

## 7. FINANCIAL CAPITAL

The economic and financial resources related to Sogei activities are used to support the customers' business, ensuring solid financial statements with robust capital positions and growing liquidity on an annual basis, which ensures, on the one hand, economic and financial stability in the medium to long term and, on the other hand, the remuneration of shareholders, employees and the community.

### 7.1 ANALYSIS OF INCOME RESULTS

The analysis of the income results is commented below with the support of the Income statement and related summary tables, reclassified from a management perspective.

values expressed in thousands of Euro

	Financial statements 2021	Financial statements 2020	Change	Percentage change
Revenues from sales and services	720,999	625,665	95,334	15.2%
Change in contract work in progress	1,473	2,530	(1,057)	-41.8%
Production value	722,472	628,195	94,277	15.0%
Consumption of materials and services	(416,527)	(379,148)	(37,379)	9.8%
Added value	305,945	249,047	56,898	22.8%
Cost of labour	(170,993)	(161,512)	(9,421)	5.8%
Normalized EBITDA (*)	134,952	87,535	47,556	54.2%
Depreciation and write-downs of fixed assets	(49,299)	(42,628)	(6,666)	15.6%
Provisions for risks and charges	(1,973)	(7,341)	5,371	-73.1%
Various income and charges	(496)	(146)	(400)	139.7%
Operating income	83,183	37,419	45,764	122.3%
Net income from equity investments	400	185	215	116.2%
Balance of financial income and expenses	(255)	(259)	4	1.5%
Pre-tax result	83,328	37,345	45,983	123.1%
Taxes	(24,021)	(10,387)	(13,634)	131.3%
Profit for the period	59,307	26,959	32,348	120.0%

(\*) As a result of the reclassification in the 2020 Financial Statements of the component relating to implementation of the "Generational Value" project, from labour costs to provisions for risks and charges

The 2021 financial year shows a particularly positive trend, with a strong increase in revenues, all management indicators and net profit; these results certify the incisive policy of optimisation and efficiency implemented by the Company with a view to transformation and improvement, the evolution strategy of which is set out in the 2021-2023 Business Plan.

2021 is in fact the first implementation year of the Three-Year Plan, presented and approved at the Board of Directors' meeting of 30 March 2021; its strategic objectives, identified in the pursuit of digital innovation, increased scalability and industrialisation and a new approach geared towards citizens, professionals and businesses, characterised the Company's activities in 2021.

With respect to the Covid-19 emergency context, it should be noted that in 2021, the Company and its customers (as described in detail in Chapter 11 - Manufactured capital) continued to significantly support the Government's action to counter the ongoing pandemic situation, through, for example, management of further extraordinary measures implementing policies to support the economy, management of the National Platform for the Digital Green Certificate (Green Pass), and management of the Digital workspace service enabling implementation of smart working for customer employees, implementation of projects financed by the PNRR in support of implementing customers owners of the projects, preparation of tools to monitor the implementation of the PNRR, etc.

### **7.1.1 NATURE OF REVENUES PER CUSTOMER**

The following table shows the revenues earned during the year by the Company, compared with those of 2020, divided between in-house and extra-house credit lines, with separate indication of those received pursuant to law, also in compliance with art. 16, paragraph 3, of the Consolidated Law on investee companies.

values expressed in thousands of Euro

CUSTOMERS	Revenues 2021	Revenues 2020	Source
Revenue Agency	229,821	207,941	<i>in house</i>
Customs and Monopolies Agency	92,871	80,924	<i>in house</i>
State Property Agency	6,120	4,996	<i>in house</i>
Revenue Agency-Collection	29,214	27,114	<i>in house</i>
Department of Finance	23,018	19,497	<i>in house</i>
Healthcare Revenue	19,343	12,718	<i>in house</i>
RGS Healthcare	18,877	13,039	<i>in house</i>
Finance Police	11,198	8,884	<i>in house</i>
Direct Collaboration Offices	365	443	<i>in house</i>
MEF - CdC Convention (DT, DAG, CdC)	117,125	224,254	<i>in house</i>

CUSTOMERS	Revenues 2021	Revenues 2020	Source
RGS - New Regulation	131,152	0	<i>in house</i>
Court of Auditors - Specific agreement for CED management and security	6,027	5,715	<i>in house</i>
Consip	813	700	<i>in house</i> horizontal
<b>TOTAL CUSTOMER REVENUES IN HOUSE</b>	<b>685,944</b>	<b>606,226</b>	
<b>% of total revenues</b>	<b>95.1%</b>	<b>96.9%</b>	
Ministry of the Interior (ANPR)	5,189	5,393	assignment pursuant to law
Territorial Cohesion Agency	6,997	5,174	assignment pursuant to law
Ministry of Education	6,470	237	assignment pursuant to law
18 APP (MIBAC)	124	139	assignment pursuant to law
Equitalia Giustizia	2,628	2,762	assignment pursuant to law
Ministry of Justice	1,843	2,321	assignment pursuant to law
State Attorney	1,429	791	assignment pursuant to law
Presidency of the Council of Ministers	5,993	1,210	assignment pursuant to law
Ministry of Ecological Transition	1,253	826	assignment pursuant to law
Ministry of Infrastructure and Sustainable Mobility	432	316	assignment pursuant to law
Emergency Commissioner Covid-19	2,432	0	assignment pursuant to law
Other Initiatives (Geoweb and Horizon 2020 European Projects)	265	271	other
<b>TOTAL CUSTOMER REVENUES EXTRA HOUSE</b>	<b>35,055</b>	<b>19,439</b>	
<b>% of total revenues</b>	<b>4.9%</b>	<b>3.1%</b>	
<b>TOTAL REVENUES</b>	<b>720,999</b>	<b>625,665</b>	

Compared to 2020, there has been a significant increase in the revenues earned by the Company, both for the activities carried out for Institutional Customers, with whom the Company operates by virtue of the *in-house providing* model, and for Customers with whom the Company operates by virtue of regulatory provisions (so-called *extra house* assignments).

In this area in 2021, collaboration with the Agency for Territorial Cohesion, the Presidency of the Council, the Ministry of Ecological Transition and the Ministry of Infrastructure and

Sustainable Mobility continued and increased, and collaboration with the structure of the Extraordinary Commissioner for management of Covid-19 and with the Ministry of Education, for implementation of the distance learning platform, collaboration which is destined to increase further during 2022.

