousand) with consequent amendment of Art. 5) of the Articles of Association;

- 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, the Parent Company 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 health;

- on 13 May 2021, the extraordinary Shareholders’ Meeting of Sogeit Solutions S.r.l. resolved to change its company name to Livebox S.r.l., consequently amending Art. 1) of the Articles of Association;

- on 9 June 2021, the extraordinary Shareholders’ Meeting of Cybertech S.r.l. resolved to reduce the share capital to Euro 10,000 (ten thousand), with a consequent amendment to the Articles of Association;

- on 14 September 2021, Engineering ITS Schweiz A.g. was incorporated in Switzerland, with registered office in Zurich, Badenerstrasse 47 8004, share capital of CHF 100,000, wholly owned by Engineering ITS GmbH;

- on 23 November 2021, Engineering Ingegneria Informatica S.p.A. 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;

- on 1 December 2021, the deed of demerger of the company OverIT S.p.A. and its subsidiaries was finalised;

- on 21 December 2021, the subsidiary Engineering USA Inc. acquired 100% of the Movilitas Group, whose holding company Stretford Holdings LLC is an American company based in Maryland, on the East coast of the United States;

- on 22 December 2021, Engineering D.HUB S.p.A. acquired a further 49% of the equity investment of Cybertech S.r.l., becoming its Sole Shareholder.

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:

- 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 Group does not foresee any significant impact on trade relations, trade receivables collection and assets as our presence in these countries is practically nil;

- on 17 February 2022, the deed of merger by incorporation of the subsidiaries DEUS Technology S.r.l., Engiweb Security S.r.l., Engineeering 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 Ingegneria Informatica S.p.A. 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.

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 movements with related parties were recorded.

MAIN RISKS AND UNCERTAINTIES

The Engineering Group 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 Group'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 Group 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 Group 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 Group 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 Group 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 Group 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 Group on this issue and it developed a structure made up of specialised resources concerned with "the offer engineering", which allows the Group 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 Group is not subject to particular segment regulations.

INTERNAL RISKS

A1. Risks related to the employment of key personnel

The Group has Executive Managers who play a decisive role in the management of the Group'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 Group 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 Group 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 Group 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 Group'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 Group is deemed liable with respect to uncovered issues, the economic and equity situation of the Group might be negatively affected.

D1. Risks related to international expansion

For a number of years, the Group strategy has looked towards developing the process of internationalisation and economic and financial benefits are expected. The Group 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 Group to risks such as changes to local political and regulatory frameworks, as well as considerable currency fluctuations. However, these events could negatively affect the Group'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. With special reference to the Brazilian market, reference is made to the presence of risks related to the economic and political situation of the country, with possible impacts on Group operations. In particular, as regards exchange rate risks, reference is made to the following paragraph. With regard to the activities carried out in Argentina, the Group is present through the company EDA with a turnover equal to 0.1% of the Group's consolidated turnover.

E1. Risks associated with significant dependence on third parties

The Group'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 Group'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 Group.

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 Group 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 Group. Delays in payments by larger customers, requests for changes to their contractual payment agreements or breaches of payment obligations could adversely affect the Group's business, financial conditions and results of operations. The Group 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 Group 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 “14. Trade receivables” of Notes to the consolidated financial statements.

B2. Liquidity risk

Liquidity risk is defined as the risk that the Group 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 Group 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 Group 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.

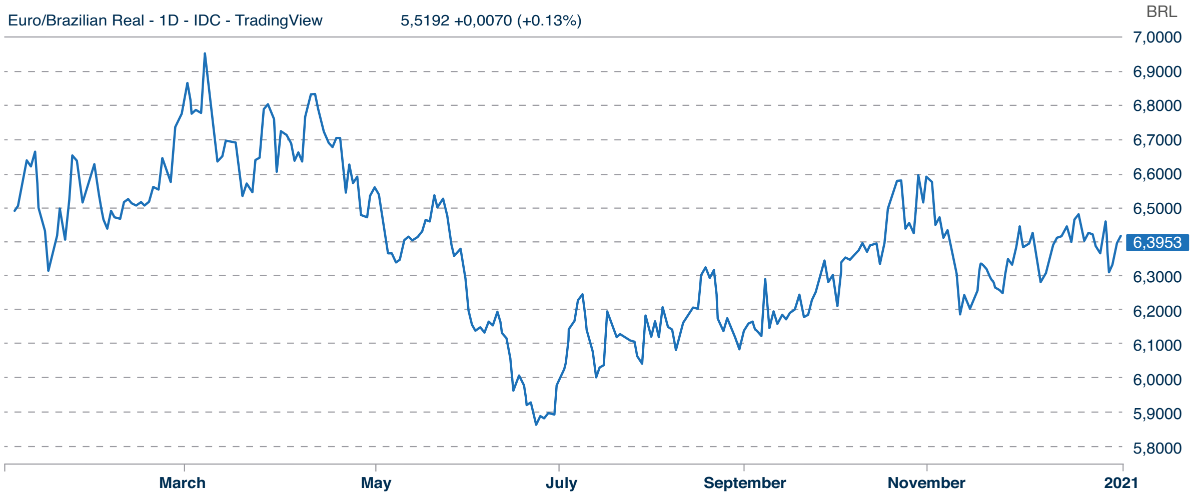
C2. Exchange rate risk
Exchange rate risk is defined as the risk of the value of a financial instrument changes following exchange rate movements. 90% of transactions are carried out in the Euro area; therefore, exposure to exchange rate risks deriving from operations in currencies other than the function currency (Euro) is limited.

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

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

In particular, the exchange rate risk can be determined on those operations currently carried out on the Brazilian market through Engineering do Brasil S.A..

KEY EURO/REAL EXCHANGE RATE DATA



The current exchange rate in Brazil is $5.09 for each dollar and $5.5372 for each euro, so we have a difference of about 9% between the dollar and the euro rate.

The Central Bank and the main Brazilian private banks only make forecasts on the dollar and not on the euro, therefore in the underlying forecasts we will maintain a difference of around 9% between these two rates.

	USD Exchange Rate Projection		
Data Central Brazil Bank	**2022**	**2023**	**2024**
February 2022	**5.40**	**5.30**	**5.30**

If we use the EUROS x USD parity of about 9%, the forecast in euro would be:

	EURO Exchange Rate Projection		
Data Central Brazil Bank	**2022**	**2023**	**2024**
February 2022	**5.90**	**5.78**	**5.78**

Important national and international factors that directly influence or may directly influence exchange rate changes over 2021 are the following:

International factors
The war between Russia and Ukraine
Regarding the Russia-Ukraine war, for which we expect a peace agreement to be reached quickly, 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 Group'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 Group 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.

During the month of July 2021, the subsidiary Nexen S.p.A. received an invitation from the Provincial Directorate of Padua to provide data and information pursuant to Article 51 of Presidential Decree 633/1972 and Article 32 of Presidential Decree 600/1973 for a remote audit of the year 2016 limited to the tax changes indicated in the 2017 tax return UNICO Form. To date, the Company has not received any assessment notice.

CONSOLIDATED 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	6	25,704,985	26,406,285
Intangible assets	7	524,522,804	526,664,548
Right of use	8	136,282,572	152,281,026
Goodwill	9	169,109,982	100,921,606
Equity investments	10	14,818	14,818
Deferred tax assets	11	33,576,568	26,052,988
Other non-current assets	12	3,727,276	5,502,356
Total non-current assets		**892,939,006**	**837,843,626**
B) Current assets			
Inventory	13	2,909,588	66,192
Customer contract assets	14	208,758,748	185,263,464
Deferred contract costs	15	17,447,808	20,238,017
Trade receivables	16	623,113,637	617,545,173
Other current assets	17	62,185,988	46,788,557
Cash and cash equivalents	18	132,918,842	141,219,539
Total current assets		**1,047,334,610**	**1,011,120,942**
C) Assets held for sale and held for distribution to owners	**19**	**0**	**14,165,431**
Total assets (A + B + C)		**1,940,273,616**	**1,863,129,998**

Statement of Financial Position - Liabilities	Note	31.12.2021	31.12.2020
D) Shareholders' equity			
Share capital	21	34,095,537	34,095,537
Reserves	22	518,782,304	514,617,549
Retained earnings	23	197,969,275	107,473,717
Profit/(loss) for the year		48,115,036	190,603,374
Group shareholders' equity		**798,962,151**	**846,790,177**
Capital and reserves of non-controlling interests		(5,656,748)	(10,115,376)
Profit/(loss) for the year of non-controlling interests		(630,172)	152,623
Total shareholders' equity	**20**	**792,675,232**	**836,827,424**
E) Non-current liabilities			
Non-current financial liabilities	24	133,158,741	125,400,432
Non-current lease liabilities	25	122,061,288	139,282,197
Deferred tax liabilities	26	27,897,114	27,486,025
Non-current provisions for risks and charges	27	3,495,074	3,322,111
Other non-current liabilities	28	33,306,862	37,438,595
Post-employment benefits	29	71,630,985	71,966,156
Total non-current liabilities		**391,550,065**	**404,895,516**
F) Current liabilities			
Current financial liabilities	30	106,739,076	55,914,470
Current lease liabilities	31	20,836,918	18,113,441
Current tax payables	32	12,528,848	14,480,091
Current provisions for risks and charges	33	18,048,435	7,224,187
Other current liabilities	34	190,445,171	166,894,409
Trade payables	35	407,449,871	343,529,300
Total current liabilities		**756,048,318**	**606,155,899**
G) Total liabilities (E + F)		**1,147,598,384**	**1,011,051,416**
H) Liabilities held for sale and held for distribution to owners	**36**	**0**	**15,251,158**
Total liabilities & shareholders' equity (D + G + H)		**1,940,273,616**	**1,863,129,998**

CONSOLIDATED INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT

(in Euros)

Income Statement	Note	2021	2020
A) Total revenues			
Revenues	37	1,298,023,534	1,218,456,399
Other revenues	38	23,276,375	23,000,945
Total revenues		**1,321,299,909**	**1,241,457,345**
B) Operating expenses			
Raw materials and consumables	41	35,098,362	39,553,638
Service costs	42	437,762,484	393,620,417
Personnel costs	43	673,994,989	637,809,828
Amortisation and depreciation	44	56,229,690	61,124,908
Provisions	45	23,398,941	8,700,300
Other costs	46	24,461,737	10,528,351
Total operating expenses	**40**	**1,250,946,202**	**1,151,337,443**
C) Operating profit (A - B)		**70,353,706**	**90,119,902**
Financial income		10,379,954	7,266,192
Financial expenses		12,507,129	15,962,971
D) Net financial income (expenses)	**47**	**(2,127,176)**	**(8,696,779)**
E) Income/(expenses) rel. to changes in liabilities on acquisitions of nci	**48**	**(4,563,501)**	**8,684,421**
F) Profit before taxes (C + D + E)		**63,663,029**	**90,107,544**
G) Income taxes	49	16,178,165	(100,648,452)
H) Consolidated profit for the year (F + G)		**47,484,864**	**190,755,997**
I) Profit/(loss) from discontinued operations, net of tax effect		0	0
L) Consolidated profit/(loss) for the year (H + I)		**47,484,864**	**190,755,997**
Non-controlling interest		(630,172)	152,623
Attributable to shareholders of the parent		48,115,036	190,603,374

(in Euros)

Comprehensive Income Statement	Note	2021	2020
L) Income for the year		**47,484,864**	**190,755,997**
M) Other comprehensive income statement items			
Actuarial gains/(losses) of employee defined plans		(1,666,648)	103,137
Tax effect related to other income/(loss) which will not be reclassified in income/(loss) for the year		399,996	(24,753)
Total other comprehensive income/(loss) which will not be reclassified in income/(loss) for the year, net of tax effect		**(1,266,653)**	**78,384**
N) Total other comprehensive income/(loss) which will be reclassified in income/(loss) for the year:			
Exchange gains/losses on non-euro accounts		(64,503)	(3,130,373)
Total other comprehensive income/(loss) which will be reclassified in income/(loss) for the year, net of tax effect		**(64,503)**	**(3,130,373)**
Total other comprehensive income/(loss), net of tax effect		**(1,331,156)**	**(3,051,989)**
O) Total comprehensive income for the year (L + M + N)		**46,153,708**	**187,704,008**
Non-controlling interest		(642,788)	108,927
Attributable to shareholders of the parent		46,796,496	187,595,081

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in Euros)

	Group shareholders' equity						
Description	**Share capital**	**Reserves**	**Retained earnings**	**Profit for the year**	**Group shareholders' equity**	**Non-controlling interests shareholders' equity**	**Total Group shareholders' equity and non-controlling interests shareholders' equity**
Note	**21**	**22**	**23**				**20**
Balance as of 01.01.2020	**31,875,000**	**498,227,139**	**35,086,737**	**51,212,082**	**616,400,957**	**(5,720,178)**	**610,680,780**
Net profit for the year			-	190,603,374	190,603,374	152,623	190,755,997
Other net comprehensive items		(3,130,373)	122,080		(3,008,293)	(43,695)	(3,051,989)
Comprehensive income for the year	**-**	**(3,130,373)**	**122,080**	**190,603,374**	**187,595,081**	**108,927**	**187,704,008**
Allocation of the residual result of the previous year to retained earnings			51,212,082	(51,212,082)	0	-	0
Share-based compensation plans		(29,349,421)	39,349,421		10,000,000	-	10,000,000
Put/Call option detection		18,219,943	(18,487,070)	-	(267,127)	-	(267,127)
Change in interests in subsidiaries and scope of consolidation			1,195,504	-	1,195,504	(4,351,503)	(3,156,000)
Share premium reserve	2,220,537	30,650,262		-	32,870,799	-	32,870,799
Other changes			(1,005,036)	-	(1,005,036)	-	(1,005,036)
Transactions with shareholders and other movements	**2,220,537**	**19,520,784**	**72,264,900**	**(51,212,082)**	**42,794,140**	**(4,351,503)**	**38,442,636**
Balance as of 31.12.2020	**34,095,537**	**514,617,550**	**107,473,717**	**190,603,374**	**846,790,178**	**(9,962,753)**	**836,827,424**
Net profit for the year				48,115,036	48,115,036	(630,172)	47,484,864
Other net comprehensive items		(64,503)	(1,254,036)		(1,318,539)	(12,616)	(1,331,156)
Comprehensive income for the year	**0**	**(64,503)**	**(1,254,036)**	**48,115,036**	**46,796,496**	**(642,788)**	**46,153,708**
Allocation of the residual result of the previous year to retained earnings			190,603,374	(190,603,374)	0		0
Dividends distribution			(63,000,000)		(63,000,000)		(63,000,000)
Put/Call option detection		4,229,257	(14,760,645)		(10,531,389)		(10,531,389)
Change in interests in subsidiaries and scope of consolidation			8,500,000		8,500,000	4,318,622	12,818,622
Change in interests for assets and liabilities held for sale and held for distribution to owners			(31,793,973)		(31,793,973)		(31,793,973)
Other changes			2,200,839		2,200,839		2,200,839
Transactions with shareholders and other movements	**0**	**4,229,257**	**91,749,594**	**(190,603,374)**	**(94,624,523)**	**4,318,622**	**(90,305,901)**
Balance as of 31.12.2021	**34,095,537**	**518,782,304**	**197,969,275**	**48,115,036**	**798,962,152**	**(6,286,919)**	**792,675,232**

ENGINEERING GROUP

CONSOLIDATED CASH FLOW STATEMENT

(in Euros)

Description		2021	2020
	Cash collected from the sales of products/services - third parties	1,480,163,966	1,308,055,394
	Cash paid for goods and/services - third parties	(606,750,141)	(593,201,247)
	Personnel costs	(654,813,819)	(598,705,414)
	Interest received	68,079	(108,265)
	Interest paid for operating activities	(282,089)	(640,387)
	Exchange differences	(366,521)	374,129
	Income tax payments and reimbursements	(62,544,654)	(48,577,140)
A)	**Total cash flow from operating activities**	**155,474,820**	**67,197,071**
	Sale of property, plant and equipment	34,144	359,408
	Purchase of property, plant and equipment	(6,881,640)	(8,676,352)
	Sale of intangible assets	0	50,264
	Purchase of intangible assets	(16,444,756)	(6,814,573)
	Consideration paid for acquisition of businesses	(65,325,879)	(20,349,672)
	Purchase of other investments and securities	(450)	0
	Sale of other investments and securities	493,440	29,169
B)	**Total cash flow from investing activities**	**(88,125,140)**	**(35,401,754)**
	New loans	191,140,000	327,552,907
	Repayment of loans	(141,974,323)	(421,360,678)
	Dividends distribution	(63,000,000)	0
	Acquisition of non-controlling interest and reserves	523,021	32,870,799
	Interest paid for financing activities	(8,212,629)	(3,489,103)
	Repayment of lease liabilities	(21,626,445)	(17,209,849)
C)	**Total cash flow from financing activities**	**(43,150,377)**	**(81,635,924)**
D)	**Cash flow absorbed from assets and liab. held for distr. to owners**	**(32,500,000)**	**0**
E)	**= (A + B + C + D) change in cash and cash equivalents**	**(8,300,697)**	**(49,840,607)**
F)	**Cash and cash equivalents at beginning of year**	**141,219,539**	**191,870,292**
G)	**Cash and cash equivalents held for shareholders' distribution/from merger**	**0**	**(810,146)**
H)	**= (E + F + G) cash and cash equivalents at end of year**	**132,918,842**	**141,219,539**

Notes to the Consolidated Financial Statements

1 General information

Engineering Ingegneria Informatica S.p.A. (hereinafter the “Company” or “Engineering”) and its subsidiaries (hereinafter “Engineering Group” or the “Group”) is the leading domestic provider of integrated ICT services, products and consultancy. It was established in Padua on 6 June 1980.

