



POLIGRAFICO E ZECCA DELLO STATO ITALIANO

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# **Financial statements**

## **December 31, 2020**



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# **Report on operations**



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### Board of Directors

(Shareholders' Meeting of 23 December 2020: three-year period 2020-2022)

Chairman

*Antonio Palma*

CEO

*Paolo Aielli* (appointed by the Board of Directors on January 7, 2021)

Directors

*Pier Paolo Cento*

*Alessia Gualdani*

*Ilaria Pagni*

### Board of Statutory Auditors

(Shareholders' Meeting of 23 December 2020: three-year period 2020-2022)

Chairman

*Domenico Livio Trombone*

Stading Auditors

*Monica Medici*

*Paola Noce*

Alternate Auditors

*Maurizio Accarino*

*Angela Florio*

### Court of Auditors

(art.12 Law 21.3.1958, n. 259)

Chief Magistrate

*Fabio Gaetano Galeffi*

Deputy Chief Magistrate

*Adriano Gribaudo*

### External Auditor

(Shareholders' Meeting of 28 September 2020: three-year period 2020-2022)

Independent Auditor

*Ernst & Young SpA*



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Chief Financial Officer  
(Board of Directors of 7 January 2021)

*Raffaele Zappa*

Supervisory body  
(Board of Directors of February 15, 2021)

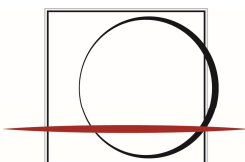
Chairman

*B. Vito Straziota*

Members

*Paola Primon*

*Massimo Proietti*



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**Main income, financial and operating figures**

<i>Income figures</i>					
<i>(values in thousands of euro)</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	
Revenues	401.858	503.455	459.694	372.574	
Value of production	405.537	511.152	466.684	394.896	
Operating Value of production	404.686	508.835	464.064	383.851	
EBITDA	136,439	182,378	180.505	167,250	
Operating EBITDA	135,588	180,061	177,885	156.205	
Operating EBITDA / Turnover %	33.74	35.77	38.70	41.93	
Financial Income	1,790	2,382	380	4,728	
Net income	54,050	84,129	57,358	49,765	
ROS %	18.60	24.05	22.47	18.74	
ROI %	14.07	22.28	19.06	7.15	
ROE %	12.85	20.20	13.90	9.70	
<i>Financial Figures</i>					
<i>(values in thousands of euro)</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	
Net assets	474.783	500,656	470.084	562.726	
Net financial position	479.645	519.517	549.509	405.854	
<i>Other figures</i>					
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	
Investments <i>(values in thousands of euros)</i>	80,040	76,373	95.994	19,345	
No. of employees at the beginning of the year	1,850	1,860	1,736	1,707	
<i>of which in finance</i>	39	90	0	50	
No. of employees at the end of the year	1,630	1,850	1,860	1,736	
<i>of which in finance</i>	35	39	90	0	
<i>Production volumes delivered</i>					
<b>Products</b> <i>units in thousands</i>	<b>um</b>	<b>2020</b>	<b>2019</b>	<b>Variation</b>	<b>%</b>
Pharmaceutical stamps	pcs	2,281,743	2,417,633	(135,890)	(5.96)
Prescription pads	bl	1,827	1,851	(24)	(1.33)
Tobacco tags	pcs	4,412,150	3,535,911	876.239	19.86
Markings:	pcs	1,882,488	1,803,843	78,645	4.18
- <i>Wine markings</i>	pcs	1,679,488	1,618,843	60,645	
- <i>Alcoholic beverage markings</i>	pcs	203,000	185,000	18,000	
Lottery	sct	273	336	(63)	(23.02)
Electronic passports	pcs	1,613	2,426	(813)	(50.44)
Residence permits	pcs	865	1,184	(319)	(36.89)
Electronic identity cards 3.0	pcs	4,886	6,519	(1,633)	(33.43)
Paper and experimental identity cards	pcs	71.5	403	(332)	(463.64)
Driving licenses Card	pcs	7,595	8,582	(987)	(13.00)
Plates	pcs	2,337	3,041	(704)	(30.10)
- <i>Car plates</i>	pcs	1,834	2,489	(655)	
- <i>Moped and motorcycle plates</i>	pcs	404	421	(17)	
- <i>Misc. registration plates</i>	pcs	99	131	(32)	
Legal tender	pcs	274.753	297.520	(22,767)	(8.29)



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Dear Shareholder,

2020 was marked by the health emergency originated by the world-wide spread of the SARS-CoV-2 virus, with heavy impacts on the global economy: reduction in consumption, contraction of economic activities and international trades and negative consequences on employment.

The entire international community tried to handle the negative effects of the crisis.

The European Union considered the pandemic to be a great opportunity to reform the economies and reshape the societies of the member states. It has therefore developed a program with a common strategy to support recovery and resilience in the countries of the EU.

The pillars of this measures have been identified in digital innovation and green conversion, as key factors to restore the potential of growth of the EU economies. This strategy will also be adopted thanks to a program of measures for recovery (the so-called Recovery Fund) approved by EU leaders in July 2020.

Italy, in 2020, adopted several decisions on the issues of environmental sustainability and digitization. The Government has clearly expressed its direction by defining, among the priorities for the country, digitization, innovation and development as driving forces for economic recovery and social inclusion.