Attributing to these additional institutions the right to use Sogei to provide IT services stems from the legislator's aim to pursue general improvement in the effectiveness and efficiency of administrative action, by promoting the digitisation of services and processes, through actions to consolidate infrastructures, rationalise information systems and make databases interoperable, in line with the strategies of the Three-Year Plan for IT in Public Administration. This collaboration will be strengthened during the 2022 financial year.

### **7.1.2 PRODUCTION VALUE**

values expressed in thousands of Euro

	Financial Statements 2021	Financial Statements 2020	Change	Percentage change
Professional services	569,964	412,729	156,835	38.1%
- Business Solutions	314,161	205,570	108,591	52.8%
- Platform & Assets	42,120	37,616	4,504	12.0%
- Technology Service	213,682	169,543	44,139	26.0%
Supply of goods and services for reimbursement	152,508	215,466	(62,958)	-29.2%
- Goods and services	151,439	214,566	(63,128)	-29.4%
- Outsourcing	1,069	899	170	18.9%
Total	722,472	628,195	94,277	15.0%

The value of production grows significantly compared to 2021 (+ 94.3 million euro compared to 2020), a result that represents the balance between the strong increase in revenues from professional services and the reduction in revenues from the provision of goods and services for reimbursement.

In fact, revenues from professional services recorded an overall increase of 156.8 million euro compared to 2020, due both to an increase in production activities carried out for almost all customers and to the change in the operating model sanctioned with signing the new Regulations with the State General Accounting Office: the shift to a production model that provides for almost all services to be provided on an «end-to-end» basis has had a generalised impact on the company's income statement. In particular, on the one hand generating a

reshaping of revenues, with a sharp reduction in reimbursable supplies in favour of revenues from professional services, and on the other it has led to a management reclassification of costs from reimbursable costs to production costs and investments (due to Sogei taking over the RGS CED), with a consequent increase in depreciation and amortisation.

A detailed analysis of the final figures recorded for the various types of services reclassified according to the new storefront proposed in the 2021-2023 Business Plan shows that for services:

- Business Solution - related to the development and evolution of project-based application solutions and the provision of application management and maintenance, Demand, Governance and thematic and technical-specialist support services - an increase of 108.6 million euro due to the greater activities carried out, particularly for
  - the Department of the General Accounting Office of the State, in addition to reclassification of activities following the different operating model implemented in 2021; the increase is mainly due to implementation of the unitary "ReGiS" system, which is the single application tool supporting the PNRR planning, implementation, monitoring control and reporting processes (paragraph 1043 of the 2021 Budget Law), and to the support activities, preparatory to creation of the system itself, provided to the Customer, both in understanding the PNRR's implementation methods, in relations with the European Commission, and in the dissemination of the processes defined for monitoring and controlling achievement of the targets defined in the PNRR. Also contributing to this increase are the activities carried out for the INIT system (integrated IT system supporting accounting processes), the strengthening of assistance and training activities for users of the system and the implementation of user management shared with the Regis system;
  - the Customs and Monopolies Agency, for the launch of the Integrated Litigation Management System (SIGC Sistema Integrato di Gestione del Contenzioso) project, to digitise the process of managing and monitoring legal practices and fulfilments of the Customs and Monopolies Agency's lawyers for the civil, criminal, tax and administrative areas, completely paper-based until now; the development of the OPERA payment portal and integration of the various payment positions with the Agency through pagoPA; the evolution of the single authorisation model for entities operating in the entire gaming sector; the strengthening and evolution of the Agency's reception and interoperability platform also due to introduction of new customs declaration flows (Hx), including those linked to e-commerce;

- the Italian Revenue Agency, in general for a widespread increase in project activities relating to application services supporting the Agency's administrative processes, and in particular: for the evolution, within the payment management systems, of both conventional services and those supporting collection; for the strengthening of systems for controlling, managing and monitoring access by external bodies; for the evolution of processes for updating the CEU (Urban Building Land Registry);
- the Sanità Entrate project, due to the increased production of TS-CNS with a volume of 19.6 million cards produced in 2021, compared to 10.2 million cards produced in 2020;
- the Agenzia per la Coesione Territoriale (Agency for Territorial Cohesion), for finalisation of the project to migrate all the Agency's systems from the CED in Via Sicilia, Rome, to the Sogei cloud, which entailed re-engineering some IT solutions, and the general adaptation of services to the quality and security standards required and the review of infrastructure solutions in terms of exposure of services on the internet. Also contributing to the increase in revenue is the launch, in the last quarter of 2021, of implementation of new services for the Agency, linked to its role as an implementer of PNRR projects;
- the Department of Finance, whose increased financial resources available for implementation of the 2021 operational plan have enabled, in particular, not only the complete digitisation of the SIGIT (Tax Justice Information System) to support Tax Commission activities, but also the launch of the collaboration project, again with reference to Tax Justice, with the Court of Cassation for the exchange of case files and judgements;
- the Agenzia del Demanio, in general for the evolution of the Agency's core solutions needed to implement the changes required by the State Accounting Department in the real estate management field, in particular, for the evolution of the functional solution for BIM (Building Information Modeling) management, with implementation of new work profiles and model visualisation functionalities;
- the Ministry of Education, for implementation and management of the platform supporting the coordinated education and culture system, and for implementation and management of the Distance Learning platform;
- the Presidency of the Council of Ministers, for the PdM CED migration activities to Sogei, for the development and maintenance of the digital services of the Presidency, and for the development and management of the National Anti-

Racial Discrimination Office (UNAR Ufficio Nazionale Antidiscriminazioni Razziali) website and for the management and evolution of the "Immuni" App (as part of activities for the Department for Digital Innovation of the PdM);