With approx. 11,571 employees, around 60 offices throughout Italy, the EU and Latin America and with an agent in the United States, the Group derives approx. 13% of revenues abroad and manages IT initiatives in over 20 countries with projects for the Industry, Telecommunications, Banking, Energy & Utilities, Healthcare and Public Administration sectors. It operates in the outsourcing and Cloud Computing market through an integrated network of 4 data centres located in Pont-Saint-Martin (AO), Turin, Vicenza and Milan, which manages around 300 customers.

The Group operates in Software and IT Services with a leading position in numerous vertical sectors, due to a wide range of proprietary solutions, from banking compliance (SISBA, ELISE, GRACE), to Billing and CRM for Utilities (Net@Suite), to integrated diagnostics and administration solutions for Health (AREAS), WFM systems (OverIT S.p.A.) and mobile platforms for Telco & Utilities.

The whole share capital of Engineering Ingegneria Informatica S.p.A. is held by Centurion Bidco S.p.A., as sole Shareholder.

These consolidated financial statements as of 31 December 2021 were approved by the Board of Directors of Engineering Ingegneria Informatica S.p.A. during the meeting of 25 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 Ingegneria Informatica S.p.A. 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 Ingegneria Informatica S.p.A. 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 healthcare 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, Healthcare, 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 with remote working essentially for all of our approximately 11,600 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

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

1.2 OPERATIONS OF REORGANISATION OF CORPORATE STRUCTURE OF THE GROUP

Completion of accounting activities connected with acquisitions

During the first half of 2021, IT Soft USA Inc. acquired a business unit from Design Automation Associates (DAA).

For the purpose of preparing the consolidated financial statements, the recognition and measurement of fair values of assets acquired and liabilities assumed were completed (within 12 months from the acquisition date) in relation to the acquisition of the business unit Design Automation Associates (DAA) of IT Soft USA Inc..

The following table shows the total book values of assets acquired and liabilities assumed, at the *acquisition date*, as well as final values related to identified fair values.

(in Euros)

Net assets acquired	Provisional fair value of net asset acquired	Fair value ments	Fair value of net asset acquired
Property, plant and equipment	74,075	3,650	77,725
Intangible assets	518	3,929,038	3,929,556
Trade receivables	658,649	32,450	691,099
Other current assets	111,746	5,506	117,251
Current financial liabilities	(24,394)	(1,202)	(25,596)
Total net assets acquired	**820,593**	**3,969,442**	**4,790,035**
Total amount			**10,595,974**
Goodwill			**5,805,939**
Net outflow resulting from the acquisition			**10,595,974**

As more fully illustrated in the detailed comments on the individual items of these Explanatory Notes to which reference is made, in the context of the fair value measurement of the assets acquired and liabilities assumed in accordance with IFRS 3, a net value of Euro 4 million emerged from at fair value adjustments, relating to the recognition of Order Backlog and Customer Relationships, Technology and Brand, for the amount of around Euro 3.9 million.

The above-mentioned adjustments also reflect a change compared to the initial provisional accounting of the business combination, which resulted in a provisory allocation of Euro 9.3 million as goodwill. This goodwill value will be fiscally non-deductible.

As required by IFRS 3, the goodwill that emerged following the above accounting for the transaction was allocated to CGU “Industry & Services”.

The determination of the assets acquired and the liabilities assumed at fair value was carried out through an estimation process based on assumptions deemed reasonable and realistic based on the information that was available at the date of acquisition of control.

The consideration paid as of the date of these financial statements was Euro 8.8 million (see paragraph 1.3 below).

Acquisitions for the period

Acquisition of Nexera S.p.A.

On 13 May 2021, the Parent Company Engineering Ingegneria Informatica S.p.A. acquired 60% of the equity investment of Nexera S.p.A..

Nexera S.p.A. is an ICT services company, established in August 2002, which operates in the Public Administration and Large Accounts sector and specialises in the provision of IT solutions for advanced Security systems and Health, also through the use of artificial intelligence technologies.

For the purpose of preparing these consolidated financial statements, the transaction was recognised, in accordance with IFRS 3, using the acquisition method, which entailed making a provisional estimate of the fair value of the assets acquired and the liabilities assumed.

The portion of shareholders’ equity of non-controlling interests was calculated on the basis of the portion of the present value attributed to assets and liabilities on the date on which control was acquired, excluding any goodwill attributable to the same.

The following table shows the overall book values of assets and liabilities acquired and the goodwill provisionally determined as described below.

(in Euros)

Description	Provisional fair value of net assets acquired
Property, plant and equipment	6,818
Intangible assets	2,940,715
Right of use	121,029
Other non-current assets	27,130
Trade receivables	2,119,861
Cash and cash equivalents	130,003
Other current assets	629,069
Non-current financial liabilities	(1,675,835)
Non-current lease liabilities	(113,393)
Other non-current liabilities	(548,256)
Current financial liabilities	(671,546)
Current lease liabilities	(4,500)
Other current liabilities	(919,947)
Trade payables	(96,578)
Provisional fair value of assets acquired	**1,944,571**
Share acquired	60.0%
Cost of acquisition	3,600,000
Share of non-controlling interests	40.0%
Non-controlling interests	777,828
Goodwill	**2,433,257**
Cash and cash equivalents	(130,003)
Net outflow resulting from the acquisition	**3,469,997**

As permitted by IFRS 3, in the consolidated financial statements as of 31 December 2021, the fair value of the assets and liabilities of Nexera S.p.A. were recognised provisionally, entering the entire difference between the purchase cost and the assets acquired, net of the liabilities assumed, under goodwill (Euro 2.4 million). More specifically, it was deemed appropriate to temporarily recognise the book values of the assets and liabilities already recorded in the financial statements of Nexera S.p.A., appropriately adjusted to render them compliant and consistent with the accounting standards and valuation criteria applied in the preparation of these consolidated financial statements, allocating the entire difference with respect to the acquisition cost to goodwill.

As required by IFRS 3, the goodwill that emerged following the above accounting for the transaction was allocated to CGU “Public Sector & Municipalities, Healthcare, Industry & Services” and was subjected to the impairment test on the acquisition date based on the method set out in IAS 36. Furthermore, this goodwill value will be fiscally non-deductible.

Based on the valuation activities underway, the following main items will be impacted: intangible assets and deferred tax assets and liabilities and related effects on the income statement.
The provisional fair value of receivables acquired is equal to Euro 2.1 million.

The full consolidation of this business combination from the acquisition date led to the recognition of revenues and loss on the consolidated financial statements of the Engineering Group amounting to Euro 1.2 million and Euro (0.4) million, respectively.

If the acquired company had been fully consolidated from 1 January 2021, the consolidated revenues and consolidated loss of 2021 of the Engineering Group would have been respectively greater than Euro 2 million and Euro (0.6) million.

The consideration paid as of the date of these financial statements was Euro 2.8 million (see paragraph 1.3 below).

Acquisition of C Consulting S.p.A.

On 23 November 2021, the Parent Company Engineering Ingegneria Informatica S.p.A. acquired 100% of the equity investment of C Consulting S.p.A..

C Consulting S.p.A., with registered office in Genoa, is an IT company which owns a wide range of software solutions dedicated to the insurance segment.

For the purpose of preparing these consolidated financial statements, the transaction was recognised, in accordance with IFRS 3, using the acquisition method, which entailed making a provisional estimate of the fair value of the assets acquired and the liabilities assumed.

The portion of shareholders' equity of non-controlling interests was calculated on the basis of the portion of the present value attributed to assets and liabilities on the date on which control was acquired, excluding any goodwill attributable to the same.

The following table shows the overall book values of assets and liabilities acquired and the goodwill provisionally determined as described below.

(in Euros)

Description	Provisional fair value of net assets acquired
Property, plant and equipment	53,498
Intangible assets	223,788
Right of use	362,597
Other non-current assets	65,984
Trade receivables	1,458,480
Cash and cash equivalents	1,892,409
Other current assets	225,894
Non-current lease liabilities	(232,243)
Other non-current liabilities	(839,539)
Current financial liabilities	(1,579,585)
Current lease liabilities	(118,873)
Other current liabilities	(524,506)
Trade payables	(370,223)
Provisional fair value of assets acquired	**617,681**
Share acquired	100.0%
Cost of acquisition	15,029,000
Goodwill	**14,411,319**
Cash and cash equivalents	(1,892,409)
Net outflow resulting from the acquisition	**13,136,591**

As permitted by IFRS 3, in the consolidated financial statements as of 31 December 2021, the fair value of the assets and liabilities of C Consulting S.p.A. were recognised provisionally, entering the entire difference between the purchase cost and the assets acquired, net of the liabilities assumed, under goodwill (Euro 14.4 million). More specifically, it was deemed appropriate to temporarily recognise the book values of the assets and liabilities already recorded in the financial statements of C Consulting S.p.A., appropriately adjusted to render them compliant and consistent with the accounting standards and valuation criteria applied in the preparation of these consolidated financial statements, allocating the entire difference with respect to the acquisition cost to goodwill.

As required by IFRS 3, the goodwill that emerged following the above accounting for the transaction was allocated to CGU "Finance" and was subjected to the impairment test on the acquisition date based on the method set out in IAS 36. Furthermore, this goodwill value will be fiscally non-deductible.

Based on the valuation activities underway, the following main items will be impacted: intangible assets and deferred tax assets and liabilities and related effects on the income statement.

The provisional fair value of receivables acquired is equal to Euro 1.4 million.

The full consolidation of this business combination from the acquisition date led to the recognition of revenues and net profit on the consolidated financial statements of the Engineering Group amounting to Euro 1.5 million and Euro 0.3 million, respectively.

If the acquired company had been fully consolidated from 1 January 2021, the consolidated revenues and consolidated net profit of 2021 of the Engineering Group would have been respectively greater than Euro 5.5 million and Euro 0.8 million.

The consideration paid as of the date of these financial statements was Euro 7.9 million (see paragraph 1.3 below).

Business unit from Livebox S.r.l.

On 29 March 2021, Sogeit Solutions S.r.l. acquired a business unit from the company Livebox S.r.l..

With a deed dated 13 May 2021, Sogeit Solutions S.r.l. resolved to change its company name to Livebox S.r.l., consequently amending Art. 1) of the Articles of Association.

The following table shows the total book values of assets acquired and liabilities assumed, at the acquisition date.

(in Euros)

Description	Provisional fair value of net assets acquired
Property, plant and equipment	28,463
Trade receivables	78,106
Other non-current liabilities	(60,691)
Provisional fair value of assets acquired	**45,878**
Cost of acquisition	6,397,960
Goodwill	**6,352,082**
Cash and cash equivalents	0
Net outflow resulting from the acquisition	**6,397,960**

As permitted by IFRS 3, in the consolidated financial statements as of 31 December 2021, the fair value of the assets and liabilities of the business unit from Livebox S.r.l. were recognised provisionally, entering the entire difference between the purchase cost and the assets acquired, net of the liabilities assumed, under goodwill (Euro 6.4 million). More specifically, it was deemed appropriate to temporarily recognise the book values of the assets and liabilities already recorded in the financial statements of Livebox S.r.l. (former Sogeit Solutions S.r.l.), appropriately adjusted to render them compliant and consistent with the accounting standards and valuation criteria applied in the preparation of these consolidated financial statements, allocating the entire difference with respect to the acquisition cost to goodwill.

As required by IFRS 3, the goodwill that emerged following the above accounting for the transaction was allocated to CGU “Finance, Public Sector & Municipalities, Healthcare, Industry & Services, Telco & Media, Energy & Utilities” and was subjected to the impairment test on the acquisition date based on the method set out in IAS 36. Furthermore, this goodwill value will be fiscally non-deductible.

Based on the valuation activities underway, the following main items will be impacted: intangible assets and deferred tax assets and liabilities and related effects on the income statement.

The provisional fair value of receivables acquired is equal to Euro 0.08 million.

The consideration paid as of the date of these financial statements was Euro 5.0 million (see paragraph 1.3 below).

Acquisition of Movilitas Group

With effect from 21 December 2021, IT Soft USA Inc. has acquired the US-based Movilitas Group, an important and accredited player in consulting and innovative solutions for the evolution of the manufacturing industry. Based in Maryland (USA), Movilitas is focused on providing new generation consulting, technology and services for the development of smart supply chains and digital manufacturing ecosystems.
Movilitas comes with a global team of over 200 digital transformation specialists and 7 operational hubs in the US, France, Germany, Belgium, Hungary, UK and India.

For the purpose of preparing these consolidated financial statements, the transaction was recognised, in accordance with IFRS 3, using the acquisition method, which entailed making a provisional estimate of the fair value of the assets acquired and the liabilities assumed.

The portion of shareholders' equity of non-controlling interests was calculated on the basis of the portion of the present value attributed to assets and liabilities on the date on which control was acquired, excluding any goodwill attributable to the same.

The following table shows the overall book values of assets and liabilities acquired and the goodwill provisionally determined as described below.

(in Euros)

Description	Provisional fair value of net assets acquired
Property, plant and equipment	302,362
Intangible assets	784,185
Other non-current assets	264,390
Trade receivables	8,037,515
Cash and cash equivalents	4,443,311
Other current assets	513,341
Other non-current liabilities	(204,709)
Other current liabilities	(3,894,072)
Trade payables	(4,699,216)
Provisional fair value of assets acquired	**5,547,107**
Share acquired	100.0%
Cost of acquisition	46,582,621
Goodwill	**41,035,514**
Cash and cash equivalents	(4,443,311)
Net outflow resulting from the acquisition	**42,139,310**

As permitted by IFRS 3, in the consolidated financial statements as of 31 December 2021, the fair value of the assets and liabilities of the Movilitas Group were recognised provisionally, entering the entire difference between the purchase cost and the assets acquired, net of the liabilities assumed, under goodwill (Euro 41 million). More specifically, it was deemed appropriate to temporarily recognise the book values of the assets and liabilities already recorded in the consolidated financial statements of the Movilitas Group, appropriately adjusted to render them compliant and consistent with the accounting standards and valuation criteria applied in the preparation of these consolidated financial statements, allocating the entire difference with respect to the acquisition cost to goodwill.

As required by IFRS 3, the goodwill that emerged following the above accounting for the transaction was allocated to CGU "Industry & Services" and was subjected to the impairment test on the acquisition date based on the method set out in IAS 36. Furthermore, this goodwill value will be fiscally non-deductible.

Based on the valuation activities underway, the following main items will be impacted: intangible assets and deferred tax assets and liabilities and related effects on the income statement.

The provisional fair value of receivables acquired is equal to Euro 8 million.

The consideration paid as of the date of these financial statements was Euro 41.8 million (see paragraph 1.3 below).

1.3 PURCHASE OF INVESTMENTS IN SUBSIDIARIES

During the year 2021, the Group paid the amounts due for the acquisition of control of the following companies and business units. The table below shows the details of the main cash payments and cash and cash equivalents acquired:

(in Euros)

31.12.2021	C Consulting S.p.A.	Digitelema-tica S.r.l.	Movilitas Group	Inf.or.	Nexera S.p.A.	Eng Mexico Informatica S. de R.L.	Cybertech S.r.l.	Municipia Mobilità	Design Automation Associates (DAA)	Livebox S.r.l.	Total
Cash payments leading to obtaining control	7,873,635		41,791,668		2,807,966	8,298					52,481,567
Cash and cash equivalents acquired	(1,892,409)		(3,600,433)		(130,003)						(5,622,845)
Payment for acquisition of NCI							3,000,000				3,000,000
Earn out payment		987,181		600,000				19,814			1,606,995
Purchase of business units									8,830,125	5,030,036	13,860,161
Reconstitution of share capital											0
Cash flow for the purchase of subsidiaries investments, net of cash and cash equivalents	**5,981,226**	**987,181**	**38,191,235**	**600,000**	**2,677,963**	**8,298**	**3,000,000**	**19,814**	**8,830,125**	**5,030,036**	**65,325,879**

1.4 HYPERINFLATION IN ARGENTINA

In Argentina, following a long period of observation of rates and other indicators, a global level was reached upon the occurrence of the conditions determining the presence of hyperinflation in accordance with International Financial Reporting Standards. It follows that, as from 1 July 2018, all companies operating in Argentina are required to apply IAS 29 “Financial reporting in Hyperinflationary economies” when preparing financial reports.

With reference to the Group, the consolidated financial results as of 31 December 2021 include the effects deriving from the application of the above mentioned accounting standard, as from 1 January 2018.

The Group presents its consolidated financial data in Euros and, therefore, no restatement of the values presented in 2021 was necessary.

Unfortunately, given the major economic and political crisis the country has been undergoing in recent years, this issue of hyperinflation is likely to continue for some years.

Always keeping in mind all the problems caused by Covid-19 in so far as all the countries were affected, which is still a cause for great concern, we also have the current war between Ukraine and Russia, which greatly affects Argentina, already suffering from a weakened economy for the reasons already outlined.