In this context, Poligrafico represents an effective partner to support the Country to facilitate this conversion process. In continuity with prior years strategies, the Company has even more reinforced its skills and assets in terms of infrastructures, has went ahead with the rationalization of the production and organizational structure, the reshaping of processes, and the consolidation of important business initiatives.

Consistently with corporate mission, the effort has been focused on enhancing the Company's ability to represent the point of reference for the protection of the primary interests of the Community State through products, services and projects with high intrinsic value, in terms of guarantees of safety, health protection, anti-counterfeiting, traceability and sustainable growth.

Consistently with the Business Plans of recent years, the initiatives carried out, as part of the technological renewal program of production assets and strengthening of internal skills, have been aimed at consolidating the industrial structure of Poligrafico from a traditional "factory" to integrated and digital competence center.

The activities carried out are aimed at identifying the Company as an entity capable of carrying out the task of guarantor of public trust, in an efficient, innovative way and with a high potential of growth, and to represent a distinctive competence center in the country, able to integrate and manage complex issues of both physical and logical security, with the awareness of the responsibility to oversee particularly relevant sectors to the general interests of the community such as physical and digital identity, of people and things, anti-counterfeiting and traceability of essential





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products such as drugs and food, the treatment of sensitive information (state laws, databases of public interest) and coinage.

During the year, Poligrafico keep on reinforcing its solid industrial structure, based on innovation, capable of effectively fulfilling the mission entrusted by the State as guarantor of public faith.

The management orientation is addressed to further concentrate the Company in the key sectors of ID documents, anti-counterfeiting and the secure handling of sensitive information, also through a diversification of the offer and opening to new markets.

Despite the emergency, which is still ongoing, in 2020 Poligrafico guaranteed the expected production levels for the main product lines, adapting to the needs of the client and guaranteeing the required service levels, without significant impact from the point of view of costs.

Preliminary activities for the technological refurbishment of the peripheral infrastructure of foreign PE, PSE and CIE have been completed.

As part of the central and peripheral technologies for the issuance and control of the Electronic Identity Card (CIE), strategic objectives have been achieved as the opening of the CIE for the use of the online services of Public Administration and private individuals also within the EU, in implementation of Law Decree no. 76/2020.

In agreement with the Ministry of Foreign Affairs and International Cooperation, workstations have been installed at the Consulates to allow the issuance of identity cards to Italian citizens residing abroad.

The function was released that allows citizens in possession of a CIE to access the participating online services using the hybrid scenario "Computer plus smartphone".

A proposal is under discussion to review the electronic passport and the related issuing process, to strengthen the levels of security (elimination of the circulation of blank documents) and to increase the quality levels of the documents issued, centralizing the issuing process.

With the creation of the "specimen", the design of the new diplomatic passport with polycarbonate data page was completed, which represents a first phase for the proposal to revise the layout of the electronic passport. This project represents the maximum expression of the technological capabilities and know-how of the Officina Carte Valori (OCV) plant, both for the safety graphic design phase and for the production process. This product, in fact, represents an international reference point for the safety features used, for the graphic solutions that combine aesthetics and construction complexity, and for the unique construction features, deriving from the patent registered by Poligrafico. In addition to the polycarbonate page, the passport has been realized with internally produced inlay.

During the year, the adaptation of the electronic residence permit to the new provisions envisaged by the EU regulation 1954/2017 was completed, with a new graphic design, with the setup of the



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production plants, and the creation of the specimen. The model of the document, also used for the Residence Card and the Permanent Residence Card, uses the data pages in polycarbonate.

The project carried out by Poligrafico on the new Emergency Travel Document (ETD) model was selected by the European Commission as the only model to be adopted by all Member States to assist EU citizens abroad. The specifications of the document, consisting of the “module” and the “sticker”, were created and shared with the European Commission and with the Member States, and the related phases of the print run were started. The phases of graphic design, creation of the watermark, production of the paper and printing of the kit will be carried out internally by the company.

The layout of the Lottery ticket receipts has been modified with the insertion of the FSC logo which certifies the origin of the raw materials used to produce the paper from sustainably managed forests, and the production of Postal Interest-bearing bonds receipts was completed during the year, with graphic design, watermark creation, paper and printing entirely internalized.

The initiatives aimed at consolidating and evolving the current “stamp system”, as a reference model for traceability and anti-counterfeiting of the drug in Europe, and extension of the model in the hospital environment, were important. The Poligrafico proposal to modify the current decree relating to the pharmaceutical stamp which provides for the passage from a triplex support to a duplex support with the consequent elimination of the intermediate layer, the redefinition of a totally recyclable support layer and the insertion of further safety elements. Finally, the Anti-Tampering Device solution to be applied to drugs for parallel import and OTC drugs was presented to the competent authorities.

In the middle of the Covid emergency phase, following the increase in demand, a new multi-track machine for printing the pharmaceutical stamps was installed at the Foggia production site, becoming new back up of the stamps department, with higher performance, in terms of production capacity and use of resources, than monopist machines.

The spread of traceability and anti-counterfeiting systems in the agri-food chain and entry into other product segments (MadeIn) continued, also through strategic partnerships. The aim will be to enhance the services combined with anti-counterfeiting products with the aim of revisiting the role of the Poligrafico as Entry-point for the control of the entire supply chain (TrustYourFood extension on traceability and anti-counterfeiting). In this context, the graphic design of the bands for the balsamic vinegar of Modena was completed, the production of which will be carried out in 2021. This production, together with the Modica chocolate, confirms the position of Poligrafico in the protection of authenticity and traceability of Italian agri-food products.