- the Extraordinary Commissioner, for support activities to implement and coordinate containment and contrast measures for the Covid-19 epidemiological emergency and execution of the national vaccination campaign;
  - the Ministry of Ecological Transition, to provide infrastructure assessment and management services, management of workstations and specialist support for IT security activities, and for the management of the extraordinary contribution, provided for by Article 227 of Decree-Law 34/2020 to address direct and indirect damages resulting from the Covid-19 emergency, in favour of micro and small enterprises, carrying out environmentally friendly economic activities.
- Platform & Asset - relating to services provided as-a-service or as-a-product through platforms that cut across different application solutions and assets - an increase of 4.5 million euro due not only to the generalised increase in the volumes of these services as a result of the new operating procedures planned for RGS, an increase in assistance activities for the Customs and Monopolies Agency for the launch of the Receipts Lottery in early 2021, and as part of the health expenditure monitoring project, to support citizens in resolving issues relating to the health card required to access Covid-19 vaccinations. This revenue class also includes revenues related to management of the Digital workspace, increased with respect to 2020, to manage the "smart work" of customers' staff;
- Technology Service - referring to cloud-based infrastructure services (IaaS and Paas) and to services for the development, management and operation of technology infrastructures - an increase of 44.1 million euro, related not only to reclassification of the services provided to the RGS, but also to the significant growth in production volumes, particularly with regard to management and operation: of Mainframe systems (+13.7% compared to 2020) due to the increased use of online services, the "Cassetto Fiscale" and ISEE services; Open systems (+12.2% compared to 2020) due to the increase in application services using this infrastructure, and the launch of the "Lotteria degli Scontrini" (receipt lottery); and the Disaster and Recovery base service (+28.5% compared to 2020) due to the increase in historicised data (especially invoices, receipts and electronic prescriptions). There was also an increase in Mips (+8.9% compared to 2020), used as part of the hosting service on the mainframe systems provided to Agenzia Entrate - Riscossione, to restart processing for production of tax bills, suspended in 2020 as a result of the Covid-19 emergency situation.

The value of the final inventories referred to objectives not yet completed, work in progress to order, calculated using the "completion percentage" evaluation criterion, is up compared to 31 December 2020 (8.2 million euro in 2021 against 6.6 million euro in 2020), for postponement to 2022 of the conclusion of an increasing number of objectives compared to 2021, in particular for the Department of the General Accounting Office of the State, impacted by the different operational methods established in the new Regulations, affecting assessment of objectives crossing two years.

Supplies of goods and services for reimbursement decrease 70 million euro compared to 2020, mainly due to the remodulation of revenues for RGS; this decrease is offset by the growth in purchases of electronic equipment for the Revenue Agency, of data and line rental fees as part of the RGS Health project, for management of data traffic related to the Digital Green Certificate (Green Pass), software rental fees, and professional IT services for the Department of General Administration, Personnel and Services of the MEF.

The consumption of materials and services increased compared to 2020 by 37.4 million Euro, due to the increase recorded both in the "production and operating" cost classes, and in the cost of supplying goods and services for reimbursement.

values expressed in thousands of Euro

	Financial statements 2021	Financial statements 2020	Change	Percentage change
Production and operating costs	264,020	163,682	100,338	61.3%
- Direct production costs	222,312	123,630	98,682	79.8%
- Support and operating costs	27,950	28,822	(872)	-3.0%
- Costs for internal initiatives	6,972	5,161	1,811	35.0%
- Consip Agreement Costs	6,074	5,392	682	12.6%
- Training costs	711	676	35	5.2%
Costs for the supply of reimbursed goods and services	152,508	215,466	(62,958)	-29.2%
Total	416,527	379,148	37,379	9.8%

Direct production costs (costs directly related to operating activities) show an increase, compared to 2020, of 98.7 million euro, due in general to reclassification of costs for the new RGS regulations, but also to the growth in the volumes of production activities. In detail, the largest increases were in the following cost items:

- outsourcing and IT professional services (+83.1 million euro), which increased not only due to reallocation to this cost category of activities carried out by external suppliers for the RGS, treated in 2020 as reimbursable supplies, but also to the increased software development and maintenance activities, system management and operation, and specialist support for



the study and introduction of innovative infrastructure and application components, needed to meet the growing demand for new services formulated in the operating plans of both institutional and new Customers;

- non-computer professional services (+5.6 million euro), which increased mainly due to the mass production of the TS-CNS with approximately 9.2 million more pieces produced in 2021 than in 2020;
- software licence maintenance fees and leases (+ 10.2 million euro), which increased partly due to the assumption of costs for RGS's CED, for implementation of the new operating model, and partly due to implementation of the technological evolution process undertaken by the Company with expansion of the scope of use of cloud software services, also aimed at development of cloud-native applications; those services are characterised by a different licensing method, from asset to rental costs, with subscriptions and payment of annual fees (e.g. *CITRIX* platform correlated to the development of "smart work" for customers, the *Red HAT* platform that guarantees the set up of pairs of Open Shift clusters, one for testing and validation environments and one for production, the integrated ForgeRock Access Manager platform, which guarantees authentication of users inside and outside the Administration for access to business services). Also contributing to the increase were the higher maintenance costs of the Liferay licences, the platform used to manage numerous portals and intranet sites, including: the health card portal, the portal for the Cambia Verso service, the portal for Judicial Services and the Intranet service of the Revenue Agency;
- hardware maintenance fees (+ 3.1 million euro), mainly due to the entry into maintenance of VxBlock converged systems (modular integrated systems in terms of computing storage and networking that can be configured by load requirements) and storage systems purchased in previous years.

These increases are offset by the decrease in lease payments (- 3.7 million euro), due to the termination of the operating lease on IBM z11 Mainframe equipment, redeemed at the end of 2020.

Costs for internal initiatives increased compared to 2020 (+1.8 million euro), as this cost category includes the initiatives of the 2021-2023 Business Plan, i.e., investment projects identified by the Company and considered instrumental to achieving the development pillars specified in the plan.

The support and operating costs refer to all current costs relating to logistics and services needed to ensure the operation of the headquarters and the organisational activities of the Company. Compared to 2020, this cost class recorded an increase of 0.9 million Euro, to be considered as the balance between:

- lower costs incurred for outsourcing and specialist and organisational support for implementation of projects to support corporate activities, partially incorporated into internal investment initiatives; consumables, whose stocks were replenished in 2020; employee costs (catering and staff transport), further reduced compared to 2020 due to the continuing emergency pandemic context;
- higher costs incurred mainly for software rentals related to the use of the CITRIX platform required to enable "smart" working by employees and for utilities, following the increase in electricity rates in 2021.

The training costs increased slightly compared 2020 as the reorganised the way the courses are used with remote delivery, managing to continue implementing the development action to enhance the distinctive skills through technological and methodological training thus maintaining certifications and, in general, the know-how of excellence, and developing soft skills enabling the spread of the culture of change and professional and personal growth also in the digital environment.

The costs for the Consip Agreement refer to the fees paid to Consip for the activities carried out in its capacity as central purchasing body for the purchase of goods and services performed for Sogei. In 2021 this cost recorded an increase of 0.7 million euro, for the greater number of purchasing actions assigned and finalised in 2021, considering that the remuneration methods established by the new purchasing agreement governing the outsourcing service provided by Consip, provide for a fee based on consumption punctually calculated on the basis of the number of tenders published and the purchase procedures actually concluded.