Consistent with the provisions set out in IAS 29, the restatement of the financial statements as a whole has resulted in the following:

- with regard to the income statement, costs and revenues have been revalued by applying the change in the general consumer price index to reflect the loss of purchasing power of the local currency as of 31 December 2021. For the purpose of converting the income statement thus redetermined into Euro, the exchange rate as of 31 December 2021 was consistently applied instead of the average exchange rate for the period. With reference to consolidated net revenues for the period, the effect of applying the standard resulted in a positive change of Euro 28.4 thousand for 2021;
- with regard to the statement of financial position, the monetary elements have not been restated since they were already expressed in the current unit of measurement at the end of the period. Conversely, non-monetary assets and liabilities have been revalued to reflect the loss of purchasing power of the local currency that occurred from the date on which the assets and liabilities were initially recorded at the end of the period;
- the effect determined on the net monetary position for the portion generated over the twelve months of 2021 (total income of Euro 915.4 thousand) was accounted for in the income statement under net financial income (expenses).

2 Form, contents and accounting standards

These consolidated 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 consolidated financial statements are expressed in Euro and, in compliance with IAS 1 “Presentation of Financial Statements” include the Consolidated Statement of Financial Position, the Consolidated Income Statement and the Consolidated Comprehensive Income Statement, the Consolidated Statement of changes in shareholders’ equity, the Consolidated Cash Flow Statement and the related Explanatory Notes.

The consolidation was carried out under the line-by-line method, including the non-controlling interests reported in the relevant shareholders' equity and income statement accounts.

The Group companies adopted the same accounting period as the Parent Company and 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 transactions with related parties concern subsidiaries, associated companies and Directors and Executives with strategic responsibilities.

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 Group operations and significant events after the year-end.

For each item of the statements, the corresponding figure of the previous year is disclosed for comparison purposes.

CRITICAL JUDGMENTS IN APPLYING THE ACCOUNTING POLICES

There are no critical judgements made in applying the Group's accounting policies.

KEY SOURCES OF ESTIMATION UNCERTAINTY

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 169 million and Trademark Euro 453 million)

As explained in more detail in paragraph "Goodwill" hereof, for the calculation of the value in use of *Cash Generating Units*, the Group 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 on the basis of these forecasts did not generate any write-downs.

Purchase Price Allocation (IFRS 3)

As explained in the paragraph "Completing the accounting activities related to acquisitions", the recognition of business combination transactions implies the allocation of the payment of acquisition to the assets and liabilities of the acquired company, which are evaluated at fair value. The possible difference, if positive, is recorded as goodwill; if negative, it is recorded in the income statement.

In the process of assigning amounts to certain asset items, the Group applied estimates to determine their fair value. To determine fair value, the Group used valuation methods, including discounted cash flow analysis. To calculate the present value of future cash flows, it is necessary to formulate some assumptions regarding uncertain issues, including Management's expectations regarding:

- marginality of customer portfolios;
- the probability of renewal of contracts with customers;
- the selection of the discount rate that reflects the risk.

The Group's estimates are based on assumptions deemed reasonable, but uncertain and foreseeable. These assessments require the use of management assumptions, which may not reflect unpredictable events.

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 Group, also as a consequence of the fact that tax losses may be carried forward indefinitely.

Receivable from Sicilia Digitale S.p.A.

As explained in more detail in paragraph "Trade receivables" of these notes, receivables from customers include receivables as of 31 December 2021 from Sicilia Digitale S.p.A. (former Sicilia e-Servizi S.p.A. or "SISE"), which amounted to Euro 133.8 million (not including the related doubtful debt provision amounting to Euro 27.4 million and the related doubtful debt provision for interest on arrears equal to Euro 46.7 million), of which Euro 14.5 million of customer contract assets. These amounts were related to 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. and Sicilia e-Servizi Venture S.c.a.r.l. in liquidation ("SISEV" or "Venture") on 21 May 2007 and expired on 22 December 2013.

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.. In particular, on 12 June 2019, a specific transaction was agreed between the transferees of the SISEV receivable (Engineering Ingegneria Informatica S.p.A. and Accenture, as creditor partners for services rendered and not remunerated at that time) and Sicilia Digitale S.p.A. for the recognition to them of a total amount of Euro 19.5 million (of which Euro 13.2 million in favour of Engineering Ingegneria Informatica S.p.A. and Euro 6.3 million in favour of Accenture), with waiver of the interest on arrears and which specifies, among other things, a repayment plan of the receivable transacted by the final repayment date on 1 May 2020. In addition, the transaction provides that the failure to comply with any time scans for the payment so agreed implies, for the express provision of the agreement, the resolution of it and the possibility for the creditor parties (Engineering Ingegneria Informatica S.p.A. and Accenture) to act for the entire. In the illustrated context, Sicilia Digitale S.p.A. has only partially complied with the credit repayment plan contained in the transaction; in fact, it should be noted that so far the amounts provided for by the same writing have not been paid since November 2019. For this reason, a special notice was sent on 3 February 2020 to 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).

(in Euro million)

Description	31.12.2021
Trade receivables and customer contract assets	133,8
Doubtful debt provision	(74,0)
Total	**59,8**

Fair value of options on non-controlling interest

The fair value of liabilities, which represents a reasonable estimate of the exercise price for the options, was determined using the discounted operating cash flow method using the plan of the subsidiary involved.
The exercise prices are determined on the basis of the agreements contained in the option agreements signed by the Group.

Lease term

The Group 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 Group has generally deemed it unlikely to exercise any extension or early termination clause in consideration of the practice usually followed by the Group. For the buildings, the Group, 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.

3 Consolidation scope and principles

3.1 SUBSIDIARIES

The subsidiaries are consolidated from the date on which the Group acquires control and deconsolidated from the date in which control is lost. Control is defined as the ability to directly or indirectly determine the financial and management policies and benefit from their implementation.

Consistently with provisions set out by IFRS 10, a company is controlled with the presence of the following three elements: (a) power on the entity acquired/established; (b) exposure, or rights, to variable returns deriving from involvement with the same; (c) capacity to utilise the power to influence the amount of these returns.

The accounts are consolidated under the line-by-line method, therefore including the entire amount of assets and liabilities and all costs and revenues regardless of the percentage of share capital held. The book value of consolidated equity investments is therefore derecognised against the relative shareholders’ equity.

The results of subsidiaries acquired or sold during the year are included in the consolidated income statement from the date of acquisition until the date of sale. The operations, the balances as well as the unrealised profits and losses on inter-group transactions are derecognised.

The shares of shareholders’ equity and of the non-controlling interest result are included in a separate shareholders’ equity account and in a separate line of the consolidated income statement.

3.2 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.

The acquisition was recognised under the acquisition method described in the following paragraph 4.6. After acquisition, equity investments in associated companies are recorded under the equity method or rather recording the result attributable to shareholders of the parent and of the movements in the reserves respectively to the income statement and shareholders' equity. Non-realised profits and losses on inter-group transactions are derecognised for the relative share.
When the losses attributable to shareholders of the parent in an associated company is equal to or greater than the value of the investment held, the Group does not recognise additional losses unless an obligation to recapitalise exists or if payments have been made on behalf of the associated company.

3.3 JOINT ARRANGEMENTS

Pursuant to provisions set forth by IFRS 11, investments in joint ventures are recorded under the equity method applied as described in the previous Note. A joint venture is a joint operation where parties have rights on contractually agreed assets and obligations for agreed liabilities. As regards joint operations, the standard envisages that the proportionate assets, liabilities, costs and revenues, resulting from joint operations, are entered directly in the consolidated (and separate) financial statements.

3.4 CONSOLIDATION SCOPE

The consolidated financial statements include the financial statements of the Parent Company and those companies in which the Parent Company holds control based on the provisions of IFRS 10. The financial statements of the Group's companies are prepared as of the same date and refer to a financial year of equal length.

The consolidated companies as of 31 December 2021 are listed hereunder:

Company	Registered office	Share Capital	Percentage of share capital held		
			Direct	Indirect	Total
Engineering Sardegna S.r.l.	Cagliari	1,000,000 Euro	100.00%		100.00%
Engiweb Security S.r.l.	Rome	50,000 Euro	100.00%		100.00%
Municipia S.p.A.	Trento	13,000,000 Euro	100.00%		100.00%
Engineering International Belgium S.A.	Brussels	61,500 Euro	100.00%		100.00%
Engineering D.HUB S.p.A.	Pont-Saint-Martin	2,000,000 Euro	100.00%		100.00%
Cybertech S.r.l.	Rome	10,000 Euro		100.00%	100.00%
OmnitechIT Secur S.l.	Madrid	3,000 Euro		100.00%	100.00%
OmnitechIT GmbH	Geilenkirchen (Germany)	25,000 Euro		100.00%	100.00%
Securetech Nordic A.b.	Stockholm	50,000 SEK		100.00%	100.00%
OmnitechIT Security AS	Oslo	30,000 NOK		100.00%	100.00%
Omnisecure d.o.o.	Belgrade	2,466,177 Rsd		60.00%	60.00%
BW Digitronik A.G.	Ulster (Switzerland)	400,000 CHF		51.00%	51.00%
Pragma S.r.l.	Sommacampagna	100,000 Euro		51.00%	51.00%
Nexen S.p.A.	Padua	1,500,000 Euro	100.00%		100.00%
Engineering365 S.r.l. (former MHT S.r.l.)	Lancenigo	50,000 Euro	100.00%		100.00%
Engineering Software Labs d.o.o.	Belgrade	452,000 Rsd	100.00%		100.00%
Nexera S.p.A.	Naples	678,750 Euro	60.00%		60.00%
FDL Servizi S.r.l.	Breno	20,800 Euro	95.00%		95.00%
Engi da Argentina S.A.	Buenos Aires	49,900,000 AR$	91.37%	8.63%	100.00%
Engineering do Brasil S.A.	Sao Paulo (Brazil)	51,630,020 Reais	100.00%		100.00%
Engineering Ingegneria Informatica Spain S.L.	Madrid	100,000 Euro	100.00%		100.00%
Engineering USA Inc.	Chicago (Usa)	260,800 Usd	97.36%		97.36%
Engineering Mexico Informatica S. de R.L.	Monterrey (Mexico)	10,000 MXN	10.00%	90.00%	100.00%
Stretford Holdings LLC	Maryland (Usa)	8,466,445 Usd		97.36%	97.36%
Movilitas Cloud LLC	United States	812,796 Usd		97.36%	97.36%
Movilitas Consulting LLC	United States	4,100,563 Usd		97.36%	97.36%
Movilitas Consulting Uk Ltd	United Kingdom	100 GBP		97.36%	97.36%
Movilitas Cloud KFT	Hungary	3,000,000 HUF		97.36%	97.36%
Movilitas India LLP	India	7,000,000 INR		97.36%	97.36%
Movilitas Consulting GmbH	Germany	4,222,740 Euro		97.36%	97.36%
Naxxos BV	Germany	777,583 Euro		97.36%	97.36%
Movilitas Belgium BV	Belgium	4,208,081 Euro		97.36%	97.36%
Movilitas France SAS	France	30,000 Euro		97.36%	97.36%
Movilitas Consulting Germany Holdings GmbH	Germany	6,054,539 Euro		97.36%	97.36%
Movilitas Cloud BV	Belgium	18,550 Euro		97.36%	97.36%
WebResults S.r.l.	Treviolo	10,000 Euro	100.00%		100.00%
Sicilia e-Servizi Venture S.c.a.r.l.	Palermo	300,000 Euro	65.00%		65.00%
Livebox S.r.l. (già Sogeit Solutions S.r.l.)	Rome	100,000 Euro	100.00%		100.00%
DEUS Technology S.r.l.	Milan	147,000 Euro	100.00%		100.00%
Digitelematica S.r.l.	Lomazzo	100,000 Euro	80.00%		80.00%
C Consulting S.p.A.	Genoa	174,395 Euro	100.00%		100.00%
Movilitas Group	Maryland (Usa)	18,732,567 Usd	100.00%		100.00%
Engineering ITS AG	Berlin	50,000 Euro	100.00%		100.00%
Engineering Software Labs s.r.o.	Prague	100,000 CZK		100.00%	100.00%
Engineering Its Schweiz A.g.	Zurich	100,000 CFH		100.00%	100.00%

Changes in the consolidation scope compared to 31 December 2020, relate to transactions carried out during the period as summarised below:

- on 31 December 2020, Cybertech S.r.l. sold the entire shareholding of the company OmnitechIT Turkey s.l., which therefore, on 1 January 2021, left from the Group consolidation scope;

- on 4 March 2021, the new company Eng Mexico Informatica S. de R.L. was established, with registered office in Monterrey, Mexico, whose share capital, consisting of 10,000 Mexican pesos, is 90% owned by IT Soft USA Inc. and the remaining 10% directly by Engineering Ingegneria Informatica S.p.A.;
- on 16 March 2021, but with economic effect from 1 January 2021, Engineering ITS formalised the incorporation of the following subsidiaries:
  - Engineering DSS GmbH;
  - Engineering BSC GmbH;
  - Engineering Software Labs GmbH.

Given its nature of transaction between entities under common control, it had no accounting impact on the consolidated financial statements of Engineering Group in terms of the value of the assets and liabilities of the companies involved:

- on 14 April 2021, the Parent Company Engineering Ingegneria Informatica S.p.A. acquired the remaining 5% of the equity investment of OverIT S.p.A.. As a result of this transaction and until the demerger date, the Parent Company directly held full control of the company;
- on 13 May 2021, the Parent Company Engineering Ingegneria Informatica S.p.A. acquired 60% of the equity investment of Nexera S.p.A.;
- on 13 May 2021, Sogeit Solutions S.r.l. resolved to change its company name to Livebox S.r.l.;
- on 16 September 2021, Engineering ITS Schweiz AG was established;
- on 23 November 2021, the Parent Company Engineering Ingegneria Informatica S.p.A. acquired 100% of the equity investment of C Consulting S.p.A.;
- on 21 December 2021, IT Soft USA Inc. acquired full control of the US group Movilitas;
- on 22 December 2021, the subsidiary Engineering D.HUB S.p.A. acquired the remaining 49% of the equity investment of Cybertech S.r.l. from Omnitech S.r.l.;
- in December 2021, the spin-off of the investee OverIT S.p.A. from Engineering Ingegneria Informatica S.p.A. was completed in favour of the parent company Centurion Bidco 1 S.p.A.. As a result, as from 1 December 2021, the company OverIT S.p.A. is no longer in the consolidation scope.

Non-controlling interest disclosure

As required by IFRS 12, a summary of the main financial indicators of companies with significant non-controlling interests is provided below. It should be noted that the non-controlling interests in these subgroups of companies are considered relevant in relation to the contribution made to the consolidated financial statements.

(in Euros)

Company	Share held by non-controlling holders		Profit/(loss) held by non-controlling holders		Equity held by non-controlling holders	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Sicilia e-Servizi Venture S.c.a.r.l.	35.0%	35.0%	(32,989)	(54,599)	(9,307,795)	(9,253,196)
Pragma S.r.l.	49.0%	74.0%	14,813	125,815	153,748	117,044
Digitelematica S.r.l.	20.0%	20.0%	165,787	98,672	185,951	90,254
BW Digitronik A.G.	49.0%	74.0%	(107,838)	58,260	346,199	448,942
Omnisecure d.o.o.	40.0%	69.4%	12,712	50,853	53,214	41,648
Nexera S.p.A.	40.0%	0.0%	(248,930)	0	430,875	0
Other non-controlling interests	N/A	N/A	(433,726)	(126,378)	2,481,061	(1,560,068)
Total			**(630,171)**	**152,623**	**(5,656,747)**	**(10,115,376)**

The table below represents the balances before intercompany eliminations:

(in Euros)

Description	Sicilia e-Servizi Venture S.c.a.r.l.		Pragma S.r.l.		Digitelematica S.r.l.		BW Digitronik A.G.		Omnisecure d.o.o.		Nexera S.p.A.
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021
Non-current assets	0	0	203,982	221,553	132,002	105,607	7,698	11,433	19,075	55,330	2,012,129
Current assets	52,679,468	52,767,260	3,055,585	2,404,766	3,578,833	2,670,333	5,491,090	3,872,653	313,800	374,274	2,357,800
Non-current liabilities	328	328	528,495	522,737	318,671	270,377	0	0	25,232	48,767	1,869,566
Current liabilities	79,367,096	79,360,632	2,387,069	1,775,349	1,633,474	1,560,935	5,012,336	3,198,585	142,831	247,551	2,045,499
Group shareholders' equity	(17,285,905)	(17,184,508)	160,024	41,145	743,803	361,016	360,330	157,819	79,820	18,363	646,313
Non-controlling interest shareholders' equity	(9,307,795)	(9,253,196)	153,748	117,044	185,951	90,254	346,199	448,942	53,214	41,648	430,875
Revenues	2,064	2,064	3,409,361	2,856,634	4,105,268	3,200,263	3,578,758	4,834,158	561,037	725,852	2,099,089
Expenses	(96,318)	(158,060)	(3,379,131)	(2,686,591)	(3,276,333)	(2,706,904)	(3,798,835)	(4,755,418)	(529,258)	(652,577)	(2,721,414)
Profit/(loss) for the year	(94,254)	(155,996)	30,230	170,044	828,936	493,359	(220,077)	78,740	31,779	73,275	(622,325)
Group profit/(loss) for the year	(61,265)	(101,398)	15,417	44,228	663,149	394,687	(112,239)	20,480	19,067	22,422	(373,395)
Profit/(loss) for the year of non-controlling interest	(32,989)	(54,599)	14,813	125,815	165,787	98,672	(107,838)	58,260	12,712	50,853	(248,930)
Cash flow from operating activities	(110,980)	(13,913)	(6,438)	182,338	714,813	557,276	(557,585)	(145,462)	(33,119)	55,209	1,113,165
Cash flow from investing activities	0	0	(8,438)	(8,148)	(11,957)	(8,301)	0	0	0	0	(1,013)
Cash flow from financing activities	0	175,000	(72,839)	(79,763)	(11,032)	(11,575)	338,786	324,014	(37,579)	(31,650)	(978,500)
Total cash flows	**(110,980)**	**161,087**	**(87,714)**	**94,428**	**691,825**	**537,400**	**(218,798)**	**178,552**	**(70,697)**	**23,559**	**133,652**

The company Nexera S.p.A. was acquired by Engineering Ingegneria Informatica S.p.A. on 13 May 2021.