Finally, the digitization of the State regulatory body, the creation of the Unified Portal for the Research of Legal / Legislative Information, the management platform for online advices with the



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integration of the European platform for the publication of tenders, the development of the x-Leges system, for the management of document flows during the process of formation, approval and publication of legislative provisions have been completed.

It has been carried on the technological renewal of mechanical production of the Zecca plant and the Verrès production site, that represent two traditional activities of the two plants, with the purchase of various machines to produce semi-finished products (milling machines, heat treatment furnace, laser engraving system) and for the preparation of the finished product (new packaging line). As part of the back-up project to produce car plates, at the Aosta Valley plant, the new number plates line, innovative from a technological point of view, complete with the system for handling the blank plates, went into operation.

In the Officina Carte Valori e Produzioni Tradizionali plant, the execution of the contracts relating to the purchase of the new passport line and the new inlay manufacturing line, in addition to the 8-color offset / letterset printing machine and the digital printing machine in reel for editorial productions.

At the Foggia site, which in recent years has undergone profound renovations, activities continued, including for the subsidiary Valoricarta SpA, relating to the production of special security cards for banknotes and the related security systems. The installation and commissioning of all the machinery for the construction of the holography department was completed, starting the first production of holographic products: stamps foil, passport thread, while the technological tests to produce the thread and foil on euro banknotes. This department, together with that of special papers, will constitute an international unicum for the integrated production of these products.

The modernization works of the paper preparation department (Jagemberg cutter) and of the plate production line (new packaging line and a system for the storage of the semi-finished product) continued with the aim of realizing the automatic and personalized deep drawing of the plate. auto, or to offer the possibility of producing the "personal" plate, as well as making the drawing phase completely automated, guaranteeing greater reliability and quality in the process and less production waste.

In the production department of the Electronic Identity Card of Foggia, it is the second phase of the backup plan was completed with the installation of the card making machines (collection, lamination, die-cutting, mechanical selection), of the personalization machines and of the enveloping and sorting systems. This production structure allows the company sites (OCV and Foggia) to support the entire production, guaranteeing the production continuity of the CIE.

The production backup policy has also been extended to the production of adhesive wine labels, which represent 71% of the entire production of labels. The remaining production (paper label wine labels) were made entirely in the OCV factory. The new numbering plant in Foggia has guaranteed



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a production of adhesive signs for 2020, equal to 10% of the reference total. The production of these products at the Foggia plant is part of the strategic back-up project, implemented in recent years by the company in the various production sites and on various core products. Following the completion of the project, a 43% distribution of production volumes is expected for 2021 on Foggia and the remainder on OCV.

The works relating to the installation of the new Green Data Center at the Foggia site are starting to conclude; the plant was included in the relevant perimeter for the purposes of the Poligrafico's candidacy as a Strategic Pole National.

The business development strategy envisages the evolution of industrial sites into specialization poles, capable of ensuring operational and service continuity for sensitive activities.

The new model of looking at innovation to do business translates into constant and growing attention to research and development activities, also through new partnerships with excellent Bodies / Institutes / Universities.

The commitments related to the development of new materials, innovative solutions and the strengthening of security and anti-counterfeiting requirements on core products and the development of IT solutions for the offer of new value-added services continued. The work of strengthening research activities took place both through the consolidation of skills with a high professional profile able to govern the research processes and the interaction with the best external skills / excellences, activating an important development of knowledge that will allow to the Company, in the coming years to deal effectively with other international operators, and to be able to be proactive with respect to technological and market changes. In this sense, the partnerships with the La Sapienza University of Rome continued,

In this context, the Foggia site is gradually becoming:

- specialized production center for the production of common papers, adhesives, special / watermarked / value papers, security elements aimed at preventing the phenomenon of counterfeiting (for example: holographic security elements), printing of finished products for traceability and anti-counterfeiting ( Pharmaceutical Stamps, Lotto Game, Marks, etc.), replication center capable of ensuring operational and service continuity of sensitive activities (Plates, personalization of cards, data center serving production)
- center for applied Research & Development, in collaboration with the Polytechnic of Bari, aimed at strengthening Poligrafico in the «core» activities (safety elements and advanced production techniques).

For the implementation of these objectives, the Company has deemed it appropriate to identify national and EU financial subsidies (grants) accessible for projects located in the territory of the Puglia Region, aimed at encouraging development, strengthening the competitiveness and



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attractiveness of the territories. and promote employment. In particular, the instrument called "Program Contract" made available by the Puglia Region art. 17 Regional Regulation No. 17/2014 ("Puglia Regulation for aid compatible with the internal market pursuant to the TFEU") aimed at companies - including large ones - which intend to make an integrated type investment in the territory of the Region, concerning the construction of new production units; the expansion of existing production units; the diversification of the production of an existing factory to obtain products never previously manufactured; a fundamental change in the overall production process of an existing production unit.

In February 2019, by means of a Resolution of the Executive Council, the Puglia Region admitted the applications for access for the two distinct investment programs. The investigation phase continues at the end of the year: during the year, clarifications, additions and administrative authorizations were requested and sent for both projects.