### **7.1.3 COST OF LABOUR**

The cost of labour, 171 million euro, increased in absolute terms (+9.5 million euro compared to 2020), due to the increase in person years, whereas the annual per capita cost, equal to 74.6 thousand euro, dropped by 1.25% compared to 2020 due in particular to:

- -2.76% relating to the hiring/resigning effect:
  - recruitments: 306 resources (134.2 person years), with an average cost per capita of 57 thousand euro, of which 128 resources with professional apprenticeship contract (53.4 person years), 178 experienced resources (80.8 person years);
  - resignation: 73 resources (24.5 person years), with an average cost per capita of 80 thousand euro, of which 52 resources with a medium-high profile, 17 resourced towards the market (totalling 22.6 person years) and 4 managers (1.9 person years). Of the total number of people resigning, 41 resources left due to redundancy incentives and 12 resources as a result of reaching age limits;

- +0.49% relating to increases in the contractual minimum from June 2021 and two-year increases;
- +0.31% relating to the effects of the Supplementary Company Agreement signed on 21.03.2019 (individual super-minimum increases)
- +0.71% relating to variable items (insurance policies, result bonus, merit policies).

	Financial Statements 2021	Financial Statements 2020	Change	Percentage change
Person years	2,319.7	2,163.7	156	7.2%
Headcount at the end of the period	2,443	2,210	233	10.5%
Average cost per capita	73,7K€	74,6K€	-0,9K€	-1.25%

The number of personnel and costs for the year are shown in the following table.

#### 7.1.4 OPERATING MARGIN AND DEPRECIATIONS

The gross operating margin, equal to 134,952 million euro, is slightly higher than in 2020 (87.5 million euro in 2019, +54.2%); the incidence of EBITDA on the value of production is 18.7% (13.9% in 2020).

Depreciation and amortisation, amounting to 49.3 million euro, increased compared to 2020, due to the increase in depreciation related to investments made in previous years, while depreciation related to the 2021 investment plan decreased, as shown in the table below, despite the increase in investments made compared to 2020, as many of these became operational in the last quarter of 2021.

values expressed in thousands of Euro

	Financial Statements 2021	Financial Statements 2021	Change	Percentage change
Previous depreciations	43,765	34,917	8,848	25.3%
Depreciations of new investments	5,528	7,711	-2,183	-28.3%
Total	49,293	42,628	6,665	15.6%

Investments in 2021, compared to 2020, increased overall by 10.6%, as shown in the following table.

values expressed in thousands of Euro

	Financial Statements 2021	Financial Statements 2020	Change	Percentage change
Productive Investments	41,061	42,138	-1,077	-0.3%
Investments in infrastructure and production support	10,305	4,776	5,529	115.8%
Investments for internal initiatives	875	286	589	253.3%
<b>Total</b>	<b>52,241</b>	<b>47,199</b>	<b>5,042</b>	<b>10.7%</b>

The productive investment plan implemented in 2021 is characterised by:

- Sogei acquisition of the assets of the RGS Data Centre, which was migrated to the Carucci 99 CED, and its upgrading with a view to the launch in 2021 of the management and operation services provided for in the new Regulations;
- the upgrading of open and storage systems, in terms of processing capacity, increase in available disk space and technological refreshment needed to continue to ensure adequate levels of service and security. In particular, the acquisition of the new All-Flash block storage space, in addition to adding new resources to the virtual farm, has enabled Sogei's Data Centre to increase its efficiency in terms of occupancy and energy savings;
- the enhancement of services enabling the “smart” work of customers with the further acquisition of hyper-converged systems, as they are based on the use of VMware vSAN technology, which represents the standard for Virtual Desktop Infrastructure (VDI), and the acquisition of NAS(Network Attached Storage) equipment with horizontal scalability Dell EMC Isilon, which enable support of the growing demand for file storage, mainly connected to the new archiving requirements of this way of working, based on the use of VDI services;
- the launch in 2021 of the project contained in the 2021-2023 Business Plan, "Rationalisation and evolution of infrastructures and networks" which, starting from what had already been implemented by the Company in this area, aims to transform the current Data Centre into a New Hybrid Multicloud Data Centre, through implementation (in 2022) of a private cloud in green field entirely based on Software Defined technologies, placing it alongside the current Legacy Data Centre aimed, over time, to transform it into a complete Cloud Data Centre.

The investments made to adapt and upgrade the plant infrastructure of the headquarters and those supporting production activities, presented a significant increase of 5.5 million euro, mainly due to the continuation of works related to the "L1 Project", to upgrade and modernise the technological systems serving the CED, which foresees, in structural terms, the construction of a building to house a new medium-voltage (MV) distribution network, new MV/LV (low

voltage) transformation cabins and a new uninterruptible power supply system, to meet the Company's future energy needs in terms of safety, reliability and sustainability.

#### **7.1.5 EXTRA-CHARACTERISTIC MANAGEMENT**

Provisions for risks and charges amounted to 7.3 million euro, compared to 13.3 million in 2020. The significant reduction relates in particular to the provision made in 2020 for 4.15 million euro, for continuation of the "Generational value" project to renew the workforce and limit labour costs, for the period 2020-2023. The additional amount set aside is linked to the enhancement of risks associated with the failure to achieve service levels in active contracts, for 1.5 million Euro and labour law disputes, for 0.5 million Euro (see Explanatory Notes).

The balance of miscellaneous income and charges is negative for 0.5 million euro, due to the prevalence of various charges such as lower revenues referring to previous years, taxes and duties, penalties for non-compliance with Customers, mainly generated in the execution of activities of reimbursement by suppliers, with respect to other income, for the non-existence of costs of previous years, mainly represented by adjustments to charges allocated for invoices to be received, by the absorption of provisions for risks and charges, by the higher revenues referring to previous years and by minor penalties applied for non-compliance with Customers, The operating result was 83.2 million euro compared to 37.4 million euro in 2020.

The balance of financial income and charges shows a negative balance of 0.26 million euro, mainly due to interest expense accrued on the residual debt to Fintecna S.p.A., against the loan taken out in 2007 for the acquisition of the corporate property in via M. Carucci 99 and those accrued for recourse to short-term debt to deal with temporary liquidity shortages.