On 22 December 2021, the subsidiary Engineering D.HUB S.p.A. acquired the remaining 49% of the equity investment of the company Cybertech S.r.l..

4 Accounting principles

These Consolidated 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 Group's ability to meet its obligations in the foreseeable future. A description of how the Group manages financial risks, including liquidity and capital risks, is provided in Note 4.27.

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.

Where not specified, the significant changes reported in these explanatory notes principally relate to the changes in the consolidation scope indicated above.

The accounting policies adopted in the preparation of these consolidated financial statements are described below.

4.1 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 including any directly attributable costs. 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 indicators show 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.

4.2 LEASING

Accounting for the lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract.

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.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

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 Group 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.

The Group did not detect any of the aforementioned changes in the period.

The right of use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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 depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

A provision for risks is made in compliance with the provisions of IAS 37 in the event that the Group 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 consolidated cash flow statement, the Group 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 financial activity).

Cases of exclusion from the application of IFRS 16
The Group 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 Group 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 lessor 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 lessor 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.

4.3 INTANGIBLE ASSETS

Intangible assets, all with definite useful life with the exception of the trademark, are recognised where identifiable and are likely to produce future economic benefits for the Group.

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 from the time of use or when they are sold. Until that date they are classified under assets in progress.
Financial expenses incurred to acquire an intangible fixed 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	1 - 5 years
Rights, patents and licenses	1 - 5 years
Engineering Trademark	Indefinite
Deus Trademark	Indefinite
Concessions, licenses and trademarks	1 – 8 years
Customer relationship/Customer list	1 – 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 asset is maintained in the accounts as long as there is evidence that this value may be recovered through usage. Wherever evidence indicates that difficulties may exist in the recovery of the net book value, an impairment test is carried out.

Software
Costs directly associated with information technology products, created internally or acquired from third parties are capitalised as intangible assets when the following conditions are 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. Development costs that improve product performance or upgrade the product to regulatory requirements are reflected in projects created for customers and are thus expensed during the financial year in which they are incurred.

Concessions, licenses and trademarks
Costs associated with the purchase of rights, 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.

4.4 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.

4.5 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 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.

4.6 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 and of the liabilities) and not of their book value. The difference (if positive) 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.

4.7 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.

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.

4.8 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 they are recorded at fair value through other comprehensive income.
A significant and prolonged decrease in equity investment fair value below the initial booked cost is considered an objective indication of value loss.

4.9 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.

4.10 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, 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”.

4.11 DEFERRED CONTRACT COSTS

4.11.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.

4.11.b Costs of fulfilling a contract

IFRS 15 provides for the capitalisation of costs 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.

4.12 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 transaction price, 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 Group 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. The industry in the automotive and travel sector could present certain critical issues. The customers in this sector are however represented by large companies and the Group has assessed, at the moment, that the effect of the Covid on credit collection does not represent a risk.
After evaluating the historical and forward-looking information, the Group believes that there is no significant impact on the expected credit losses.

4.13 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.

4.14 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 separate income statement and the comparative comprehensive income statement are re-determined as if the operation were discontinued at the beginning of the comparative period.

4.15 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.

4.16 RESERVES

The reserves consist of specific capital reserves.

4.17 RETAINED EARNINGS/(LOSSES CARRIED FORWARD)

The item “Retained earnings/(losses carried forward)” includes the net profit of the current and previous periods which was neither distributed nor 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.

4.18 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.

4.19 TREATMENT OF THE PUT OPTIONS ON SUBSIDIARY SHARES

IAS 32 establishes that a contract that contains an obligation for an entity to acquire shares in cash or against other financial assets, gives rise to a financial liability for the current value of the option exercise price.
Therefore, the liability must be recognised unless the entity has the unconditional right to avoid the delivery of cash or other financial instruments upon the exercise of the put option on subsidiary shares.

The Group:

(i) recorded, as a counter-entry of Equity reserves, the payables resulting from the obligation and any following changes in the same liability that are related to the mere elapsing of time (unwinding of price discount);
(ii) expensed the latter to the Income Statement.

4.20 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 profits and losses are recognised in the comprehensive income statement and recorded under shareholders’ equity on an accrual basis.

Defined contribution plans
As from 1 January 2007, the Group companies 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.

4.21 PROVISIONS FOR RISKS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

According to IAS 37 provisions for risks 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.

4.22 REVENUES AND COSTS

Revenues

The Group recognises 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 Group has transferred control of the goods or services to the customer, in the following ways:

a) over time;
b) at a point in time.

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

Fulfilment of obligations	**Revenue Stream**			
	Deliverable-based contract	**Resource-based contract**	**Service-based contract**	**Assistance and maintenance based contract**
At a point in time	n/a	n/a	Service provision tied to the occurrence of specific events. Revenues are recognized based on the occurrence of specified events (for example delivery/ installation).	n/a
Over time	Annual and multi-annual orders. Revenues are recognized based on the percentage of accrued costs on total contract costs in relation to total contract revenues.	Consulting services. Revenues are recognized based on the number of working days and the price list established in the contract.	n/a	Assistance and maintenance services. The service is provided periodically and constantly over the contract period. Revenues are recognized periodically, according to the agreement (monthly, quarterly, yearly and so on).

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 Group's performance enhances or creates an asset that the customer controls as the Group performs; or
(ii) the Group builds an asset that has no alternative use (e.g. it is customer-specific) and the Group has an enforceable right to payment for performance to date in case of termination by the customer.

The Group 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 Group earns contractually the right to bill upon achievement of specified milestones or upon customer acceptance of work performed.
The difference between the revenue recognised 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 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.
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 Group 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 Group 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 Group.
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
Interest is recorded at the effective rate based on the accruals principle.
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. These costs are almost entirely attributable to personnel costs.

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.

4.23 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.

4.24 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.

4.25 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 Parent Company is the Euro, which is the presentation currency of the consolidated financial statements.

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.

Conversion of financial statements of foreign operations
A foreign operation is an entity that is a subsidiary, associated company or joint venture of a reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity. The statement of financial position and income statement figures expressed in the functional currency

of foreign operations are converted into the presentation currency of the consolidated financial statements at the exchange rate at year-end for assets and liabilities and at the exchange rate in force at the date of the related transactions for revenues and costs in the income statement or the comprehensive income statement. These latter are converted at the average exchange rate in the period when such approximates the exchange rate at the date of the respective operations. Exchange differences deriving from such conversions and from the conversion of the opening shareholders' equity at the closing exchange rate are recognised in the comprehensive income statement. The total amount of the exchange differences is presented as a separate shareholders' equity item until the divestment of the foreign operation.

4.26 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 paragraph.

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.

4.27 FINANCIAL RISK AND CAPITAL MANAGEMENT

As in all businesses, risk factors, which may affect the Group 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 Group activities.
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.

4.27.1 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.
The allocations for doubtful debts provisions carried out by Group companies reflect the expected credit losses.
The Group 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 Group 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 Group 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 Group'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 "Trade receivables" hereof.

4.27.2 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 Group 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 Group 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 paragraphs 20 and 25 hereof.

4.27.3 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 Group'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 Group's economic result, indirectly influencing the costs and returns of financing and investment transactions. The interest rate risk to which the Group is exposed derives from bank loans. The Group constantly monitors the trend in interest rates to mitigate this risk and, when deemed appropriate, possibly 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.

4.28 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.

4.29 NEW IFRS AND IFRIC INTERPRETATIONS

For the purposes of drafting the Group's consolidated financial statements, the International Accounting Standards (IFRS) approved by the European Commission and effective on 31 December 2019 were applied. With reference to the new IFRS in force, we highlight the first application of IFRS 16 "Leases", as from 1 January 2019, whose impacts are commented on in detail below.

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 Group 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 rent reductions in the income statement. These amounts are not significant at consolidated level.

- 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 Group's consolidated financial statements.

IFRS accounting standards, amendments and interpretations approved by the European Union, not yet applied mandatorily and not adopted in advance by the Group 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 Group’s consolidated 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 Group’s consolidated 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 Group's consolidated 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 Group's consolidated 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 this amendment on the Group's consolidated 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 Group's consolidated financial statements is expected by the Directors from the adoption of this amendment.

- 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 Group is not a first-time adopter, this standard is not applicable.

4.30 SEASONALITY OF GROUP TRANSACTIONS

The activities of the Group are not subject to seasonality.

5 Segment information

The Management considers the Group as six operating segments under IFRS 8.

Information reported to Group's Chief Executive (the Chief Operating Decision Maker (CODM)) for the purposes of resource allocation and assessment of segment performance is focused on the skills and reference market and reflect the business model which is currently split in 6 industries:

- Finance, refers to the IT services provided to banks, insurance companies and financial institutions;
- Public Administration, refers to the IT services provided to central and local public administration;
- Health, refers to the IT services provided to healthcare;
- Industry & Services, refers to the IT services provided to large and medium-sized corporations;
- Telco & Media, refers to the IT services provided to telecommunication companies and other media corporations;
- Energy & Utilities, refers to the IT services provided to players in the energy and utilities markets.

The accounting policies of operating segments are the same as the Group's accounting policies described in note 4.

Adjusted EBITDA represents, for the Group, the Alternative Performance Measure for the purpose of resource allocation and assessment of segment performance, as well as of targets.

Revenues and direct costs are allocated in relation to the related industry. The other income and operating expenses, not specifically attributable to segment, have been attributed in relation to their net revenues, that represents the most appropriate driver to allocate them.

The following is an analysis of the Group's revenue by operating segment:

(in Euro million)

Description	31.12.2021		31.12.2020	
Total revenues				
Finance	279.1	21.50%	274.6	22.5%
Public Administration	296.0	22.81%	277.4	22.8%
Health	98.1	7.56%	78.3	6.4%
Industry & Services	292.9	22.57%	261.1	21.4%
Telco & Media	133.5	10.29%	130.7	10.7%
Energy & Utilities	198.4	15.28%	196.3	16.1%
Total revenues	**1,298.0**	**100.0%**	**1,218.5**	**100.0%**
Other revenues	23.3		23.0	
Total revenues	**1,321.3**		**1,241.5**	

There are not any intersegment revenues.

The main services offered by the Group are indicated in note 37. 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 Group might not be consistent with criteria adopted by other groups. Therefore, the balance obtained might not be comparable with the one calculated by the latter.
Below is an analysis of the Group's adjusted EBITDA by operating segment:

(in Euro million)

Description	31.12.2021		31.12.2020	
Adjusted EBITDA				
Finance	73.2	36.9%	63.4	35.8%
% of revenues	26.2%		23.1%	
Public Administration	36.9	18.6%	33.1	18.7%
% of revenues	12.5%		11.9%	
Health	20.5	10.3%	16.3	9.2%
% of revenues	20.9%		20.9%	
Industry & Services	29.3	14.8%	24.3	13.7%
% of revenues	10.0%		9.3%	
Telco & Media	13.1	6.6%	10.9	6.1%
% of revenues	9.8%		8.3%	
Energy & Utilities	25.2	12.7%	29.3	16.5%
% of revenues	12.7%		14.9%	
Total adjusted EBITDA	**198.2**	**100.0%**	**177.4**	**100.0%**
% of revenues	15.3%		14.6%	

For the purposes of monitoring segment performance and allocating resources between sectors, the Group monitors intangible assets and goodwill attributable to each single asset.

The following is an analysis of the Group's intangible assets and goodwill by operating segment:

(in Euros)

Description	31.12.2021					31.12.2020				
	Customer List	Intangible assets	Total intangible assets	Goodwill	Total	Customer List	Intangible assets	Total intangible assets	Goodwill	Total
Finance	25,926,790	0	25,926,790	55,424,246	81,351,036	26,997,761	0	26,997,761	40,871,386	67,869,147
Public Sector & Municipalities	1,416,942	0	1,416,942	21,932,723	23,349,665	1,416,942	0	1,416,942	18,906,052	20,322,994
Health	0	0	0	10,796,515	10,796,515	0	0	0	8,664,158	8,664,158
Industry & Services	4,577,641	0	4,577,641	56,617,821	61,195,463	17,623,980	0	17,623,980	10,605,356	28,229,336
Telco & Media	0	0	0	10,292,146	10,292,146	0	0	0	8,218,871	8,218,871
Energy & Utilities	0	0	0	14,046,531	14,046,531	0	0	0	13,655,783	13,655,783
Total operating sectors	**31,921,374**	**0**	**31,921,374**	**169,109,982**	**201,031,355**	**46,038,683**	**0**	**46,038,683**	**100,921,606**	**146,960,289**
Unallocated assets	**0**	**492,601,431**	**492,601,431**	**0**	**492,601,431**	**0**	**480,625,864**	**480,625,864**	**0**	**480,625,864**
Total	**31,921,374**	**492,601,431**	**524,522,804**	**169,109,982**	**693,632,786**	**46,038,683**	**480,625,864**	**526,664,547**	**100,921,606**	**627,586,153**

Consolidated statement of financial position

A) Non-current assets

6 Property, plant and equipment

(in Euros)

Description	31.12.2021	31.12.2020	Change
Property, plant and equipment	25,704,985	26,406,285	(701,300)

(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	8,904,460	7,245,972	31,122,991	7,614,967	544,499	55,432,889
Acc. depreciation as of 31.12.2020	1,330,525	4,001,186	20,374,775	3,134,582	185,535	29,026,604
Balance as of 31.12.2020	**7,573,935**	**3,244,785**	**10,748,216**	**4,480,385**	**358,964**	**26,406,285**
Historical cost as of 31.12.2021	8,943,276	9,267,139	34,824,177	8,329,994	562,076	61,926,662
Acc. depreciation as of 31.12.2021	1,668,158	5,033,549	24,787,623	4,443,061	289,285	36,221,677
Balance as of 31.12.2021	**7,275,118**	**4,233,590**	**10,036,554**	**3,886,933**	**272,791**	**25,704,985**

The changes in property, plant and equipment in the year 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	**8,009,534**	**3,663,001**	**12,698,951**	**4,757,113**	**664,052**	**29,792,652**
Business combination	0	(69,855)	(404,006)	(198,407)	(44,533)	(716,801)
Exchange difference effect	(106,909)	(3,387)	(127,405)	(63,327)	(144,444)	(445,472)
Increase	8,300	685,365	4,156,505	1,106,046	48,689	6,004,905
Disposal	0	(0)	(281,860)	(32,588)	(20,440)	(334,888)
Amortisation	(336,990)	(1,030,339)	(5,293,969)	(1,088,452)	(144,360)	(7,894,110)
Balance as of 31.12.2020	**7,573,935**	**3,244,785**	**10,748,216**	**4,480,385**	**358,964**	**26,406,285**
Business combination	0	118	176,624	229,218	512	406,473
Exchange difference effect	(22,530)	(5)	9,236	9,484	3,729	(86)
Increase	61,346	1,972,730	4,184,182	385,670	0	6,603,928
Disposal	0	0	(360,886)	(204,599)	(3,680)	(569,165)
Depreciation	(337,633)	(984,039)	(4,720,817)	(1,013,226)	(86,735)	(7,142,450)
Balance as of 31.12.2021	**7,275,118**	**4,233,590**	**10,036,554**	**3,886,933**	**272,791**	**25,704,985**

All property, plant and equipment are operational and effectively utilised in company operations and there are no obsolete assets 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.

- “Plant and machinery” increases are due to the installation of new air conditioning, telecommunications and safety systems in a number of Group offices.
- The increase in “Industrial and commercial equipment” relates to the purchase of computers for internal use while the decrease is due to the disposal and/or donation of obsolete computers.
- The increase in “Other assets” refers to the purchase of furniture and fittings.