The two investment projects located at the Foggia site include:

- a. Investment program in Research and Development with the creation of a New Research Center in Foggia for:
  1. interventions in Active Materials (masonry and plant engineering of a general nature, in addition to the purchase of furniture and IT equipment instrumental to R&D activities) aimed at the adaptation of some buildings of the real estate complex of the Foggia plant for the creation of a modern and advanced Applied Research Center;
  2. R&D activities aimed at the development of advanced materials and for the implementation of advanced technologies and production processes.
- b. Investment program in Active Materials for the expansion of industrial production and energy efficiency, with particular reference to: purchase of a new digital printing line, implementation of the hot back-up process of lamination and personalization of the cards, automation of license plate production processes, logistics automation of storage and handling systems, construction of a cogeneration plant (CHP) together with a photovoltaic system.

To make the most of the synergies linked to industrial research, the Poligrafico and the Bruno Kessler Foundation (FBK) have for several years activated a fruitful collaboration by starting a joint research laboratory in the field of information technology, electronic systems, micro systems and innovative materials. For this purpose, collaboration agreements have been signed pursuant to Article 15 of Law 241/90.

In January 2020, Poligrafico and FBK signed a collaboration agreement aimed at setting up a company exclusively dedicated to research aimed at creating a stable competence center specialized in the field of security technologies (material and digital) for identification and anti-counterfeiting, operating according to the in-house providing organizational model under joint control.



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Since this agreement, on 29 July 2020 the company Futuro & Conoscenza Srl was established with a share capital of € 10,000 in which Poligrafico holds an 80% stake, and FBK the remaining 20% stake.

The Company, in line with the strategies outlined in the previous business plans, is promoting an important strengthening and increase in industrial research and experimental development, aimed at raising the safety levels of digital products and services.

These activities concern the development of new materials, innovative production techniques, digital products and service delivery processes and have as their main purpose the continuous innovation of the security elements that characterize the Poligrafico products, to guarantee their non-replicability.

Through the establishment of Futuro & Conoscenza, the parent company Poligrafico aims to achieve important strategic objectives, such as:

- develop software and digital services for anti-counterfeiting and identification, and proprietary solutions to produce specific security elements for its products;
- guarantee continuity and safety in achieving results;
- operate on more favorable terms than to those of the market.

Futuro & Conoscenza was born with the mission of becoming a stable and permanent research center specialized in the field of security technologies, both material and digital, for identification and anti-counterfeiting.

The Company's sole purpose is to carry out research activities in the following sectors:

- materials technologies for the development of paper and plastic substrates with innovative features;
- materials technologies for the development of anti-counterfeiting elements relating to all security levels (*overt, covert forensic*);
- development of security printing materials and production techniques for the creation of innovative digital security elements;
- development of software solutions and digital services for security, anti-counterfeiting and identification.

The subsidiary Valordicarta SpA, established in 2018, is an in-house jointly controlled company of Poligrafico (81.74%) and Bank of Italy (18.26%), active in the production of special papers and holographic elements for banknotes and other security products. The Company is accredited by the European Central Bank to produce paper and holographic security elements for euro banknotes.

The company was born in a strategic perspective of direct control of sensitive activities, at the production plant in Foggia. The investments were made to allow the supervision of the entire



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production cycle of high-level watermarked paper and holographic systems, to be used primarily to produce special papers.

The production of the year was partially affected by the Covid-19 effect: the request from the Bank of Italy started in May, as well as the production, all internalized, of special cards for passports, brands, were restarted. stamp duty, Visa and diplomas.

The company has passed the audits and obtained the Management System certifications in accordance with the ISO 45001: 2018, ISO 9001: 2015 and ISO 14001: 2015 standards, also extended to design and production of holographic foils, preparatory to the start of the further ECB accreditation process for the production of foils, the application for which was forwarded to the ECB in April, together with the request for use of the patent for security foils, a necessary act the continuation of the accreditation process for the production of holographic elements.

With reference to the two provisional accreditation procedures, production of the security thread and the holographic foil for euro banknotes, launched by the Company, respectively, on 23 December 2019 and 3 April 2020, in July the security assessment was carried out by part of the ECB. The health emergency led to a shift in the timing assumed for the start of the checks by the ECB compared to what was planned. The inspections relating to the qualification activities of the yarn and foil for the quality aspects did not reveal any non-conformities. The report of the Security Inspection, conducted by the ECB, affirms the full compliance of the Company with the ECB rules. On 20 November, provisional ECB accreditation was obtained to produce the security thread and holographic foil for euro banknotes.

Through Valoricarta, the Poligrafico Group is thus configured as one of the few European players in the sector capable of overseeing an integrated cycle (paper production and production of holographic elements to be incorporated into the paper), realizing the project of having a suitable tool available to meet the need to internalize sensitive activities with direct control of the entire production cycle, to have full control of strategic and critical activities for the country system; On its side, the Bank of Italy has a vested interest in ensuring the secure supply of watermarked paper and security / anti-counterfeiting elements for banknotes, through a self-production regime,

The plant engineering works carried out and those in progress will allow the Poligrafico the to effectively control integrated production cycles, to equip itself with a technologically advanced factory structure, where digitization will be pervasive, to acquire a distinctive position among the main international operators, to create spaces for new commercial opportunities.

In compliance with art. 21 of Legislative Decree 50/2016 as well as the Decree of the Ministry of Infrastructure and Transport n. 14 of 16/01/2018, the Board of Directors approved the two-year program for the purchases of goods and services 2020/2021 and the three-year work plan 2020/2022. All related updates were approved in 2020.