#### **7.1.6 RESULT FOR THE YEAR**

The Pre-tax result amounted to 37.3 million euro. Net profit amounted to 59.3 million euro (27 million euro in 2020), after taxes of 24 million euro, up compared to 2020 (10.4 million euro).

The net profit achieved will be allocated as follows:

- 18.3 million Euro, poured back into the State Budget, in compliance with the requirements of the public expenditure containment rules, which provide for expenditure reductions for companies included in the ISTAT list, whose savings resulting from the application of these rules, pursuant to Article 1, paragraph 506 of Law no. 208 of 28 December 2015, (Stability Law 2016) must be paid when distributing the dividend to Chapter no. 3422 of Chapter X of the State Budget Revenue, entitled "Payments by non-territorial public entities of sums deriving from rationalisation measures to reduce their expenses" (see paragraph "ISTAT list: economic effects");

- 41 million Euro, allocated to the "Extraordinary Reserve", will be used to ensure the full effectiveness of activities entrusted to the Company also to implement projects for the digital transformation of the PNRR, as provided for by article 7-bis, paragraph 5, of Decree Law. 80/2021 converted into Law 113/2021, which introduces a derogation from the provisions of Article 1(358) of Law 244 of 24 December 2007.

## 7.2 VALUE GENERATED AND DISTRIBUTED

GRI 201-1

The statement of determination and distribution of the generated value, shown below, represents the link between the financial statements and the sustainability report as it reclassifies the value distributed according to the stakeholders.

### Calculation of the generated value

values expressed in thousands of Euro

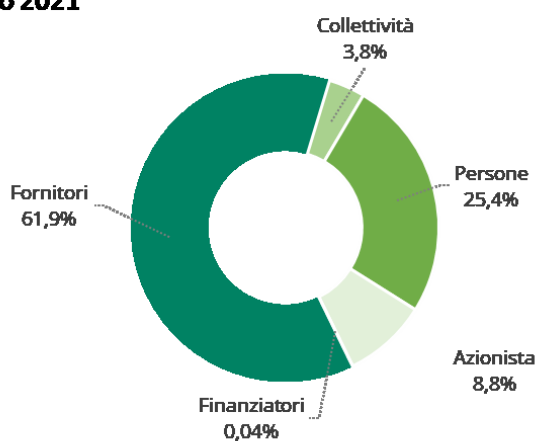
	Financial Statements 2021	Financial Statements 2020	Change	Percentage change
Production value	727,344	632,242	95,102	15.0%
Intermediate costs of production				
B10) Depreciations and write-downs	(49,299)	(42,628)	(6,671)	15.6%
B12) Provision for risks	(1,973)	(3,191)	1,218	-38.2%
B14) Other management costs	(3,722)	(2,771)	(951)	34.3%
Characteristic generated value	672,350	583,652	88,698	15.2%
Accessory management				
C15) Income from equity investments	400	185	215	116.5%
C16) Other financial income	21	26	(5)	-20.8%
C17 bis) Profits and losses on exchange rates	(7)	(5)	(2)	33.4%
Total generated value	672,764	583,858	88,906	15.2%

## Generated value distribution

values expressed in thousands of Euro

	Financial Statements 2021	Financial Statements 2020	Change	Percentage change
Suppliers	416,527	379,148	37,380	9.9%
Community	25,668	11,809	13,858	117.3%
Persons:	170,993	165,662	5,331	3.2%
Shareholder	59,307	26,959	32,348	120.0%
Lenders	269	280	(10)	-3.7%
Distributed economic value	672,764	583,858	88,906	15.2%

### Distribuzione % del valore economico 2021



#### Legend:

- Suppliers: production costs (B6, B7, B8)
- Community: income taxes for the year, indirect taxes and taxes
- People: labour costs (B9)
- Shareholder: profit for the year
- Lenders: interest and other financial charges (C17)

### 7.3 THE CAPITAL STRUCTURE AND FINANCIAL MANAGEMENT

The balance sheet structure is commented on with the support of the following summary table of balance sheet data, classified differently.

values expressed in thousands of Euro

	2021	2020	abs. var.	var. %
<b>A - Fixed assets</b>	163,080	160,719	2,361	1.5%
Intangible assets	17,316	31,203	(13,887)	-44.5%
Tangible fixed assets	145,467	129,198	16,269	12.6%
Financial fixed assets	296	317	(21)	-6.5%
<b>B - Working capital</b>	7,153	23,854	(16,700)	-70.0%
Change in contract work in progress	8,107	6,634	1,473	22.2%
Trade receivables	339,932	261,597	78,335	29.9%
Other assets	16,011	16,584	(573)	-3.5%
Trade debts	(301,114)	(218,522)	(82,592)	37.8%
Provisions for risks and charges	(17,125)	(20,312)	3,188	-15.7%
Other liabilities	(38,658)	(22,126)	(16,531)	74.7%
<b>C - Capital invested minus operating liabilities (A+B)</b>	170,233	184,572	(14,339)	-7.8%
D - Employee severance indemnity	20,724	21,364	(640)	-3.0%
E - Invested capital less liabilities and severance pay (C-D)	149,509	163,208	(13,699)	-8.4%
covered by:				
<b>F - Equity capital</b>	190,855	158,507	32,348	20.4%
Paid-up capital	28,830	28,830	0	0.0%
Reserves and results carried forward	102,718	102,718	0	0.0%
Profit for the year	59,307	26,959	32,348	120.0%
<b>G - Medium and long-term financial debt</b>	0	20,000	(20,000)	-100.0%
<b>H - Net financial resources</b>	(41,346)	(15,299)	(26,047)	170.3%
Short-term financial debt	5,029	10,059	(5,029)	-50.0%
Availability and short-term financial receivables	(46,375)	(25,357)	(21,018)	82.9%
Net accruals and deferrals of a financial nature	0	0	0	n.a
<b>(G+H)</b>	(41,346)	4,701	(46,047)	-979.5%
<b>Total (F+G+H)</b>	149,509	163,208	(13,699)	-8.4%

The analysis of the equity structure, as shown above, shows an invested capital less liabilities for the year of 170,233 thousand euro, compared to € 184,572 thousand euro at 31 December 2020. The decrease of 14,339 thousand euro is mainly due to the positive change in fixed assets for 2,361 thousand euro (in particular in the component of tangible investments) offset by a decrease in the value of working capital for 16,700 thousand Euro determined by a negative



ratio between trade receivables and payables and an increase in other liabilities linked to higher tax payables.