7 Intangible assets

(in Euros)

Description	31.12.2021	31.12.2020	Change
Intangible assets	524,522,804	526,664,548	(2,141,743)

(in Euros)

Description	Development costs	Industrial patents and intellectual property	Conc., licences and trademarks	Assets in progress	Customer relationship/ customer list	Total
Historical cost as of 31.12.2020	20,619,201	24,482,337	453,300,429	7,743,189	152,682,570	658,827,726
Acc. depreciation as of 31.12.2020	8,128,556	17,381,673	9,063	0	106,643,886	132,163,178
Balance as of 31.12.2020	**12,490,645**	**7,100,665**	**453,291,366**	**7,743,189**	**46,038,684**	**526,664,548**
Historical cost as of 31.12.2021	47,333,401	33,230,110	453,440,441	3,016,592	160,067,502	697,088,046
Acc. depreciation as of 31.12.2021	18,959,614	25,367,837	91,663	0	128,146,128	172,565,242
Balance as of 31.12.2021	**28,373,788**	**7,862,273**	**453,348,778**	**3,016,592**	**31,921,374**	**524,522,804**

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	Customer relationship/ customer list	Total
Balance as of 01.01.2020	**5,773,168**	**9,138,950**	**453,304,030**	**7,303,758**	**69,787,042**	**545,306,947**
Business combination	108,248	36,118	(5,277)	0	3,245,716	3,384,805
Exchange difference effect	(36,439)	(219,911)	(15)	0	(419,926)	(676,290)
Increase	3,670,842	2,549,931	0	6,783,566	0	13,004,340
Reclassification	6,344,135			(6,344,135)	(895,701)	(895,701)
Disposal	0	(214,463)	(690)	0	0	(215,153)
Amortisation	(3,369,310)	(4,189,961)	(6,682)	0	(25,678,447)	(33,244,401)
Balance as of 31.12.2020	**12,490,645**	**7,100,665**	**453,291,366**	**7,743,189**	**46,038,684**	**526,664,548**
Business combination	1,842,290	611,759	58,614	0	102,432	2,615,095
Exchange difference effect	72	31,171	31	3,999	8,749	44,022
Increase	11,721,437	6,165,963	2,716	2,837,073	4,583,894	25,311,082
Reclassification	7,567,668			(7,567,668)		0
Disposal	(1,222)	(264,457)	3,405	0	920	(261,354)
Depreciation	(5,247,101)	(5,782,828)	(7,354)	0	(18,813,305)	(29,850,588)
Balance as of 31.12.2021	**28,373,788**	**7,862,273**	**453,348,778**	**3,016,592**	**31,921,374**	**524,522,804**

Intangible assets reported a total addition of Euro 25 million, mainly due to:

- the increase in the item "development costs" refers to internal products, reclassified 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 3.4 million and which will be depreciated over five years starting from 1 January 2022.
  - Product known as "Collocamento soluzione 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 of approximately Euro 0.4 million will be amortised over two years starting from 1 January 2022.

- in the Utilities area:
  - Product named “Sistema di distribuzione NET@2D” (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, amounts to around Euro 2.7 million and will be amortised over five years as from 1 January 2022.
  - Product known as “Estensione Moduli Net@suite” (Extension of Net@suite modules), with an investment of Euro 4.6 million that began in 2020, will be amortised over the next five years starting from 1 January 2022.
  - Estensione Moduli Net@SIAL (Extension of Net@SIAL modules) with an investment of Euro 0.4 million with amortisation over five years from next year.
  - 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 0.6 million.

- 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 2.1 million. Amortisation will be over five years as from 1 January 2022.

- 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 of around Euro 0.4 million will be amortised over five years from next year.
  - Project “Jente” amounting to Euro 0.9 million. This software became operational and was amortised as from 1 January 2021.

- in the Research and Development area:
  - Development of “Artificial Intelligence algorithms for predictive analysis”. The investment, amounting to Euro 0.8 million, will be amortised over five years from the year 2022.

- in the Health area:
  - Development project for the AREAS product suite. The investment was Euro 1.4 million. The products will enter into use on 1 January 2022 and are expected to be amortised over 5 years;
  - Modules “Cartella extra-Reparto «Territoriale»” («Territorial» Extra-Departmental Folder) and “Televista” related to Ellipse suite for a total investment of Euro 0.6 million.

- 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, which will be amortised over three years from 2022.

- in the Management Operation area:
  - The increase, amounting to Euro 0.3 million, refers to the capitalisation of the asset in progress relating to the “Nuovo Portale Multi Cloud” (New Multi-Cloud Portal) Project. Amortisation is expected over five years, as from 1 January 2021.

“Industrial patents and intellectual property rights” increased by Euro 8.5 million following the purchase of new software programmes.

“Assets in progress” increased by Euro 2.8 million 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 0.1 million 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 1 million. Costs of Euro 0.2 million were incurred in the current year.

- Internal information system:
  - Enhancement Controlling Model with an expected investment of approximately Euro 0.4 million 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 0.2 million 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 0.3 million were incurred.

The decrease in fixed assets in progress, equal to Euro 7.6 million, represents the value of assets manufactured internally, which ended the development phase in 2020 and started the production phase in 2021. They were recorded as a restatement in the item “development costs”.

The item “Concessions, licenses and trademarks” includes:

- the Trademark, with a value equal to Euro 453 million, refers to 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..

- the Trademark amounted to Euro 0.25 million following the completion of the accounting activities (Purchase Price Allocation) linked to the acquisition of the company DEUS Technology S.r.l., occurred in 2020.

(in Euros)

Description	31.12.2020	Change in consolidation scope	Write-downs	31.12.2021
Gross value - Trademark	453,288,401	0	0	453,288,401
Acc. impairment losses	-	-	-	-
Net value – Trademark	**453,288,401**	**0**	**0**	**453,288,401**

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 consolidated financial statements.
The essential parameters relating to the impairment test of the Engineering trademark correspond to what is illustrated in note 9 “Goodwill” with reference to the Group’s aggregate development plan and WACC.

The increase in the item “Customer Relationship/Customer list” is mainly due to the identification and measurement of the fair values, pursuant to IFRS 3, of the assets and liabilities of the following companies and to the allocation process, at the acquisition date of control, of the consideration paid for the acquisition of control of the business unit of DAA carried out by IT Soft USA Inc. over the year.

The measurement at fair value of assets acquired and liabilities assumed led to the identification of the following:

- for the business unit Design Automation Associates an “Order Backlog, Customer Relationship, Technology and Brand”, as per income assessment discounted (WACC 17.80%) by the prospective residual margins resulting from such orders.

8 Rights of use

(in Euros)

Description	31.12.2021	31.12.2020	Change
Right of use	136,282,572	152,281,026	(15,998,454)

(Importi in euro)

Description	Land and buildings IFRS 16	Plant and machinery IFRS 16	Industrial and commercial equipment IFRS 16	Other assets IFRS 16	Industrial patents IFRS 16	Total
Historical cost as of 31.12.2020	169,483,121	375,498	9,890,489	15,024,910	97,330	194,871,348
Acc. depreciation as of 31.12.2020	28,853,605	184,962	5,952,776	7,527,135	71,844	42,590,323
Balance as of 31.12.2020	**140,629,516**	**190,536**	**3,937,713**	**7,497,775**	**25,486**	**152,281,026**
Historical cost as of 31.12.2021	169,133,171	250,713	10,447,863	15,644,543	0	195,476,289
Acc. depreciation as of 31.12.2021	42,405,671	146,298	7,068,804	9,572,943	0	59,193,717
Balance as of 31.12.2021	**126,727,499**	**104,415**	**3,379,058**	**6,071,599**	**0**	**136,282,572**

(in Euros)

Description	Land and buildings IFRS 16	Plant and machinery IFRS 16	Industrial and commercial equipment IFRS 16	Other assets IFRS 16	Industrial patents IFRS 16	Total
Balance as of 01.01.2020	**157,642,377**	**168,971**	**5,659,695**	**9,836,506**	**64,513**	**173,372,063**
Business combination	(2,653,180)	0	0	(1,080,846)	0	(3,734,026)
Exchange difference effect	(370,983)	37	163,490	(121,954)	0	(329,410)
Increase	9,227,478	152,668	1,656,991	3,988,909	0	15,026,045
Disposal	(8,002,537)	(12,401)	17,756	(693,182)	0	(8,690,363)
Amortisation	(15,138,751)	(118,740)	(3,626,887)	(4,486,787)	(39,027)	(23,410,192)
Balance as of 31.12.2020	**140,629,516**	**190,536**	**3,937,713**	**7,497,775**	**25,486**	**152,281,026**
Business combination	(384,161)	0	0	342,622	0	(41,539)
Exchange difference effect	67,618	(8)	(5,111)	6,190	0	68,689
Increase	1,519,596	276,473	2,644,213	2,945,694	0	7,385,976
Disposal	(396,935)	1,156	(4,017)	(523,213)	(114)	(923,123)
Depreciation	(14,708,134)	(363,742)	(3,193,739)	(4,197,469)	(25,372)	(22,488,456)
Balance as of 31.12.2021	**126,727,499**	**104,415**	**3,379,058**	**6,071,599**	**0**	**136,282,572**

The Group has several assets including buildings, cars and IT equipment identified as leases.
The average life is 6, 3 and 2 years respectively.

The lease contracts do not have any further significant extension option respect to lease term considered to determine the lease liability. Lease contracts do not have any significant variable lease payments, any restrictions nor covenants and no sale and leaseback transactions were occurred during the period.

Increases related to item “Buildings IFRS 16” (lease payments for real estate properties), amounting to around Euro 1.5 million, 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 has been 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	(22,488,456)
Interest expenses on leasing	(1,475,580)
Expenses of short-term agreements	(452,164)
Expenses of lease agreements with a value < 5 thousand Euro	(141,995)
Covid reductions	29,790
Impact on P&L	**(24,465,961)**

The Company has exercised the option to recognise in the income statement any reduction in lease payments related to the so-called “Covid reductions” according to provisions set out in “Covid-19 related rent concession (amendment to IFRS 16)”. These reductions are included under item “Costs relating to variable lease payments not included in changes in the lease liability”.

9 Goodwill

(in Euros)

Description	31.12.2021	31.12.2020	Change
Goodwill	169,109,982	100,921,606	68,188,376

Changes in goodwill, compared to the previous year, divided by Cash Generating Units, is as follows.

(in Euros)

Description	31.12.2020	Business combination	Exchange rate difference	31.12.2021
Goodwill - Finance	40,871,386	14,552,860		55,424,246
Goodwill - Public Sector & Municipalities	18,906,052	3,026,671		21,932,723
Goodwill - Healthcare	8,664,158	2,132,357		10,796,515
Goodwill - Industry & Services	10,605,356	46,007,719	4,747	56,617,821
Goodwill - Telco & Media	8,218,871	2,073,275		10,292,146
Goodwill - Energy & Utilities	13,655,783	390,748		14,046,531
Total	**100,921,606**	**68,183,630**	**4,747**	**169,109,982**

The value of goodwill as of 31 December 2021 recorded in the Engineering Group’s Consolidated Statement of Financial Position amounts to Euro 169,109,982.

Compared to last year’s scope, the breakdown of the Group into CGUs has followed the Segment approach considered for consolidation at the level of Centurion Bidco S.p.A.. This change is justified by the different view that Centurion’s management is monitoring, also in light of the merger expected in 2022.

The reconciliation table of CGUs is shown hereunder.

(in Euros)

CGU	Total Goodwill as of 31.12.2020	Changes	Total Goodwill as of 31.12.2021	Related CGU
Finance Division	16,345	0	16,345	Finance
E&U Division	9,662	0	9,662	Energy & Utilities
PAL & Healthcare Division	12,451	0	12,451	Public Sector & Municipalities
PAL & Healthcare Division	6,739	0	6,739	Healtcare
Telco & Media Division	6,819	0	6,819	Telco & Media
Nexen S.p.A.	411	0	411	Finance
OverIT S.p.A.	1,854	(1,854)	0	Industry & Services
EXC	345	0	345	Industry & Services
ITS Engineering AG	4,999	0	502	Finance
			376	Public Sector & Municipalities
			1,557	Healtcare
			2,564	Industry & Services
Sogeit Solutions S.r.l	3,565	6,352	221	Finance
			4,696	Public Sector & Municipalities
			938	Healtcare
			214	Industry & Services
			3,237	Telco & Media
			611	Energy & Utilities
IT Soft USA Inc.	798	5,806	6,604	Industry & Services
DEUS Technology S.r.l.	22,705	0	22,705	Finance
Cybertech S.r.l.	2,924	0	830	Finance
			248	Public Sector & Municipalities
			30	Healtcare
			1,337	Industry & Services
			236	Telco & Media
			242	Energy & Utilities
Digitelematica S.r.l.	1,916	0	1,916	Industry & Services
Municipia Mobilità	4,143	0	4,143	Public Sector & Municipalities
FDL Servizi S.r.l.	3,532	0	3,532	Energy & Utilities
Other	1,241	5	1,246	Industry & Services
Dynpro Systemas S.A.	472	0	472	Industry & Services
Nexera S.p.A.	0	2,433	19	Public Sector & Municipalities
			1,532	Healtcare
			883	Industry & Services
C Consulting S.p.A.	0	14,411	14,411	Finance
Movilitas	0	41,036	41,036	Industry & Services
Total recorded in consolidated financial statement in euro	**100,921**	**68,189**	**169,110**	

It should be noted that the already existing goodwill in the consolidated financial statements of Engineering Ingegneria Informatica S.p.A., before the acquisition, was allocated to a series of CGUs corresponding:

- partly to segments;
- and partly to legal entities acquired in previous years, although certain legal entities were included in one or more segments.

Shareholders reviewed the approach to segment information (type of segments, responsibilities, management reporting, etc.) using this “view per segment” both to manage the business and to monitor results. Taking into account:

- the managerial view by segment of the management, which, among other things, the Directors voluntarily disclose pursuant to IFRS 8 in the Directors’ Report on Operations;
- the absence of plans for legal entities as a result of their irrelevance for management purposes.

The Company’s management deemed it appropriate, as from 2021:

- to allocate the new residual GW solely to segments, thus overcoming the approach that saw the previous GW allocated also to lower-level CGUs (i.e. represented by legal entities);
- to merge the acquisitions of recent years, currently allocated to individual CGUs, into the existing segments, i.e. (i) Public Administration, (ii) Telco & Media, (iii) Energy & Utilities, (iv) Finance, (v) Healthcare, (vi) Industry & Services.

This approach is consistent with the regulatory provisions of IAS 36.

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.

Hereunder are the main basic assumptions, used for impairment testing for every CGUs:

CGU	G-rate 2020	G-rate 2021	WACC* post-tax 2020	WACC* post-tax 2021
Finance	0.50%	1.49%	5.35%	6.54%
Energy & Utilities	0.50%	1.49%	4.66%	6.54%
Telco & Media	0.50%	1.49%	4.66%	6.54%
Public Sector & Municipalities	0.50%	1.49%	4.66%	6.54%
Healthcare	0.50%	1.49%	4.66%	6.54%
Industry & Services	n/a	1.49%	n/a	6.54%

* Figures without IFRS 16 impact.

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 Group 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 Health and equal to approximately 5.08%.
- Debt cost, equal to the average indebtedness cost (long and short term) of the Group 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 Group operates, inferred from International Monetary Fund data and equal to 1.49%.

For a WACC of 6.54% for tests prepared on Engineering Group's consolidated financial statements.

Breakdown WACC

The following table also shows the breakdown WACC by CGU/Company. Rounding down the WACC values in the table by about 0.01%, the value in use is equal to the book value.

CGU	Value on goodwill tested	% weight of goodwill on total tested goodwill	2021 Breakdown WACC
Finance	55,424,246	33%	103.64%
Energy & Utilities	14,046,531	8%	35.35%
Telco & Media	10,292,146	6%	22.29%
Public Sector & Municipalities	21,932,723	13%	28.65%
Healthcare	10,796,515	6%	58.05%
Industry & Services	56,617,821	33%	16.63%
Total	**169,109,982**	**100%**	

10 Other equity investments

Investment in associated companies measured at equity

The book value and portions of shareholders' equity related to investments in associated companies are shown hereunder. The data is taken from statutory financial statements approved by the Boards of the related companies.

(in Euros)

Description	31.12.2021	31.12.2020	Change
Equity investments	14,818	14,818	0

b) Associated companies

Equity investments in associated companies are detailed as follows:

(in Euros)

	Town	Assets	Liabilities	Share capital	Sharehol-ders' equity	Reve-nues	Net profit/ (loss)	Value as of 31.12.2020	%
SI Lab – Calabria S.c.a.r.l.	Rende	59,822	16,923	10,001	42,829	51,339	32,898	8,293	24
SI Lab – Sicilia S.c.a.r.l.	Palermo	38,952	1,706	30,000	37,246	14,751	1,825	3,525	24
Consorzio Sanimed Group	Terni	n/a	n/a	n/a	n/a	n/a	n/a	3,000	25
Total	-							**14,818**	

(in Euros)

	Town	Assets	Liabilities	Share capital	Sharehol-ders' equity	Reve-nues	Net profit/ (loss)	Value as of 31.12.2021	%
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	Terni	n/a	n/a	n/a	n/a	n/a	n/a	3,000	25
Total	-							**14,818**	

11 Deferred tax assets

Deferred tax assets were recognised among Assets both in the current period and in the previous period in so far, as their realisation as tax income is considered probable in the year in which these deferred tax assets will be reversed in the income statement. These concern the temporary differences between the book values and the tax recognised values of some financial statement items.

(in Euros)

Description	31.12.2021	31.12.2020	Change
Deferred tax assets	33,576,568	26,052,988	7,523,580

The calculation of deferred tax assets was carried out through critically evaluating the existence of future recoverability requisites of these assets and feature a time horizon of 18 years as per pro-tempore tax legislation in force. 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.

They are calculated at the current rates and recorded in 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
Property, Plant and Equipment - IAS depreciation	3,449,455	712,777	3,058,911	618,241
Goodwill	1,945,151	488,263	207,551	57,907
Other current liabilities - Directors' fees	504,373	121,050	1,090,923	261,821
Doubtful debt provision	43,575,850	10,558,947	41,423,010	10,009,339
Provision for risks	24,292,097	6,830,541	11,485,255	3,529,752
Current provision for risks and charges - Leaving incentives	0	0	904,065	216,976
Right of use	44,419	12,393	44,419	12,393
Tax losses	18,368,757	3,518,479	5,210,038	887,148
Adjustments for IFRS (FTA)	4,350,711	1,206,869	3,279,230	914,905
Adjustments for IAS 19	21,388,384	5,133,212	19,572,355	4,891,287
Adjustments for IFRS 15	2,147,606	599,182	2,089,845	583,067
Goodwill, exemptions pursuant to Law Decree 104/2020	12,015,780	3,352,403	12,261,000	3,420,819
Other	2,160,595	1,042,453	2,389,369	649,334
Total	**134,243,178**	**33,576,568**	**103,015,971**	**26,052,988**

The following tables provide details of tax assets.