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In the first year of the plan, the publication of procedures for the procurement of services and supplies and the execution of works was envisaged for a total of € 379.5 million, excluding VAT. The value of the procedures published in 2020 with an auction base greater than 40 thousand euros was approximately 120 million euros, of which approximately 104 million euros envisaged in the requirements plan and approximately 16 million euros deriving from unforeseen needs: 3 million euros tenders for the referendum, publication of the Partnership for innovation aimed at the development of biodegradable plastic materials (approximately 3.7 million euros), the remaining part relates to the early erosion of contracts or the amalgamation of needs, all carried out following the definition of the plan.

The amounts foreseen in 2020 that have not been published, in line with the Industrial Plan, will be rescheduled in the update of the two-year program of purchases of goods and services 2021/2022 and the three-year work plan 2021/2023.

The activities related to the enhancement of the Heritage have seen further development initiatives of the Zecca Museum and the monumental complex of Via Principe Umberto through coin and stamp presentation events.

The redevelopment process of the recovery and enhancement of the Principe Umberto property, with a view to corporate shared value, led to the definition of the winning project, with the subsequent launch of the executive plan of the works for the construction of a multifunctional Cultural Center including: The Museum of Values and Coins Cards; the School of the Art of the Medal; the point of sale and the library; finally, Spaces dedicated to temporary exhibitions and artisan workshops. Downstream of the design competition, the final project was presented to the Services Conference and obtained the authorizations and functional compliance for the start of the works. Currently, the executive project aimed at carrying out restoration and conservative rehabilitation interventions is being drafted, which aim to restore the building to its original vocation as a multipurpose center, also bringing benefits to the urban context in which it is located. For the implementation of these interventions, an open procedure above the Community threshold of approximately 38 million euros will be published in the second half of 2021, based on the executive project.

At the same time, the works aimed at the restoration of the main façade were started, the curator of the scientific project was identified and the planning of further prodromal and functional assignment procedures for the project is underway, such as, by way of example: the recovery of historical machinery, the census and the cataloging of the cultural heritage of the Poligrafico, the urban and archaeological site research and the strip out works for the selective demolition of the plants and superfetations.





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As part of the recovery of the Parco Paglia area, at the Foggia plant, in order to complete this environmental redevelopment process, for which preparatory activities had already been started such as remediation of war devices and environmental characterization, we proceeded in February 2020, to the publication of a competition of ideas, as well as a procedure aimed at awarding an assignment for the preparation of the feasibility project and the operational reclamation project for the rehabilitation of the Park areas, including the former Chemical Center Military and the so-called "Cavone".

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It is the Company's will to continue in the development and enhancement of human assets, artistic and cultural heritage and real estate assets.

The issue of sustainability has become a fundamental objective at the basis of corporate strategic choices. In addition to achieving positive economic results, in line with its specific mission, the Company has chosen to offer benefits to the community, generating positive effects in environmental and social terms.

For more information and information on non-financial indicators, please refer to the contents of the Sustainability Report.

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### **Health emergency Covid - 19**

Following the epidemiological emergency Covid-19 spread throughout the national territory, given the containment and management measures adopted by the Government through the legislative and regulatory provisions, the Poligrafico considered it essential to prepare a series of activities aimed at guaranteeing the safeguarding of physical safety in the workplace for its employees.

On the procurement side, it was necessary to purchase video-analysis devices (thermoscanners) located at the entrances for automatic temperature detection, the rental of exhibition stands for setting up changing rooms for workers beyond supply, after market surveys on national and international territory, of safety devices for the exercise of ordinary activities (surgical masks, FFP2, gloves, disposable coveralls, serological tests, etc.).

Workplace sanitation interventions have been increased through parallel contracts necessary to ensure the immediate sanitation of the buildings conducted in compliance with the widespread ministerial protocols. These measures were taken in compliance with the indications of the European Commission which, following the spread of the health emergency from Covid 19, issued the Communication (2020 / C 108 I / 01) containing "Guidelines of the European Commission on the use of the on public procurement in the emergency connected to the Covid-19 crisis ", in addition to the ANAC rules contained in the " ANAC Vademecum for rapid assignments during the



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emergency and in phase 2 ". As part of the project called "Efficiency of the PPE supply service", A public tender was published to proceed with the assignment of the rental service of vending machines for Personal Protective Equipment (PPE). The goal is to automate the distribution of PPE at the Poligrafico offices, supply employees on a continuous and targeted basis with the PPE necessary for their activity as well as to track and monitor individual withdrawals by type and frequency, to the advantage of guaranteeing compliance. safety regulations, the reduction of procurement times and material consumption.

Further assignments were necessary for the extraordinary sanitation activities of all the work areas of the Poligrafico, the MEF and the Guardia di Finanza.

Given the emergency period, the Poligrafico - upon the occurrence of the cases provided for by the relevant legislation (see art.91 of Legislative Decree no.18 / 2020, as converted by ln27 / 2020, on the point also confirmed by ANAC resolution no.312 / 2020 ) and evaluating this circumstance as a "cause of force majeure" - has, from time to time, analyzed how much and how "... compliance with the contagion containment measures" actually affected the non-compliance of individual suppliers / contractors; therefore, the debtor's liability has been appropriately weighed "pursuant to and for the purposes of articles 1218 and 1223 of the Italian Civil Code, also in relation to the application of any forfeiture or penalties related to delayed or omitted obligations", analyzing, from time to time, the existence or not of the profiles described by the standard,

The activities to prevent and mitigate the impacts on workers' health have led the Company to plan and adopt prevention and protection measures aimed at mitigating the risk of contagion in the workplace for its employees.