The change in severance indemnity, equal to -640 thousand euro (-3.0% compared to the previous year), corresponds to the dynamics of staff departures.

The invested capital less liabilities for the year and the severance indemnity amounted to 149,509 thousand euro, compared to 163,208 thousand at 31 December 2020.

From the hedging point of view, there was a reduction in long-term indebtedness (Fintecna S.p.A. financing contracted in 2007 for the acquisition of the company building in Via M. Carucci, 99), while bank availability, amounting to 46,375 thousand euro, increased due to the combined effect of a better value of the result for the year compared to the previous year, together with an increase in trade payables, partly offset by a negative cash flow related to the repayment of bank debt.

The "Share capital" consists of no. 28,830 ordinary shares with a nominal value of 1,000 Euro, fully owned by the MEF - Treasury Department. The subscribed capital is fully paid up. There are no dividend-right shares or bonds convertible into shares. No new shares were subscribed during the year.

The Company does not own treasury shares, nor shares or stakes in parent companies, not even through trust companies or third parties.

During the year, the Company did not purchase or sell own shares, nor shares or quotas of parent companies, not even through trust companies or third parties.

Pursuant to Article 2428, paragraph 2, of the Italian Civil Code, a number of financial result indicators are shown below:

- the financial structure index, given by the ratio between assets plus medium and long-term debt and fixed assets, higher than one in both years under comparison (1.2 in 2021 and 1.2 in 2020);
- the financial availability index, given by the ratio between current assets and current liabilities, equal to 1.2 in 2021 and 1.3 in 2020;
- the weight of financial charges, measured as the ratio between financial charges and turnover, absolutely negligible and constant in the two years compared (0.04% in 2021, 0.04% in 2020).

The financial performance of the year is commented on, with the support of the cash flow statement reported below, in the Explanatory Notes.

values expressed in thousands of Euro		
CASH FLOW STATEMENT	2021	2020
Cash flows from operating activities		
Net profit (loss)	59,307	26,959
Writedowns and depreciations	49,294	42,628
(Earnings)/losses from disposals of fixed assets		
Changes in working capital	16,030	(7,986)
Net cash from operating activities	124,631	61,602
Cash flows from investment activities		
Proceeds from the sale of fixed assets	586	41
Investments in intangible assets	(9,511)	(9,982)
Investments in tangible assets	(42,730)	(40,246)
Increases in financial fixed assets	(0)	(0)
Net cash from investment activities	(51,655)	(50,187)
Cash flows from financial activities		
Changes in net capital	(18,305)	(16,693)
Dividends paid	(8,654)	(13,141)
Changes in financial liabilities	(25,000)	(5,000)
Net cash from financial activities	(51,959)	(34,834)
Net increase (decrease) in liquidity	21,018	(23,419)
Cash at the beginning of the period	25,357	48,776
Cash at the end of the period	46,375	25,357

#### 7.4 ISTAT LIST: ECONOMIC EFFECTS

Inclusion of the Company, as of 1 January 2015, in the list of entities and bodies, including those established in corporate form, with financial autonomy, included in the consolidated profit and loss account of the Public Administration as identified pursuant to Article 1, paragraph 2 of Law no. 196 of 31 December 2009, as amended and supplemented. (Accounting and Public Finance Act), the so-called. "ISTAT list", imposed, also for year 2021, application of a series of rules to contain public spending, the economic effects of which are analysed below.

Notwithstanding the specific requirements contained in the rules, for companies included in the ISTAT list, payment to the chapter of the State Budget of the sums resulting from the savings arising from application of these rules, pursuant to Article 1, paragraph 506, of Law 208/2015 (2016 Stability Law) must be considered a payment to be made when the dividend is distributed,

if during the year of reference the companies have made a profit and within the limits of the distributable profit pursuant to law.

#### **7.4.1 EXPENDITURE ON THE PURCHASE OF GOODS AND SERVICES**

##### *7.4.1.1 Reference Standards*

Law 160/2019, with the provisions contained in art. 1, paragraphs 590-602, introduced into the legal system a number of provisions that provide for termination of application of the legislation on the containment and reduction of expenditure (referred to in Annex A of the law itself) in order to guarantee greater management flexibility and more effective achievement of institutional objectives and improvement of public finance balances.

In particular, starting from year 2020, the companies included in the ISTAT list cannot make expenses for the purchase of goods and services for an amount higher than the average value incurred for the same purposes in the financial years 2016, 2017 and 2018, resulting from the related approved financial statements, in particular in items B6), B7) and B8) of the income statement of the financial statements drawn up according to the format set out in annex 1 of the decree of the Ministry of Economy and Finance of 27 March 2013 .

Without prejudice to the principle of budget balance, compatibly with budget availability, exceeding the limit of expenses for the purchase of goods and services is allowed in the presence of a corresponding increase in revenues compared to the value relating to revenues achieved in the 2018 financial year.

In order to ensure compliance with the public finance objectives, the companies pay to a specific income chapter of the State Budget an amount equal to the amount due in the 2018 financial year in application of the containment rules established, increased by 10 per cent.

##### *7.4.1.2 Implementation*

With reference to verification of the achievement of the savings target required by the provisions of Law 160/2019, the Company set the reference target for the year 2021, equal to 498,068,412 Euro, calculated by adding to the average of the costs incurred in the 2016-2018 three-year period, equal to 302,294,658 Euro, the difference between the revenues achieved in 2021 and those achieved in 2018 equal to 195,774,054 Euro.

Since the total costs incurred by the Company in 2021 amounting to 415,999,920 Euro (net of expenses incurred to ensure the health of workers and to cope with the Covid-19 health emergency) are lower than the identified target, the Company is compliant with the requirements of Law 160/2019.

The Company shall pay an amount of 18,305,021 Euro, which represents the amount due in 2018, in application of the expenditure containment rules, increased by 10%, to Chapter No. 3422 of Chapter X of the Revenue of the State Budget entitled "Payments by non-territorial public entities of sums deriving from rationalisation measures to reduce their expenses".

#### **7.4.2 PASSIVE LEASE AGREEMENTS**

##### *7.4.2.1 Reference Standards*

Art. 3, paragraph 4 of D.L. 95/2012 establishes that for the purpose of containing public spending, with reference to passive lease contracts relating to properties for institutional use stipulated by the central administrations included in the ISTAT list, the rents are reduced starting from 1 July 2014 by the amount of 15% of the amount currently paid.