(in Euros)

Description	Doubtful debt provision	Goodwill, exemptions pursuant to Law Decree 104/2020	Adjustments for IFRS	Other temporary differences	Total
Balance as of 01.01.2020	**6,491,885**	**-**	**6,075,370**	**10,619,001**	**23,186,256**
Change from merger				848	848
Impact on the income statement	3,517,454	3,420,819	(2,366,246)	(539,052)	577,524
Impact on the comprehensive income statement			1,094,413		1,094,413
Balance as of 31.12.2020	**10,009,339**	**3,420,819**	**4,891,287**	**7,731,544**	**26,052,988**
Impact on the income statement	549,608	(68,416)	(158,071)	6,800,462	7,123,583
Impact on the comprehensive income statement			399,996		399,996
Balance as of 31.12.2021	**10,558,947**	**3,352,403**	**5,133,212**	**14,532,006**	**33,576,568**

12 Other non-current assets

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Other non-current assets	3,727,276	5,502,356	(1,775,079)

As better detailed below, the item “Other non-current assets” recorded a negative change in the balance for the period of Euro 1,775,079, broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Investments in other companies	2,820,598	3,240,170	(419,572)
Other non-current assets	902,353	2,262,186	(1,359,833)
Other	4,326		4,326
Total	**3,727,276**	**5,502,356**	**(1,775,079)**

a) Investments in other companies

Changes in the investments in companies other than subsidiaries

The changes in investments in companies other than subsidiaries are broken down as follows:

(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)		0
Istella S.r.l.	1,000,000				1,000,000
Partecipazione in Novito Acque S.r.l.	100,000				100,000
Ekovision	300,000				300,000
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
Consorzio Veso	5,000				5,000
A.I. TECH S.r.l.	0				4,001
FIDIMPRESA/RETE FIDI Liguria	0				8,064
Total	**3,240,170**	**0**	**(382,486)**	**(49,151)**	**2,820,598**

During the year Engineering Ingegneria Informatica S.p.A. sold its equity investment in the company Consel S.r.l. 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	892,353	803,459	88,894
Others	10,000	10,000	0
Total	**902,353**	**2,262,186**	**(1,359,833)**

Other non-current assets relate to:

- the amount related to “Tax receivables and taxes paid abroad” refers to the foreign withholding taxes paid in Brazil in 2013, which may be recovered up until 31 December 2022;
- security deposits on rented real estate properties and sundry utilities;
- loans to other companies and receivables from the Inland Revenue office included under item “Others”.

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Receivables for finance lease granted	4,326		4,326
Total	**4,326**	**0**	**4,326**

C) Current assets

13 Inventories

(in Euros)

Description	31.12.2021	31.12.2020	Change
Inventory	2,909,588	66,192	2,843,396

Inventories include goods and product usage licences purchased and held for resale.

14 Customer contract assets

(in Euros)

Description	31.12.2021	31.12.2020	Change
Customer contract assets	208,758,748	185,263,464	23,495,283

Customer contract assets, recorded net of advances, is broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Change
Initial customer contract assets	185,263,464	200,780,560	(15,517,096)
Exchange difference	82,568	(4,933,649)	5,016,218
Business Combination	(7,225,638)	(3,358,580)	(3,867,057)
Adjustments and changes in customer contract assets	(207,189)	(999,125)	791,935
Amount of costs incurred plus recognised profits	592,476,350	556,190,004	36,286,346
Invoicing actual progress in customer contract assets	(561,630,808)	(562,415,745)	784,937
Total	**208,758,748**	**185,263,464**	**23,495,283**

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, despite the period of crisis due to the pandemic, thanks also to the activities carried out in smart working mode, there were no significant changes in the contractual conditions. The Group was not subject to penalties for non-fulfilment of contractual obligations or withdrawal by customers.

The Group applies the simplified approach of IFRS 9 to measure the expected credit loss on trade receivables and customer contract assets. Customer contact 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 Group 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”.

15 Deferred contract costs

(in Euros)

Description	31.12.2021	31.12.2020	Change
Deferred contract costs	17,447,808	20,238,017	(2,790,209)

During 2021, the Group recognised deferred contract costs in relation to the fulfilment of the contract represented by the so-called transition and start-up costs for Euro 1.8 million. These are costs directly associated with the performance of the services offered and, in particular, refer to the costs incurred for the taking over of orders (transition cost) or costs for specific training of personnel preparatory to the execution of a particular order (start-up cost). These costs are realised in the normal operating cycle.

The Group has also recorded contract costs in relation to the fulfilment of the contract for Euro 7.8 million. These are direct costs charged to orders, which include the purchase of materials from third parties, outside labour and the cost of employees.

The portions of cost released pertaining to 2021, 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, amount to Euro 4.5 million for the so-called transition costs and start-up costs and Euro 7.9 million for the costs for the fulfilment of the contract.

16 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.

The type of Group operations justifies the high amounts of receivables such as the proportion due from Public Administration, contractual durations, the nature of the entity and the events such as the testing of projects. Trade receivables are all due within twelve months.

(in Euros)

Description	31.12.2021	31.12.2020	Change
Trade receivables	623,113,637	617,545,173	5,568,464

The breakdown is as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Change
Customers	608,920,268	603,189,731	5,730,538
Others	14,193,368	14,355,442	(162,074)
Total	**623,113,637**	**617,545,173**	**5,568,464**

The Group 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 adjusted 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.

On this basis, the doubtful debt provision to be subject to collective impairment as of 31 December 2021, was determined as follows.

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	51,641,053	9,382,936	4,216,347	2,237,376	479,386	54,246,833	122,203,931
Health	23,881,507	3,903,054	1,769,184	1,291,609	337,249	19,349,128	50,531,731
Finance	75,472,078	8,123,710	2,400,414	593,038	850,009	8,487,492	95,926,739
Industry & Services	76,442,802	11,616,974	6,023,124	2,574,784	1,815,097	20,203,403	118,676,184
Energy & Utilities	59,329,026	5,079,866	2,663,644	827,560	1,282,460	5,439,208	74,621,763
Telco & Media	51,983,297	3,880,741	1,687,301	356,658	93,815	3,978,963	61,980,774
Trade receivables	338,749,762	41,987,280	18,760,014	7,881,024	4,858,016	111,705,027	523,941,123
ECL rate	0.01%	0.01%	0.04%	0.12%	0.18%	0.18% - 3.30%	
Doubtful debt provision - Expected credit loss	**33,875**	**3,958**	**8,398**	**9,392**	**8,744**	**889,648**	**954,017**

(in Euros)

Description	Not expired	Days falling due					Total as of 31.12.2021
		30	60	90	120	over 120	
Public Administration	55,271,748	10,014,478	2,600,866	1,939,755	581,858	55,405,979	125,814,685
Health	22,406,936	1,311,997	1,110,426	947,306	554,330	16,066,228	42,397,223
Finance	62,269,320	25,962,894	1,185,354	869,145	1,002,498	6,517,249	97,806,460
Industry & Services	89,204,194	12,134,672	2,416,668	2,083,503	1,602,903	22,062,107	129,504,045
Energy & Utilities	59,289,927	3,505,962	1,822,372	388,118	783,201	4,761,565	70,551,145
Telco & Media	34,684,619	2,497,333	118,374	193,545	347,670	3,700,223	41,541,764
Trade receivables	323,126,744	55,427,336	9,254,059	6,421,372	4,872,460	108,513,351	507,615,322
ECL rate	0.01%	0.01%	0.04%	0.12%	0.18%	0.18% - 3.30%	
Doubtful debt provision - Expected credit loss	**32,313**	**5,225**	**4,143**	**7,653**	**8,770**	**864,229**	**922,333**

The diversification of the sectors in which the Group's customers operate (Public Administration, Finance, Health, Industry & Services, 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 pandemic.

The following table shows the reconciliated balance of Inventories, Customer contract assets, Trade receivables and Deferred contract costs, divided between "overdue" and not "overdue".

(in Euros)

Description	Not expired	Days falling due					Total
		30	60	90	120	over 120	
Balance as of 31.12.2020	637,921,485	41,987,280	18,760,014	7,881,024	4,858,016	111,705,027	823,112,846
Balance as of 31.12.2021	**667,741,203**	**55,427,336**	**9,254,059**	**6,421,372**	**4,872,460**	**108,513,351**	**852,229,781**

a) From customers

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Receivables on invoices issued	507,615,321	523,941,123	(16,325,801)
of which overdue	184,488,578	188,007,576	(3,518,998)
Invoices to be issued	206,675,140	174,042,866	32,632,275
Credit notes to be issued	(859,425)	(479,197)	(380,228)
Doubtful debt provision	(57,051,048)	(54,729,120)	(2,321,928)
Provision for interest in arrears	(47,535,393)	(41,854,204)	(5,681,189)
Others	75,672	2,268,264	(2,192,592)
Total	**608,920,268**	**603,189,731**	**5,730,538**

The “Receivables from customers” item is equal to Euro 608,920,268, net of a doubtful debt provision amounting to Euro 57,051,048, sufficient to cover any future losses, in addition to allocations made as provision for interest in arrears (Euro 47,535,393) to cover any possible future losses related to the aforesaid entry.

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	(54,729,120)
Provision for the period	(10,551,323)
Write-off of receivables considered non-recoverable	8,229,396
Doubtful debt provision as of 31.12.2021	**(57,051,048)**

It is noted that, as of 31 December 2021, the Group factored trade receivables for the total amount of Euro 90.2 million (Euro 82.5 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 Consolidated Statement of Financial Position, according to the consideration received by factoring companies.

Receivables include the exposure as of 31 December 2021, with respect to Sicilia Digitale S.p.A. and amount to Euro 133.8 million (gross of the doubtful debt provision amounting to Euro 27.4 million and of the related doubtful debt provision for interest on arrears amounting to Euro 46.7 million) of which Euro 14.5 million 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 and 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 Ingegneria Informatica S.p.A. and Accenture, as creditor partners for services rendered and not remunerated at that time) and Sicilia Digitale (“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 Ingegneria Informatica S.p.A. 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 Ingegneria Informatica S.p.A. 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 Sicilian 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, in its Consolidated Financial Statements as of 31 December 2021 the Group 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 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.

b) From others

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Prepayments	947,642	1,233,529	(285,887)
Others	13,245,727	13,121,913	123,813
Total	**14,193,368**	**14,355,442**	**(162,074)**

Other receivables principally relate to prepayments for short-term leases, insurance policies, software package, maintenance costs, usage licenses and others.

17 Other current assets

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Other current assets	62,185,988	46,788,557	15,397,431

Other current assets are broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Other assets and tax receivables	11,532,789	10,121,019	1,411,770
Others	50,653,199	36,667,538	13,985,661
Total	**62,185,988**	**46,788,557**	**15,397,431**

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	10,083,895	8,581,836	1,502,059
Social security institutions	1,230,462	1,453,961	(223,500)
Other	218,432	85,222	133,210
Total	**11,532,789**	**10,121,019**	**1,411,770**

The tax receivables substantially relate to:

- Euro 0.9 million relating to receivables for taxes paid abroad;
- Euro 4.4 million relating to receivables from the Inland Revenue Office for recoverable VAT;
- Euro 1.8 million relating to the receivable for IRES advances;
- Euro 0.9 million in tax refunds receivable.

b) Others

The item "Others" includes:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Applied research grants	30,769,567	30,221,653	547,914
Prepaid expenses	3,229,721	1,596,888	1,632,833
Others	16,653,910	4,848,997	11,804,914
Total	**50,653,199**	**36,667,538**	**13,985,661**

Receivables for applied research grants are receivables yet to be collected, relating to projects financed by national public authorities and by the European Union, and that show no risks of non-payment.

18 Cash and cash equivalents

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Cash and cash equivalents	132,918,842	141,219,539	(8,300,697)

As of 31 December 2021, the item "Cash and cash equivalents" amounted to Euro 132.9 million, a decrease of Euro 8.3 million compared to 31 December 2020, and corresponding to cash and cash equivalents related to current accounts and cash equivalents readily convertible into cash. For further information, please refer to the Cash Flow Statement.
The balance includes cash and cash equivalents and bank 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
Bank and postal deposits	132,891,986	141,195,966	(8,303,980)
Cash and cash equivalents	26,856	23,573	3,283
Total	**132,918,842**	**141,219,539**	**(8,300,697)**

19 Assets held for sale and held for distribution to owners

The change is due to the spin-off of the investee OverIT S.p.A. from Engineering Ingegneria Informatica S.p.A. in favour of the parent company Centurion Bidco 1 S.p.A., implemented with effect from 1 December 2021.

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Assets held for sale and held for distribution to owners	0	14,165,431	(14,165,431)

D) Shareholders' equity

20 Information on shareholders' equity

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Shareholders' equity	792,675,232	836,827,424	(44,152,192)

The changes are shown in the table below:

(in Euros)

Shareholders' equity	Value as of 31.12.2021	Value as of 31.12.2020
Share capital	34,095,537	34,095,537
Total share capital	**34,095,537**	**34,095,537**
Legal reserve	6,375,000	6,375,000
Share premium reserve	30,650,262	30,650,262
Merger reserve	33,023,358	504,437,886
Exchange translation reserve IAS 21	(7,467,008)	(7,402,506)
Other reserves	456,200,692	(19,443,093)
Total reserves	**518,782,304**	**514,617,549**
Prior years' undistributed profits	215,770,208	123,337,490
First-time application of IAS/IFRS	(1,477,174)	(821,686)
IAS 19 actuarial gains/(losses)	(16,323,760)	(15,042,088)
Retained earnings/(losses carried forward)	**197,969,275**	**107,473,717**
Profit/(loss) for the year	**48,115,036**	**190,603,374**
Total group shareholders' equity	**798,962,151**	**846,790,177**
Capital and reserves of non-controlling interests	(5,656,748)	(10,115,376)
Profit/(loss) for the year of non-controlling interests	(630,172)	152,623
Total shareholders' equity	**792,675,232**	**836,827,424**

21 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.

22 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, as described above.
  The reserve is available and distributable, after covering negative reserves.

- **Merger reserve:**
  following the resolution of the Shareholders' Meeting at the time of the approval of the financial statements as of 31 December 2020, Euro 471,414,528 of the merger reserve was reclassified as an unavailable reserve "Exemption reserve under Italian Law Decree 104/2020", recognised under "Other reserves".
  The residual reserve as of 31 December 2021, after said reclassification, amounts to Euro 33,023,358 and is available and distributable.

- **Other reserves:**
  other reserves (positive) of Euro 456,200,692 relate to:
  - special Egov research reserve, of Euro 72,000, is neither available nor distributable;
  - special Erp Light research reserve, of Euro 168,000, is neither available nor distributable;
  - special research reserve applied to the PIA Project, of Euro 1,080,000, is neither available nor distributable;
  - forward contract reserve, amounting to Euro (14,942,466) on subsidiaries' shares (i.e. Non-Controlling Interest) whose counterparty is shown in paragraph "Other non-current liabilities";
  - exemption reserve under Italian Law Decree 104/2020 of Euro 471,414,528. This reserve was established for 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.
    The reserve is neither available nor distributable.

- **Currency translation reserve:**
  at the reporting date, it amounted to Euro (7,467,008) and is neither available nor distributable.

23 Retained earnings/(losses carried forward)

Retained earnings are equal to Euro 197,969,275 and include:

- **Prior years' undistributed profits:**
  at the reporting date, they amounted to Euro 215,770,208 and are available and distributable. The increase for the year amounted to Euro 190,603,374 and it is mainly due to the allocation of the profit from the previous year.

- **First-time application of IAS/IFRS reserve:**
  at the reporting date, it amounted to Euro (1,477,174) and is neither available nor distributable.

- **Actuarial gains/(losses) reserve - IAS 19:**
  at the reporting date, it amounted to Euro (16,323,760) and is neither available nor distributable.

E) Non-current liabilities

24 Non-current financial liabilities

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Non-current financial liabilities	133,158,741	125,400,432	7,758,309

For a better disclosure, the item “Contingent consideration for business combination” was reclassified from “Non-current financial liabilities” to “Other non-current liabilities”, with retroactive effect also on 2020.

Non-current financial liabilities relate to “Bank loans” and “Other non-current financial liabilities”, broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Bank loans	132,738,077	125,067,595	7,670,482
Other non-current financial liabilities	508,325	492,868	15,457
Value of financial payables at amortised cost	(87,661)	(160,031)	72,370
Total	**133,158,741**	**125,400,432**	**7,758,309**

The bank loans as of 31 December 2021 is shown in the table below, including the portion due within 12 months, with indication of the lender and the interest rate.