Ever since the World Health Organization on 30 January 2020 declared the Covid 19 epidemic a public health emergency of international importance - in particular for Italy - by the subsequent resolution of the Council of Ministers of 31 January 2020 and the subsequent regulatory provisions and institutional agreements promulgated, the Poligrafico has implemented, in addition to what is prescribed and indicated, further technical and organizational measures, especially in the production plants, aimed at managing the emergency, protecting the health of workers and business continuity.

Firstly, in order to ensure correct and responsible information on the phenomenon, a communication campaign was implemented in the form of: communicated to all staff, with the aim of providing information on the specific risks from Covid-19 to which each is exposed worker in relation to the activity carried out, precise instructions on suitable behavior to be adopted in the workplace, on the procedures to be followed in case of direct or indirect contact with infected individuals and on the protective devices to be used; video releases by the Occupational Doctors, necessary to provide information on the prevention of contagion and on the management of



emergencies in the company; video release from the CEO, aimed at reassuring workers that the Organization takes charge of all the aspects necessary to protect the safety and health of all personnel; creation of a section relating to the Covid-19 FAQ, within the company intranet, periodically updated, aimed at consulting a list of specific questions and answers on the new coronavirus available to all users.

The Risk Assessment Document (DVR) was updated with the analysis and assessment of risks, implementing all the foreseen prevention and protection measures, also explained through specific communications to all personnel and defining a specific protocol for the management of the various hypothetical emergency scenarios. In particular:

- the activities of the company departments-structures that are not essential to production have been suspended, also taking advantage of holidays and recovery permits;
- work shifts, entrances and exits were reorganized, to minimize the presence of several workers in the workplace and to ensure the possibility of respecting the interpersonal distance of at least one meter;
- the performance of works, services and supplies by external companies has been suspended, except for those essential to guarantee operational continuity;
- all business trips were suspended, the organization and participation in company meetings were limited to a maximum, as well as all exhibitions, events and any form of meeting in a public place, face-to-face training courses and participation in conferences or other external events (except for all non-postponable activities);
- the use of smart working was significantly favored and compared to the experimental phase of the related project, which in February involved 20 resources, 578 resources were involved during the year, whose activities could be carried out remotely;
- the carrying out of work activities was suspended, subject to evaluation by the Competent Doctor for workers at greater risk (immunosuppressed, suffering from lung diseases, etc.);
- public access to company museums was closed and entry to points of sale was limited, following the implementation of technical and organizational containment measures;
- access to company sites was limited to all external workers and visitors, subject to the signing of a specific self-declaration;
- all workplaces are subjected to both periodic and extraordinary sanitization and have been installed in all common areas of hand sanitizing gel dispensers;
- fixed stations for measuring body temperature (so-called thermoscanner) were installed and made operational at all accesses to company sites.

From the beginning, the "collaborative" dialogue with all the trade unions and, specifically, with the Workers' Safety Representatives (RLS) was intensified for a preventive and timely consultation



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regarding risk assessment, identification, planning, implementation and verification of prevention in the company or production unit. This collaboration, also by virtue of what was shared between the trade unions and the employers' party on March 14, 2020, led to the signing of a specific anti-contagion security protocol and the establishment of a specific Committee for the application and verification of the rules. established therein.

In line with the risk assessments, in the face of every single positive case of the worker, the Company proceeded to conduct a careful tracing of the contacts, removing as a precaution all the people in the shift / office of the positive subject. The tracing activities were carried out, in advance of those conducted by the health authorities and where possible directly, or by contacting the infected person directly and reconstructing his close and occasional contacts. In addition, two screening campaigns were carried out using serological tests made available on a voluntary basis and free of charge for all employees. These campaigns, carried out in June and October 2020 respectively, attracted around 60% of the company population. In addition to serological screening, as soon as the circular from the Ministry of Health regulating the procedures is known, antigenic nasopharyngeal swabs were provided to be provided both in the laboratory and in the special spaces used in some of the company offices. The prevention measures adopted at all company offices have followed a gradual reduction, or an increase in line with the trend of epidemiological diffusion throughout the national territory and with the numerous regulatory provisions that have occurred over the periods. These changes were widely disseminated to all staff through specific press releases on the subject. Furthermore, considering the trend of epidemiological diffusion, to reduce the risk of error in a differential diagnosis,

The costs incurred by the Company are shown in the following table.

<b>Costs incurred for the health emergency</b>	<i>(Values in thousands of euros)</i>
Personal Protective Equipment (PPE) and sanitizing materials	229
Sanitation of environments and cars	969
Other (mask containers, dispensers, thermometers etc.)	58
Rental of tensile structures and bathrooms	93
Health policy	16
Body temperature detection service	89
Thermoscanner	94
Covid-19 tests	54
<b>Total</b>	<b>1,602.6</b>

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The 2020 turnover of the Company reached 400 million euros, fully discounting the high level of uncertainty of the entire economy connected to the Covid-19 emergency, being lower in absolute



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terms by over 100 million euros (-20%) compared to that recorded in the previous year. Its performance reflects the country average: the Bank of Italy report "Economic survey on industrial and service companies" (November 2020) showed that, for two out of five companies, turnover fell by at least 15%, in some cases the decrease was over 30%, especially with reference to core products. The decline in the automotive market recorded in 2020 (-28% source ANSA - Min. Transport), the contraction of the tourism market (estimates by the World Tourism Organization), If on the one hand the pandemic had negative effects in terms of turnover, on the other the positive implications of the country in terms of digitization are evident. In fact, the year 2020 was characterized by the acceleration of the digital culture and the increase in the use of digital tools that have profoundly marked the management of daily activities.