Moreover, paragraph 1, of the same article establishes that for the years from 2012 to 2021, the update relating to the variation of the ISTAT indices, provided for by current legislation, does not apply to the fee due by the administrations included in the list ISTAT, for use in passive leases of properties for institutional purposes.

##### *7.4.2.2 Implementation*

In 2015, the Company requested and obtained a 15% reduction on the rent of the existing lease agreement. In addition, for the years indicated above, it complied with the freeze on the adjustment of the ISTAT index. Application of the rule does not give rise to payments to income chapters of the State Budget.

#### **7.4.3 MEAL VOUCHERS**

##### *7.4.3.1 Reference standards*

Art. 5, paragraph 7, of Italian Law Decree no. 95/2012 provides that starting from 1 October 2012 the value of the meal vouchers attributed to personnel, including managerial qualifications, of the public administrations included in the ISTAT list, should not exceed the nominal value of 7.00 Euro.

##### *7.4.3.2 Implementation*

The Company, from 1 January 2015, adjusted the nominal value of the meal vouchers awarded to staff, including managerial qualifications, bringing them to 7.00 euro, as required by the law. Application of the rule does not give rise to payments to income chapters of the State Budget.

#### **7.4.4 HOLIDAYS AND LEAVE**

##### *7.4.4.1 Reference standards*

Art. 5, paragraph 8, of Italian Law Decree no. 95/2012, provides that the holidays, rest periods and leave due to the personnel, including managerial qualifications, of the public administrations included in the ISTAT list, must be compulsorily used in accordance with the respective regulations and shall not in any case give rise to payment of economic replacement treatment.

##### *7.4.4.2 Implementation*

The Company has adapted to the provisions of the standard.

#### **7.4.5 CARS AND TAXI VOUCHERS**

##### *7.4.5.1 Reference standards*

Art. 5, paragraph 2, of Italian Law Decree no. 95/2012, establishes that starting from 1 May 2014, the public administrations included in the ISTAT list and the independent authorities, including Consob, may not incur expenses exceeding 30% of the expenditure incurred in 2011 for the purchase, maintenance, rental and operation of cars, as well as for the purchase of taxi vouchers.

##### *7.4.5.2 Implementation*

The provisions of the law relating to cars are intended to refer only to service cars, while those relating to the costs for the use of taxi vouchers are intended to refer to everything that goes beyond the performance of the institutional and business activities of the Company itself.

The expenditure incurred by the Company in 2021, equal to 7,029 euro, falls within the spending limits set by the law, determined to be 25,057 euro. Application of the rule does not give rise to payments to income chapters of the State Budget.

#### **7.4.6 PAYMENT TIMELINESS INDICATOR**

##### *7.4.6.1 Reference standards*

Art. 33 of Italian Legislative Decree no. 33/2013, establishes the obligation for public administrations to publish, on a quarterly and annual basis, an indicator of their average payment times relating to the purchase of goods, services, professional services and supplies, called the "annual indicator of the timeliness of payments ", as well as the total amount of debts and the number of creditors.

#### *7.4.6.2 Implementation*

The payment timeliness indicator was calculated in accordance with the provisions of the Prime Ministerial Decree of 22 September 2014, or considering the average of the days elapsing - for each invoice - between the due date and the date of transmission of the payment to the bank, weighted on the basis of the amount paid. The index value represents, if positive, the average of the days of delay with respect to the due date of the payments, if negative, the average of the days before the due date of the payments.

The annual indicator achieved by the Company in 2021 is equal to -0.29.

### 7.5 INVESTEE COMPANY CONSOLIDATED TEXT: ECONOMIC EFFECTS

#### **7.5.1 CONTAINMENT OF OPERATING COSTS**

##### *7.5.1.1 Reference standards*

Art. 19, paragraph 5, of the Consolidated Law on Investments in relation to publicly held companies provides that the shareholder public administrations set, with their own provisions, specific annual and multi-year objectives on the total of operating expenses, including those for personnel of the subsidiaries.

##### *7.5.1.2 Implementation*

In order to comply with regulation requirements, the Treasury Department by directive of 28 December 2020, prot. DT 96831, communicated to the Company the minimum management objectives, in terms of containing operating costs, for the 2020-2022 three-year period, as well as the methods for determining the scope of operating costs subject to the containment measures.

The criterion identified by the Shareholder for the efficiency and containment of operating costs, to be applied in the 2020-2022 three-year period, considers the incidence of the average costs incurred in the three-year period 2017-2019, compared to the average of the Value of Production relating to the same period, taking into account the trend in the Value of Production in the year under review, compared to that recorded on average in the previous three years.

In particular for 2021, since the Production Value increases compared to the 2017-2019 three-year period, the incidence of operating costs must not exceed the value calculated with application of the algorithm referred to in the directive of 28 December 2020.

The Company complied with the efficiency parameter required by the law, recording a value of 72.86% compared to the target set of 77.52%.

## 7.6 RELATIONS WITH ASSOCIATED, PARENT COMPANIES AND COMPANIES SUBJECT TO THE CONTROL OF THE PARENT COMPANIES

The Company does not hold controlling interests and therefore only relations with associated, parent companies and companies subject to the control of the parent companies are represented.

### **7.6.1 GEOWEB S.P.A.**

GEOWEB was established from an initiative of the National Council of Surveyors and Surveyor Graduates (CNGeGL) and Sogei to make available a set of services aimed at simplifying professional activities, improving relations with the Public Administration and creating new job opportunities. These services are provided to shareholders and customers, whether public, private or belonging to other categories and professional orders.

The share capital of GEOWEB is 516,500 Euro, divided into 10,000 shares with a par value of 51.65 Euro each. The shares are held 60% by the National Council of Surveyors and Graduated Surveyors and 40% by Sogei, for a value of 206,600 Euro.

The table below shows the main balance sheet and income statement items recognised in relation to GEOWEB in the Sogei financial statements for 2021, compared with the previous one (data in Euro).

Geoweb	2021	2020	Change	Percentage change
Investment in Geoweb	206,600	206,600	-	0%
Trade receivables from Geoweb	47,890	30,307	17,583	58%
Trade payables to Geoweb				
Costs for services				
Revenues from sales and services	43,560	43,560	-	0%
Other income	74,000	37,488	36,512	97%
Dividends	400,000	184,744	215,256	117%

At the end of the 2021 financial year, the registered professionals amounted to 49,712, compared to 46,807 in 2020, with an increase of 6.1%.