(in Euros)

Lender	Year of maturity	Interest rate	2022	2023	2024	2025	2026	after 5 years	Total
Financial mortgage loans	2022	-	25,012						25,012
Banca Carige 60	2022	2.65	35,198						35,198
BCC ROMA 006/728505/35	2022	3.50	58,356						58,356
Medium/long term loans	2023	0.30	3,021,710	1,524,386					4,546,097
ICCREA Banca d'impresa	2023	2.50	90,508	71,306					161,814
SANPAOLO N.0IC1010726807 - loan	2026	1.18	166,350	164,029	164,029	164,029	164,029		822,465
BPM N.04588561 - loan	2024	2.64	50,198	50,198	18,825				119,222
BPM N.04929146 - loan	2027	2.48	44,166	50,370	50,370	50,370	50,370	4,354	250,000
MIUR PR. 248064 SAFE & SMART	2024	0.25	64,971	130,429	65,459				260,859
BANCO BPM	2024	2.25	3,750,000	3,750,000	1,875,000				9,375,000
BANCO BPM	2025	0.88	2,467,133	2,488,916	2,510,891	2,533,060			10,000,000
MISE FINDUSTRY	2029	0.18	121,846	122,065	122,285	122,505	122,726	369,505	980,931
INTESA COVID19 loan	2026	1.95	60,348	122,510	124,969	127,478	64,695		500,000
BPM COVID19 loan	2026	2.00	57,915	59,084	60,276	61,493	46,933		285,701
MIUR I-LEARNTV	2025	0.25	25,796	51,786	52,045	26,120			155,748
MISE-SAFE & SMART	2026	0.80	87,684	88,387	89,096	89,810	45,175		400,152
MISE SAFE AI	2028	0.08	18,071	18,100	18,129	18,158	18,187	36,461	127,107
Banco di Napoli loan	2022	0.67	11,129						11,129
MISE INV.INN.	2022	-	13,592						13,592
MISE/MCC SUMMIT	2028	0.17	64,628	64,738	64,848	64,958	65,069	97,811	422,051
Centurion Bidco* loan	2026	Euribor 3 month + 5.50					114,422,255		114,422,255
Centurion Bidco* loan	2022	3.00	44,146,212						44,146,212
Total			**54,380,824**	**8,756,305**	**5,216,222**	**3,257,981**	**114,999,438**	**508,130**	**187,118,901**

The Group's main long-term financial payables include parent company commitments for mortgages with maturity over 12 months, mainly attributable to the Parent Company and equal to Euro 128,992,518.

The portion due within 12 months was reclassified under 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 44,146,212.25 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.

All parameters envisaged in the contracts have been fulfilled.

The “Other non-current financial liabilities” item is as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Derivative financial instruments	250,000	0	250,000
Security deposits	258,325	433,468	(175,143)
Amounts due for finance lease	0	59,400	(59,400)
Total	**508,325**	**492,868**	**15,457**

The following table represents the movement of Financial Liabilities:

(in Euros)

Description	December 2019	Exchange difference	Acquisitions	Cash flows			Non monetary changes	December 2020
				New loans	Repayment of loans	Reclassifications	Other changes	
Non-current financial liabilities	197,485,888	(180,223)	65,975	129,848,700	(243,226,816)	50,862,704	(9,570,044)	125,400,432
Non-current lease liabilities	154,130,142	(243,781)	6,132			(3,945,413)	(10,902,531)	139,282,197
Current financial liabilities	108,085,253	(3,666)	123,045	197,704,207	(178,133,862)	(50,862,705)	(20,878,423)	55,914,470
Current lease liabilities	20,716,370	(115,053)	6,998		(17,209,849)	3,945,413	10,661,507	18,113,441
Total	**480,417,653**	**(542,723)**	**202,150**	**327,552,907**	**(438,570,527)**	**0**	**(30,689,491)**	**338,710,541**

(in Euros)

Description	December 2020	Exchange difference	Acquisitions	Cash flows			Non monetary changes	December 2021
				New loans	Repayment of loans	Reclassifications	Other changes	
Non-current financial liabilities	125,400,432	(18,269)	2,612,200	13,114,627	(4,589,496)	(4,670,413)	3,903,590	133,158,741
Non-current lease liabilities	139,282,197	60,023	371,611	361,017		(9,879,607)	(7,702,319)	122,061,288
Current financial liabilities	55,914,470	14,483	1,263,578	178,025,373	(137,384,827)	4,670,413	5,513,648	106,739,076
Current lease liabilities	18,113,441	20,064	241,856	63,650	(20,126,445)	9,879,607	12,906,665	20,836,918
Total	**338,710,540**	**76,301**	**4,489,244**	**191,564,666**	**(162,100,768)**	**0**	**14,621,585**	**382,796,023**

25 Non-current lease liabilities

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Non-current lease liabilities	122,061,288	139,282,197	(17,220,909)

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

(Amounts in local currency)

Description	overdue within 31 December of the year					after 5 years	Total
	2022	2023	2024	2025	2026		
Amounts due for finance lease (former IAS 17)	1,430,731	1,660,459	38,204	40,381	8,265	-	3,178,040
Payables for lease offices and branches	14,395,848	14,052,446	13,839,850	13,494,020	13,164,974	60,145,573	129,092,711
Payables for vehicle financing	3,051,909	2,015,464	607,809	12,697	1,494		5,689,373
Payables for hardware and software lease	1,885,696	1,569,619	1,061,298	297,657			4,814,269
Other lease liabilities	72,734	30,191	18,103	2,784			123,813
Total	**20,836,918**	**19,328,180**	**15,565,264**	**13,847,539**	**13,174,733**	**60,145,573**	**142,898,206**

With regard to the portion due within 12 months of lease payables, amounting to Euro 20,836,918, please refer to the paragraph on Current lease liabilities.

Lease liabilities are monitored within the Group's treasury function.

26 Deferred tax liabilities

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Deferred tax liabilities	27,897,114	27,486,025	411,089

Deferred tax liabilities have been calculated on the following items:

(in Euros)

Description	31.12.2021		31.12.2020	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Property, Plant and Equipment - Fiscal depreciation			24,310	9,375
Goodwill	17,053,843	4,758,022	15,672,591	4,372,653
Trademark	9,060,587	2,527,904	0	0
Other revenues - Research grants	1,983,978	483,353	1,505,708	368,568
Other revenues - Research grants taxed in 5 years	63,375,567	15,210,136	65,581,246	15,739,499
Adjustments for IFRS FTA	1,834,271	511,687	1,941,527	541,686
IFRS - IAS 8 adjustments	1,031	328	1,031	328
Customer relationship - Allocation of goodwill	13,482,221	4,204,346	20,637,060	6,430,443
Other	661,044	201,339	97,808	23,474
Total	**107,452,542**	**27,897,114**	**105,461,283**	**27,486,025**

The following table shows details of deferred tax liabilities recognised in 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	**4,960**	**126,395,192**	**15,680,344**	**16,214,566**	**9,351,071**	**167,646,133**
Change from merger						0
Impact on the income statement	(4,960)	(126,395,192)	(9,249,902)	(106,499)	(4,403,556)	(140,160,108)
Impact on the comprehensive income statement						0
Balance as of 31.12.2020	**0**	**0**	**6,430,443**	**16,108,067**	**4,947,515**	**27,486,025**
Change from merger						0
Impact on the income statement	0	2,527,904	(2,226,097)	(414,578)	523,861	411,089
Impact on the comprehensive income statement						0
Balance as of 31.12.2021	**0**	**2,527,904**	**4,204,346**	**15,693,489**	**5,471,376**	**27,897,114**

27 Non-current provisions for risks and charges

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Non-current provisions for risks and charges	3,495,074	3,322,111	172,964

The provision for risks, which amounts to Euro 3.5 million, mainly includes provisions for pending disputes with third-party customers.

Changes are detailed below:

(in Euros)

Description	
Balance as of 01.01.2020	**4,686,023**
Exchange difference effect	(1,373,656)
Increase	215,810
Decrease	(206,067)
Balance as of 31.12.2020	**3,322,111**
Exchange difference effect	30,813
Increase	405,109
Decrease	(262,958)
Balance as of 31.12.2021	**3,495,074**

28 Other non-current liabilities

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Other non-current liabilities	33,306,862	37,438,595	(4,131,733)

For a better disclosure, the item “Contingent consideration for business combination” was reclassified from “Non-current financial liabilities” to “Other non-current liabilities”, with retroactive effect also on 2020.

The balance as of 31 December 2021 of Euro 33,306,862 includes:

- Euro 14.7 million for the measurement of payables - based on provisions set out by IAS 32 - for put options granted to non-controlling interests (put option contract). The fair value of liabilities, which represents a

reasonable estimate of the exercise price for the option, was determined based on contract terms set out in the related contract, by using the parameters that are inferable from the 2019-2021 plan of the subsidiary involved;
- Euro 2.3 million for the payables for a non-competition agreement signed with the top management and consultants;
- the non-current portion of the substitute tax (Euro 4.8 million) due for the application of tax realignment, to be paid in 2023. The substitute tax totalling Euro 14.6 million 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 recognition of the payable amounting to Euro 2.3 million, in case payment is to be made to the Inland Revenue Office of the amount asked to the subsidiary Livebox S.r.l.;
- approximately Euro 9 million for earn-outs to be paid in subsequent years.

29 Post-employment benefits

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Post-employment benefits	71,630,985	71,966,156	(335,171)

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)

Engineering Group		Discounting				
		-10%		**100%**		**+10%**
	-10%	**71,451,317**	69,464	**71,381,853**	(69,217)	**71,312,636**
		(223,258)	(153,318)	(249,132)	(291,998)	(222,308)
Infla	100%	**71,674,575**	43,590	**71,630,985**	(96,041)	**71,534,944**
		224,319	294,260	197,488	153,669	223,359
	+10%	**71,898,894**	70,421	**71,828,473**	(70,170)	**71,758,303**

Engineering Group		Discounting				
		-10%		**100%**		**+10%**
	-10%	**+99.79%**	+0.10%	**+99.69%**	-0.10%	**+99.59%**
		-0.31%	-0.21%	-0.31%	-0.41%	-0.31%
Infla	100%	**+100.10%**	+0.10%	**+100.00%**	-0.10%	**+99.90%**
		+0.31%	+0.41%	+0.31%	+0.21%	+0.31%
	+10%	**+100.41%**	+0.10%	**+100.31%**	-0.10%	**+100.21%**

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	**74,411,999**
Provisions	27,706,280
Amounts paid to social security institutions + INPS	(25,696,314)
Actuarial losses/(gains)	(103,137)
Benefits paid	(4,283,888)
Post-empl. benefits on acquisition of Group business units/subsidiaries	739,236
Transfer payables of Group business units/subsidiaries	(346,934)
Post-empl. benefits, consolidated companies	62,893
Post-empl. benefits, companies not in consolidation scope	(523,978)
Balance as of 31.12.2020	**71,966,156**
Provisions	28,279,735
Amounts paid to social security institutions + INPS	(26,007,692)
Actuarial losses/(gains)	1,666,648
Benefits paid	(5,510,915)
Post-empl. benefits on acquisition of Group business units/subsidiaries	1,182,245
Transfer payables of Group business units/subsidiaries	(1,147,011)
Post-empl. benefits, consolidated companies	1,201,816
Balance as of 31.12.2021	**71,630,985**

F) Current liabilities

30 Current financial liabilities

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Current financial liabilities	106,739,076	55,914,470	50,824,606

For a better disclosure, the item “Contingent consideration for business combination” was reclassified from “Current financial liabilities” to “Other current liabilities”, with retroactive effect also on 2020.

Current financial liabilities relate to Payables to lenders, banks and other current financial liabilities as reported below:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Bank loans	92,920,373	46,424,342	46,496,031
Bank overdraft	167,756	164,316	3,440
Other current financial liabilities	13,650,947	9,325,813	4,325,134
Total	**106,739,076**	**55,914,470**	**50,824,606**

Bank loans

As of 31 December 2021, short-term loans totalled Euro 92,920 thousand and relate, in the amount of Euro 54,380 thousand, to the short-term portion of bank loans for which reference is made in table “Non-current financial liabilities” herein and for Euro 38,540 thousand relate to short-term loans with a duration lower than six months.

Bank overdrafts

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Payables for advances on invoices	80,000	0	80,000
Bank overdrafts	87,756	164,316	(76,560)
Total	**167,756**	**164,316**	**3,440**

Other current financial liabilities

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Other payables and Grants to be repaid	13,650,947	9,325,813	4,325,134
Total	**13,650,947**	**9,325,813**	**4,325,134**

“Other grants” refer to the following:

- Euro 7,553 thousand for collections received for research projects to be reversed to other partner subjects;
- Euro 770 thousand of collections to be repaid to customers of the company Municipia S.p.A., following the collections of taxes on their behalf;
- Euro 5,208 thousand for collections received from customers for invoices transferred to factoring companies.

31 Current lease liabilities

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Current lease liabilities	20,836,918	18,113,441	2,723,477

“Current liabilities for right of use” relate to the short-term portion of leases described in paragraph “Non-current lease liabilities”.

32 Current tax payables

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Current tax payables	12,528,848	14,480,091	(1,951,244)

The balance as of 31 December 2021 primarily includes current tax payables.

The breakdown is as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
IRES	6,593,251	6,760,627	(167,376)
IRAP	748,471	2,206,830	(1,458,359)
Substitute tax	9,105	112,049	(102,943)
Other tax payables	5,178,020	5,400,585	(222,565)
Total	**12,528,848**	**14,480,091**	**(1,951,244)**

The tax payable as of 31 December 2021 was decreased by the advanced amounts paid for IRES and IRAP taxes.

The item “Other tax payables” primarily relates to:
- Euro 4,856 thousand, referring to the substitute tax concerning the tax realignment to be paid within 2022;
- Euro 181 thousand, relating to the short-term portion of the amount due to the Inland Revenue Office for the acceptance of the Report on Findings relating to the general tax assessment of tax year 2015 carried out by the Lazio Regional Authority.

33 Current provisions for risks and charges

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Current provisions for risks and charges	18,048,435	7,224,187	10,824,248

Current provisions for risks and charges are broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Provision for risks and charges	11,327,534	3,374,803	7,952,730
Provision for losses on projects	6,720,901	3,849,383	2,871,518
Total	**18,048,435**	**7,224,187**	**10,824,248**

The provision for current risks and charges is mainly broken down as follows:

- Euro 400 thousand, relating to the risk of penalties and for probable future losses on some existing projects;
- Euro 4,400 thousand, relating to legal disputes and to the risk of penalties in contracts with customers in the Energy & Utilities area;
- Euro 300 thousand, relating to potential tax liabilities;
- Euro 5,421 thousand, relating to the allocation made to cover losses of the subsidiary WebResults S.r.l..

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

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	**15,087,070**
Increase	2,034,873
Decrease	(9,282,142)
Business combination	(615,616)
Balance as of 31.12.2020	**7,224,187**
Exchange difference effect	11,133
Increase	14,117,702
Decrease	(2,971,538)
Business combination	(333,049)
Balance as of 31.12.2021	**18,048,435**

34 Other current liabilities

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Other current liabilities	190,445,171	166,894,409	23,550,762

For a better disclosure, the item "Contingent consideration for business combination" was reclassified from "Current financial liabilities" to "Other current liabilities", with retroactive effect also on 2020.

This item is broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Directors and Statutory Auditors	829,972	1,382,965	(552,992)
Consultants	3,917	1,301	2,617
Acquisition of business unit	1,781,690		1,781,690
Withholding taxes	1,162,977	491,218	671,758
Tax payables	29,167,271	21,029,196	8,138,075
Due to RTI partners	411,583	2,588,923	(2,177,339)
Social security institutions	25,474,021	21,764,593	3,709,427
Others	18,408,402	12,751,399	5,657,003
Employees	104,776,937	98,468,726	6,308,211
Partners for research projects	8,028,219	8,051,437	(23,218)
Accrued m/l loan interest	121,737	79,350	42,387
Other accruals	36,815	76,286	(39,471)
Other deferred income	241,629	209,016	32,613
Total	**190,445,171**	**166,894,409**	**23,550,762**

Tax payables are broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
VAT	12,243,183	4,735,013	7,508,170
Suspended VAT	1,185,328	1,212,698	(27,370)
IRPEF	15,291,936	14,409,193	882,743
Other	446,825	672,292	(225,467)
Total	**29,167,271**	**21,029,196**	**8,138,075**

35 Trade payables

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Trade payables	407,449,871	343,529,300	63,920,570

Trade payables refer to current payables due to suppliers for goods and services.

The balance as of 31 December 2021 is broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Suppliers	343,672,710	285,175,553	58,497,157
Parent Companies	4,272	452,652	(448,380)
Others	63,772,888	57,901,095	5,871,793
Total	**407,449,871**	**343,529,300**	**63,920,570**

a) Suppliers

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Due to suppliers	219,182,219	194,149,172	25,033,047
Due to foreign suppliers	8,428,143	7,981,502	446,642
Invoices to be received	116,802,896	84,456,288	32,346,609
Credit notes to be received	(740,549)	(1,411,409)	670,860
Total	**343,672,710**	**285,175,553**	**58,497,157**

b) 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)**

c) Others

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Advances for future work	63,772,888	57,901,095	5,871,793
Total	**63,772,888**	**57,901,095**	**5,871,793**

The amounts due to others relate to net advances made by customers that exceed the value of inventories.

36 Liabilities held for sale and held for distribution to owners

The change is due to the spin-off of the investee OverIT S.p.A. from Engineering Ingegneria Informatica S.p.A. in favour of the parent company Centurion Bidco 1 S.p.A., implemented with effect from 1 December 2021.