In its business process, Poligrafico has concentrated its efforts on products / services characterized by a high presence of digital and IT solutions and has seen its business models affirmed.

All the production plants were forced to review their organization, with a consequent reduction in flexibility in the use of personnel and a simultaneous reduction in production efficiency. Just as there have been many requests for changes in orders by customers, even substantial ones, both in terms of quantity and delivery times. Despite the pandemic, the Company continued with activities aimed at acquiring orders in the agri-food sectors and other product segments with a high risk of counterfeiting.

During 2020, against 265 leaving, 19 people joined the Company, with a staff that reached 1,595 at the end of the year (in addition to 35 resources under administration). Increasing attention was paid to training.

The 2020 financial year, from an economic-income point of view, closes with positive results:

- operating EBITDA reaches 136 million euros (about 34% of turnover);
- EBIT stood at 75 million euros, after making provisions to the funds to consider potential business risks;
- the profit for the year is equal to 54 million euros, after having set aside taxes for the year for 22 million euros.

The self-financing capacity, together with the capital indicators of liquidity, remain particularly positive and allow the Company to confidently face the current and prospective demanding program of technical, IT and real estate investments, as well as strategic projects with deferred profitability.

The only reason for uncertainty remains that linked to the lack of approval by the Ministry of Economy and Finance of the credits relating to the supply of common cards (2006-2020) and related transport costs (2002-2006), which amount to net of the advances received for 152 million euros with related VAT to be paid equal to 94 million euros. It should be emphasized that special



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funds have been set up for transport costs, net of VAT. The dispute between Poligrafico and Unicredit Factoring remains open on these sums. The first and second phase of judgment concluded favorably for the Poligrafico in June 2020, Unicredit filed an appeal before the Court of Cassation to challenge the appeal sentence and Poligrafico appeared in court through the State Attorney General. At the moment, the hearing for the discussion of the aforementioned appeal has not been set.

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The company drew up the 2021-2023 Industrial Plan at the end of the year: the Poligrafico, in continuity with the previous Plans, intends to orient its business at the service of the country on the themes of digitization, innovation and safety and inclusive and sustainable development, as part of its mission as guarantor of the physical and digital identity of citizens, of things and, in a broader sense, of the data and infrastructures that receive them.

The next three years will see the Company committed to supporting and accelerating the country's digital transformation process, providing solutions that guarantee ease of access to the digital services of the PA and private operators; to strengthen citizens' trust in identification, authentication and certification processes, including in the digital environment, guaranteeing innovation, security, reliability and transparency; to enhance the artistic and cultural heritage, renewing the methods of offer and use for the benefit of the community.

The Poligrafico will also continue to emphasize an integrated vision of its way of operating, combining the specific business and profit objectives with those for the benefit of the community, implicit in the corporate mission and in the characteristics of the services / products offered, and social and environmental sustainability. It will be his task to contribute to the realization of an inclusive and sustainable development model, confirming the Company's action to the principles of economic, social and environmental sustainability, continue to guarantee the highest levels of safety and technological innovation while remaining competitive, implementing interventions of efficiency of business processes and continuing to pursue the objective of a balanced economic structure capable of guaranteeing self-financing in support of development.

We are confident that the company initiatives implemented will be functional to give a further impulse to the virtuous path undertaken by your Company and to strengthen the ability to operate at market conditions and with the highest standards of innovation, pursuing the objectives of public interest.

The determination of management and staff will be very important, and we count, as always, in the trust of our Shareholder and in the people who work with us and who are committed to contributing to the Company's results every day.



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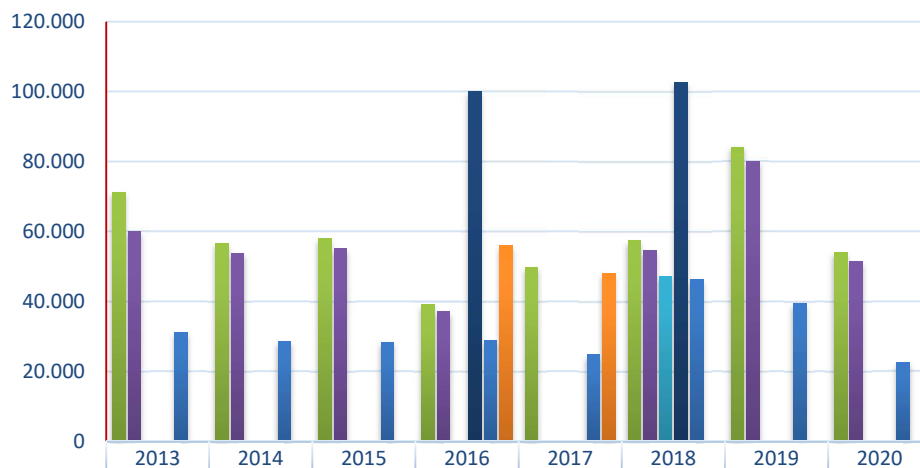
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We sincerely thank you all for making the Poligrafico better, giving a better service to citizens and public administrations.