The GEOWEB 2021 draft financial statements, submitted to the Board of Directors on 8 March 2022, show a net profit of 1,107,708.00 Euro (617,062 Euro in 2020) and revenues from sales and services of 5.5 million Euro, with an increase of 3.8% compared to the 2020 value, equal to approximately 5.3 million euro.

The 110% Superbonus has been an instrument of enormous importance for the technical profession world, with advantages not only of an economic nature, but also for upgrading and securing the building stock and saving energy.

The national scenario shows a consistent growth in the number of interventions and in the value of investments, which testifies to a still high potential demand, in view of the end of the incentives set for 2023, a growth also observed in the consumption of GEOWEB users within the Land Registry and Registrar services.

A Memorandum of Understanding was signed on 14 October 2021 between the Fondazione Consiglio Nazionale Ingegneri (National Council of Engineers Foundation) and GEOWEB, in order to offer engineers the opportunity to join the services. As of 2 November 2021, the actual registration opening date, 916 engineers had signed up for the Society's services for the current year.

#### New types of category support

In the Superbonus area, in order to support members in the use of this facility provided by the "Decreto Rilancio", 3 new softwares have been published, in collaboration with the company Geo Network, within the GEO-SOFTWARE service:

- "Calculation of fees M.D. 140/2012 and Ministerial Decree. 17/06/2016", downloadable free of charge for GEOWEB members, from 8 March 2021;



- "NOVA PARCELLE LT", at a 20% discount compared to the list price, exclusively for GEOWEB members, published on 8 March 2021;
- "EXPERT SUPERBONUS", at a 20% discount compared to the list price, exclusively for GEOWEB members, published on 5 July 2021.

In view of the PMU's activities, monitoring of the EIS Funds (European Structural and Investment Funds) continued in 2021, especially the funding lines of the 20 Italian regions linked to the ERDF (European Regional Development Fund) and EAFRD (European Agricultural and Rural Development Fund).

Still in the PMU area, the allocation of the STATE PROPERTY service which records and communicates, continued in mail push mode to the professionals registered, the targeted information for professional opportunities related to the procurement procedures for the assignment of technical works and services activated by a number of Administrations and EELL. As of today, 23,382 professionals are registered in this service.

March saw completion of implementation of the new GeoSDH Portal - dedicated to innovative cloud processing services for GEOWEB members, to manage 3D point clouds. In addition, a new functionality was developed and released that integrates a cartographic application context - called GeoCloud - into GeoSDH, in which models and user data can be browsed in geographical terms. The service offered by the Land Registry Cartographic Geoportal of the Revenue Agency has been integrated into the GeoCloud, which enables consultation of land registry maps through dynamic display of parcels present in the maps.

In April, in collaboration with Survey Lab, a spin-off of Rome's La Sapienza University, the service "Satellite monitoring of buildings and their movements" was made available to GEOWEB members. This service allows them to obtain qualitative information useful for assessing the need to proceed with more in-depth analyses, aimed at identifying mitigation and prevention actions for potential structural damage. The technology used is DInSAR (Differential Interferometry Synthetic Aperture Radar) which uses Earth observation satellite data. The service gives the professional a Classification Sheet, containing all the information on movements, in which the annual average speeds of movement found during the requested observation period are represented in summary maps.

The "PREGEO EXPERT" service has been published to request information and support during preparation of land registry updates.

## Geomatics

With reference to international activities, in 2020 the technical activities of the GISCAD-OV (Galileo Improved Services for Cadastral Augmentation Development On-field Validation) project were fully launched, financed by the European Commission from the funds of the Framework Program for Research and Innovation H2020.

During 2021, the activities foreseen in the work plan were successfully carried out and a further 9 technical deliverables were delivered. The activities carried out in 2021 include those related to the Pilot Project measurement campaigns, carried out in Italy and France, with the participation of several surveyors registered with GEOWEB.

In addition to the above, it should be noted that in May 2021 the project reached the deadline for the first technical and financial reporting, covering the first 18 months of activity. All relevant procedures were coordinated by GEOWEB in full compliance with the deadlines. The EC has approved the above-mentioned reporting and, with specific reference to the share of costs incurred in the period under review has approved the reports without cuts and made the interim payment as provided for in the Grant Agreement.

#### Construction

GEOWEB participated in the "CEOforLife" initiative of the LUISS University of Rome, in order to promote the Selective Deconstruction project idea in the PNRR.

#### R&D

In the context of Applied Research activities, it is worth mentioning the presentation of a paper, as an extended abstract, entitled "Next Generation BIM from Point Clouds in Julia" at the CAD 2021 conference; this highlights the features of one of the processing services of the GeoSDH Portal, through which professionals can extract planar geometry components automatically, in vector terms from a point cloud.

#### Continuous training: loyalty/engagement

In 2021 the GEOFORMATION service saw a considerable reduction in the number of courses delivered, at 10,167, compared to 34,483 in 2020.

That result was mainly due to the small number of surveyors involved from expiry of the 2019-2021 three-year training period, approximately 2,748 surveyors of the 90,750 listed in the Register (data collected as of 31 December 2021).

#### Valuation

In May, a new feature of the Geo-Comparables service, BORSINO IMMOBILIARE DEI PREZZI, was published to search for the prices of properties bought and sold throughout the country and calculate average prices.

### **7.6.2 PARENT COMPANIES AND COMPANIES UNDER THE CONTROL OF PARENT COMPANIES**

Below is the evidence of the financial relationships with parent companies and of companies under the control of the parent companies.

Receivables as of December 31st	31.12.2021	31.12.2020	Change
Receivables from parent companies	143,719,492	133,432,365	10,287,127
Department of General Administration, Personnel and Services	42,606,707	46,482,916	(3,876,209)
Treasury Department	19,455,037	22,725,201	(3,270,164)
Department of Finance	4,029,869	2,169,276	1,860,593
Department of General Accounting of State - IGESPES	4,996,620	2,264,786	2,731,834
Department of General of State - IGIT	72,631,259	59,790,186	12,841,073
Receivables from companies subject to the control of parent companies	816,089	511,435	304,654
Consip	816,089	511,435	304,654
Total	144,535,581	133,943,800	10,591,781

Payables to companies subject to the control of the parent company	31.12.2021	31.12.2020	Change
Consip	2,232,428	2,724,875	(492,447)
Leonardo	5,146,585	3,052,415	2,094,170
Poste Italiane	161,384	3,463	157,921
Total	7,540,397	5,780,753	1,759,644

The Company has no payables to parent companies.