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Liabilities held for sale and held for distribution to owners	0	15,251,158	(15,251,158)

Income statement

A) Total revenues

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Total revenues	1,321,299,909	1,241,457,345	79,842,564

The breakdown of Total revenues is as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Revenues	1,298,023,534	1,218,456,399	79,567,135
Other revenues	23,276,375	23,000,945	275,429
Total	**1,321,299,909**	**1,241,457,345**	**79,842,564**

37 Revenues from sales and services

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Revenues from sales and services	1,271,560,233	1,224,706,462	46,853,771
Cgs. finished products and construction contracts	26,463,301	(6,250,063)	32,713,364
Total	**1,298,023,534**	**1,218,456,399**	**79,567,135**

The Group 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	n/a	n/a	263,555,361	n/a	263,555,361
Over time	625,405,218	132,133,494	n/a	276,929,460	1,034,468,173
Total	**625,405,218**	**132,133,494**	**263,555,361**	**276,929,460**	**1,298,023,534**

For further information, please refer to paragraph "Revenues and Costs".

38 Other revenues

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Other revenues	23,276,375	23,000,945	275,429

The breakdown of Other revenues is as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Grants	15,977,840	16,149,530	(171,690)
Other income	7,294,819	6,851,416	443,403
Other revenues from parent company	3,716	0	3,716
Total	**23,276,375**	**23,000,945**	**275,429**

Other revenues refer mainly to grants for research projects financed by national bodies and by the European Community.

39 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	77,024.71
			Total	**77,024.71**
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	143,036.88
			10.12.2021	23,560.78
			14.12.2021	143,908.62
			Total	**310,506.28**
EHEALTHNET RI	Research, modelling and development of innovative eHealth IT applications (eHealthNet project).	MUR (Ministry of University and Research)	13.12.2021	153,526.93
			Total	**153,526.93**
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	215,997.60
			Total	**215,997.60**
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	2,229,449.51
			Total	**2,229,449.51**
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	33,960.88
			Total	**33,960.88**
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	66,736.80
			Total	**66,736.80**
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	60,651.92
			14.06.2021	14,724.98
			Total	**75,376.90**
Grand total				**3,162,579.61**

B) Operating expenses

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Operating expenses	1,250,946,202	1,151,337,443	99,608,759

40 Operating expenses

The breakdown of operating expenses is as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Raw materials and consumables	35,098,362	39,553,638	(4,455,277)
Service costs	437,762,484	393,620,417	44,142,067
Personnel costs	673,994,989	637,809,828	36,185,161
Amortisation and depreciation	56,229,690	61,124,908	(4,895,218)
Provisions	23,398,941	8,700,300	14,698,641
Other costs	24,461,737	10,528,351	13,933,386
Total	**1,250,946,202**	**1,151,337,443**	**99,608,759**

For further details on changes, reference is made to the relevant paragraphs in the Directors' Report.

41 Raw materials and consumables

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Raw materials and consumables	35,098,362	39,553,638	(4,455,277)

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

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Hardware	5,780,699	6,193,369	(412,671)
Software	25,496,423	32,312,320	(6,815,898)
Consumables	3,789,690	1,047,760	2,741,930
Other	31,550	189	31,361
Total	**35,098,362**	**39,553,638**	**(4,455,277)**

42 Service costs

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Service costs	437,762,484	393,620,417	44,142,067

Service costs comprise the following accounts:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
EDP purchases, services and data lines	5,766,074	5,456,467	309,607
Insurance	4,963,557	4,668,600	294,957
Bank commissions	2,400,182	2,819,560	(419,377)
Technical support and consultancy	337,507,871	296,328,715	41,179,156
Legal and administrative consultancy	10,915,201	8,251,827	2,663,375
Training and refresher courses	2,463,562	2,376,147	87,414
Consultants	330,616	471,252	(140,637)
Cost of corporate boards	3,724,610	3,122,207	602,403
Building rental	1,339,365	1,371,315	(31,950)
Maintenance of property, plant and equipment and intangible assets	21,667,522	23,427,957	(1,760,436)
Canteen and other personnel costs	13,411,562	12,376,802	1,034,760
Automotive expenses	7,032,675	6,450,394	582,280
Hardware and software rental	212,202	313,027	(100,825)
Maintenance and security services	3,201,066	3,977,598	(776,532)
Advertising and sales rep. expenses	1,682,037	1,296,745	385,292
Travel costs	4,204,714	5,399,077	(1,194,364)
Postage and shipping expenses	6,446,105	4,118,167	2,327,939
Utilities	5,954,538	7,407,454	(1,452,916)
Other	4,539,025	3,987,106	551,920
Total	**437,762,484**	**393,620,417**	**44,142,067**

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

The decrease in the item “Travel expenses” is linked to the drastic reduction in travel expenses due to the Covid-19.

The following table shows the remuneration paid in 2021 for the audit, certification and other services rendered by the Independent Auditors.

(in Euros)

Service	Provider	Beneficiary	Remuneration
Audit	Deloitte & Touche S.p.A.	Engineering Ingegneria Informatica S.p.A.	458,000
Other services	Deloitte & Touche S.p.A.	Engineering Ingegneria Informatica S.p.A.	33,000
Audit	Deloitte & Touche S.p.A.	Engineering D.HUB S.p.A.	35,000
Audit	Deloitte & Touche S.p.A.	Municipia S.p.A.	20,000
Other services	Deloitte & Touche S.p.A.	Municipia S.p.A.	5,000
Audit	Deloitte & Touche S.p.A.	Sicilia e-Servizi Venture S.c.a.r.l.	15,000
Audit	Deloitte & Touche S.p.A.	Engineering 365 S.r.l.	10,000
Audit	Deloitte & Touche S.p.A.	Cybertech S.r.l.	15,000
Audit	Deloitte & Touche S.p.A.	Digitelematica S.r.l.	9,000
Audit	Nicolò Gandolfo	C Consulting S.p.A.	3,975
Audit	Gino Brusacà	C Consulting S.p.A.	2,650
Audit	Antonella Fabbricatore	C Consulting S.p.A.	2,650
Audit	Gerardo De Dilectis	Livebox S.r.l.	8,000
Audit	Domenico Muratori	Nexera S.p.A.	7,000
Audit	Christian Giuliano	Nexera S.p.A.	4,000
Audit	Gerardo de Dilectis	Nexera S.p.A.	4,000
Audit	Dario Schlesingher	DEUS Technology S.r.l.	7,000
Audit	Gerardo de Dilectis	Engiweb Security S.r.l.	7,000
Audit	Ilaria Caseraghi	Nexen S.p.A.	8,000
Audit	Dario Schlesingher	WebResults S.r.l.	4,000
Audit	Gerardo de Dilectis	Engineering Sardegna S.r.l.	7,000

43 Personnel costs

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Personnel costs	673,994,989	637,809,828	36,185,161

Personnel costs consist of:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Salaries and wages	503,225,444	474,930,234	28,295,210
Social security expenses	119,832,515	114,608,970	5,223,545
Post-employment benefits	29,311,430	27,851,427	1,460,003
Restructuring and reorganising personnel	15,893,102	3,811,459	12,081,643
Other personnel costs	5,732,498	16,607,738	(10,875,240)
Total	**673,994,989**	**637,809,828**	**36,185,161**

The item “Salaries and wages” includes costs related to holidays and leave pays, indemnities, overtime and bonuses.
The change is partly due to raises due to merit and partly to a larger provision for unused holiday leave and permits.
“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 4.5 million relating to cars assigned to employees as required by IFRS 16.

The decrease is mainly due to the stock option plan 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 in 2021 rose against the previous year by 100 individuals.

(Units)

Average number of employees	31.12.2021	31.12.2020	Changes
Executives	431.9	411.7	20.3
Managers	2,209.8	2,086.3	123.6
Other employees	9,011.0	9,055.0	(44.0)
Total	**11,652.7**	**11,552.9**	**99.8**

44 Amortisation and Depreciation

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Amortisation and depreciation	56,229,690	61,124,908	(4,895,218)

The breakdown is as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Depreciation of property, plant and equipment	7,410,516	8,161,566	(751,050)
Amortisation of intangible assets	29,974,960	33,263,386	(3,288,426)
Depreciation and amortisation IFRS 16	18,844,214	19,699,956	(855,742)
Total	**56,229,690**	**61,124,908**	**(4,895,218)**

45 Provisions

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Provisions	23,398,941	8,700,300	14,698,641

Provisions increased due to the changes reported in the following table:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Allocation to doubtful debt provision	10,551,323	8,071,346	2,479,978
Risk provision	12,847,617	628,955	12,218,663
Total	**23,398,941**	**8,700,300**	**14,698,641**

Amounts recognised in the financial statements are the best estimates and assumptions based on the best information available at the reporting date.
The allocation to the bad debt provision includes the allocation to the bad debt provision of default interest of approximately Euro 5.7 million relating to the write-down of receivables due from the subsidiary Sicilia e-Servizi Venture S.c.a.r.l..
The Group applies the simplified approach of IFRS 9 to measure the expected credit loss on all trade receivables and customer contract assets to determine the allocation to doubtful debt provision.

46 Other costs

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Other costs	24,461,737	10,528,351	13,933,386

Other costs are broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Dues and subscriptions	1,147,179	970,602	176,577
Taxes	11,826,205	7,007,391	4,818,813
Gifts and donations	204,672	69,087	135,584
Charges for social causes	335,707	272,263	63,443
Other	10,947,975	2,209,007	8,738,968
Total	**24,461,737**	**10,528,351**	**13,933,386**

47 Net Financial income/(expenses)

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Net Financial income/(expenses)	(2,127,176)	(8,696,779)	6,569,603

Financial income is broken down as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Interest income	6,898,120	5,838,386	1,059,734
Fair value gain (differential from derivative)	509,535	13,683	495,852
Gain on exchange differences	2,972,298	1,414,123	1,558,175
Total	**10,379,954**	**7,266,192**	**3,113,761**

Interest income includes interest in arrears (around Euro 5.7 million) related to receivables from Sicilia Digitale S.p.A./the Sicilian Region, reference of which is made to the previous paragraph “Trade receivables”.
The “Gain on exchange differences” item comprises the exchange gains (equal to around Euro 2.9 million).

Financial expenses consist of:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Interest expense	8,794,279	8,359,174	435,105
Other	3,712,850	7,603,797	(3,890,947)
Total	**12,507,129**	**15,962,971**	**(3,455,842)**

Interest expense refers principally to loans detailed in Note “Current financial liabilities” hereof. During the year, the Group borne interest expenses on financial leases amounting to Euro 1.5 million. The “Other” item comprises the exchange losses, amounting to Euro 3.3 million.

48 Income (expenses) related to changes in liabilities on acquisition of non-controlling interests

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Income/(expenses) rel. to changes in liabilities on acquisitions of NCI	(4,563,501)	8,684,421	(13,247,922)

The breakdown is as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Gains on Earn Out/call - put options	9,316,605	12,758,903	(3,442,299)
Losses on Earn Out/call - put options	(49,151)	(3,156,506)	3,107,355
Non-recurring income (charges)	(13,830,955)	(917,976)	(12,912,979)
Total	**(4,563,501)**	**8,684,421**	**(13,247,922)**

The item "Gains on Earn Out/call - put options" is broken down as follows:
- Euro 3.0 million, relating to unrecognised earn outs due to failure to fulfil the agreed benchmarks;
- Euro 6.3 million, relating to the exercise of call/put options.

The item "Non-recurring income (charges)" includes Euro 12 million related to the impairment of the company OverIT S.p.A..

49 Income taxes

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Income taxes	16,178,165	(100,648,452)	116,826,618

The breakdown of taxes is as follows:

(in Euros)

Description	31.12.2021	31.12.2020	Changes
Current	22,511,882	40,805,843	(18,293,961)
Deferred	(6,333,717)	(141,454,296)	135,120,579
Total	**16,178,165**	**(100,648,452)**	**116,826,618**

Taxes for the period were estimated taking account of the result in the period and of the existing regulations and represent the best estimate of the tax charge.

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

(in Euros)

Reconciliation between theoretical and effective IRES tax	31.12.2021		31.12.2020	
	Amount	%	Amount	%
Profit before taxes	63,663,029		90,107,544	
Ordinary rate applied	**15,279,127**	**+24.0%**	**21,625,810**	**+24.0%**
Tax effects deriving from:				
Income taxable in prior years	4,296,450	+6.7%	4,533,725	+5.0%
Income not taxable	(4,624,812)	-7.3%	(7,331,770)	-8.1%
Expenses not deductible	11,367,928	+17.9%	7,326,778	+8.1%
IAS differences	(365,096)	-0.6%	(365,096)	-0.4%
Other changes reducing taxable IRES	(7,614,190)	-12.0%	(6,531,440)	-7.2%
Utilisation of previous years tax losses	(2,870,817)	-4.5%	(2,887,495)	-3.2%
Effect of foreign tax rates	423,470	+0.7%	(448,880)	-0.5%
Total assessable IRES	**66,216,919**		**66,340,133**	
Tax/Tax rate	**15,892,061**	**+25.0%**	**15,921,632**	**+17.7%**

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. For details of the temporary differences, which have resulted in deferred taxes, reference is made to the previous paragraphs "Deferred tax assets" and "Deferred tax liabilities".

The change in the item "Non-deductible expenses", whose tax effect is approximately Euro 4 million, as shown in the reconciliation statement of the theoretical-effective tax rate, is attributable to provisions for risks and charges for approximately Euro 1.9 million to OverIT S.p.A., approximately Euro 0.9 million to Cybertech S.r.l. and approximately Euro 1.2 million to WebResults S.r.l..

The change in the item "Non-taxable income", whose tax effect is approximately Euro 2.7 million, as shown in the reconciliation statement of the theoretical-effective tax rate, is mainly attributable to Engineering Ingegneria Informatica S.p.A. and in particular to higher revenues for research grants that, being taxable on a cash basis, have originated a decrease in taxable income.

50 Other relevant commitments

COMMITMENTS UNDERTAKEN

The following table summarises the commitments of the Group as of 31 December 2021.

(in Euros)

Description	31.12.2021
Third party sureties	414,654,705
Bank sureties in favour of other companies	9,500,980
Bid Bonds and Performance Bonds	79,591,572
Total commitments undertaken	**503,747,257**

Third party sureties
These relate to guarantees provided in respect of participation in tender offers, for the signing of contracts and for guarantees on office rental contracts.

Bank sureties in favour of other companies
Bank sureties essentially refer to the Parent Company and concern sureties in favour of other companies.

Bid Bonds and Performance Bonds
These types of commitments relate to guarantees given for participation in tenders.

51 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 Group 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	Assets at amortised cost	Assets at FVOCI	Assets at FVPL
Other non-current assets	906,678	2,820,598(*)	
Trade receivables	623,113,637		
Other current assets	62,185,988		
Cash and cash equivalents	132,918,842		
Total assets	**819,125,144**	**2,820,598**	**0**

(in Euros)

Items as of 31.12.2020	Assets at amortised cost	Assets at FVOCI	Assets at FVPL
Other non-current assets	2,262,186	3,240,170(*)	
Trade receivables	617,545,173		
Other current assets	46,788,557		
Cash and cash equivalents	141,219,538		
Total assets	**807,815,454**	**3,240,170**	**0**

(in Euros)

Items as of 31.12.2021	Liabilities at amortised cost	Liabilities at FVOCI	Liabilities at FVPL
Non-current financial liabilities	132,908,741	0	250,000
Other non-current liabilities	18,606,862	71,630,985	14,700,000(**)
Current financial liabilities	106,739,076		
Other current liabilities	190,445,171		
Trade payables	407,449,871		
Total liabilities	**856,149,721**	**71,630,985**	**14,950,000**

(in Euros)

Items as of 31.12.2020	Liabilities at amortised cost	Liabilities at FVOCI	Liabilities at FVPL
Non-current financial liabilities	131,730,432		(*)
Other non-current liabilities	23,238,595	71,966,156	14,200,000(**)
Current financial liabilities	59,001,381		
Other current liabilities	163,807,498		
Trade payables	343,529,300		
Total liabilities	**721,307,207**	**71,966,156**	**14,200,000**

(*) The fair value reported in the table above is included in level 2 of the fair value hierarchy.
(**) The fair value reported in the table above is included in level 3 of the fair value hierarchy.

52 Transactions with related parties

Companies which directly or indirectly, through one or more intermediary companies, control, are controlled by the Parent Company and in which the company holds a shareholding such as to exercise significant influence, associated companies, as well as senior managers with strategic responsibilities of the Parent Company and the companies directly and/or indirectly controlled by it and in which the Parent Company exercises significant influence are considered related parties.

No transactions of an atypical and/or unusual nature were undertaken with related parties or outside normal business practice or such as to distort the Group financial statements. The transactions with related parties relate to normal operations in the case of each respective entity and are conducted at normal market conditions. No other transactions with related parties other than those indicated below were undertaken.

The other current liabilities include post-employment benefit payables of some senior managers of the Company, under a stability pact signed in 2009.

53 Events occurring after 31 December 2021

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

- 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 Group does not foresee any significant impact on trade relations, trade receivables collection and assets as our presence in these countries is practically nil;

- on 17 February 2022, the deed of merger by incorporation of the subsidiaries DEUS Technology S.r.l., Engiwebsecurity S.r.l., Engineeering 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 Ingegneria Informatica S.p.A. 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.

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 1 October 2021, Maximo Ibarra became Chairman and Chief Executive Officer.

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 composition of Corporate Bodies is as follows:

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

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