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**Resources generated from 2013 to 2020**



	2013	2014	2015	2016	2017	2018	2019	2020
■ utile d'esercizio di competenza	71.075	56.616	57.900	38.958	49.765	57.358	84.129	54.050
■ dividendo ordinario	60.000	53.800	55.000	37.000		54.490	79.923	51.348
■ dividendo utile portato a nuovo 2017						47.277		
■ dividendo straordinario				100.000		102.723		
■ imposte dell'esercizio	31.077	28.489	28.389	28.891	24.796	46.328	39.330	22.477
■ svalutazione crediti MEF				56.000	48.000			

total resources generated	91,077	82,289	83,389	221,891	72,796	250,818	119,253	73,825
total resources distributed	91,077	82,289	83,389	165,891	24,796	250,818	119,253	73,825
general total of resources distributed 2013-2020								<b>891,338</b>





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## **Report on Corporate Governance, Internal Control System, Code of Ethics**

*(Article 6 paragraphs 2 and 4 of Legislative Decree no.175 / 2016 and subsequent amendments)*

The internal control and risk management system (hereinafter ICRMS) of Poligrafico consists of the set of rules, procedures and organizational structures aimed at an effective identification, measurement, management and monitoring of the main risks, to contribute to the sustainable success of the Company. It contributes to a management of the company consistent with the corporate objectives defined by the Board of Directors invested with the broadest powers for the administration of the Company, with the right to carry out all the appropriate actions to achieve the corporate purposes, apart from reserved acts - by the Law and the Articles of Association - to the Shareholders' Meeting.

The Board plays a role of absolute centrality in the ICRMS as it defines the basic lines of the organizational, administrative and accounting structure and guidelines; consequently, the main risks relating to the Company are correctly identified, measured, managed and monitored.

Then the control system facilitates the process of informed decisions and helps to ensure the protection of corporate assets, the efficiency and effectiveness of business processes, the reliability of the information provided to the corporate bodies and the market, compliance with laws and regulations, as well as the Statute and internal procedures, as defined by the Self-Regulatory Code of Borsa Italiana for listed companies.

The current internal control system of Poligrafico is constantly updated, aimed at implementing an increasingly advanced governance model in line with the reference models and best practices existing at national level.

The control and risk management system generally involves all operational levels of the company and is made up of the set of organizational structures, procedures and company practices that aim to ensure the pursuit and achievement of the following purposes:

- compliance with strategic and operational plans;
- compliance with current legislation;
- effectiveness and efficiency of business processes;
- integrity and reliability of accounting and management information;
- asset protection and prevention of illegal events.

It is the responsibility of the management and staff of the Poligrafico to carry out systematic self-diagnosis activities of the internal control system of their areas of competence.



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To support the top management, the following levels of control are envisaged in the overall supervision of the company control system:

- a first level, by the operational management, which defines and manages the so-called line controls, inherent in the operational processes; these are procedural, IT, financial, behavioral controls, carried out both by those who carry out a specific activity and by those responsible for supervision. All company functions carry out these direct controls in the management of their responsibilities;
- a second level that oversees the risk assessment and control process, ensuring its consistency with company objectives and satisfying organizational segregation criteria sufficiently to allow effective monitoring. This area is handled by some central monitoring and control functions such as, for example, the Manager in charge, the Quality, Security, Compliance, Privacy and other forms of audits on management systems as required by international standards (e.g., UNI EN ISO 9001:2008, OHSAS 18001: 2007, etc.). These forms typically do not meet the criteria of full independence and are therefore considered valid second level controls;
- a third level, supervised by Internal Auditing, which provides independent assessments, through a general verification of the structure and functionality of internal controls.

The Poligrafico has activated a complex internal control system through a plurality of Bodies and with specific dedicated organizational structures and a procedural and regulatory system.

The Company has not prepared specific regulations for the protection of competition as it is not a contributor, given the institutional activity performed by Poligrafico. With reference, on the other hand, to the protection of industrial and intellectual property, the Company, as part of its management systems for quality (certified ISO 9001: 2015) and for information security (certified ISO / IEC 27001: 2017) guarantees the compliance with the relevant legislation applicable to intellectual property rights.

The following are the subjects and bodies responsible for control, with a description of the activity under their responsibility.

### *Board of Statutory Auditors*

He is called upon to supervise compliance with the law and the articles of association and compliance with the principles of correct administration in the performance of corporate activities and the effectiveness of the internal control system.

### *Independent Auditors*

It carries out the auditing of the financial statements, pursuant to art. 2409-bis and following of the Civil Code.

### *Magistrate of the Court of Auditors*



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The management of the Poligrafico is subject to the control of the Court of Auditors, which, pursuant to article 12 of the law of 21 March 1958, n. 259, reports the results of the checks carried out to the Presidencies of the two Houses of Parliament.

*Supervisory Body pursuant to Legislative Decree 231/01*

As part of the "Organization, management and control model", the Poligrafico envisaged the establishment of a specific Supervisory Body (SB) - with autonomous powers of initiative and control - with the task of supervising the functioning and "compliance with the Model and to update it. The latest update of the Model was approved by the Board of Directors in the meeting of 10 December 2020 and considers the regulatory changes that occurred after the approval of the previous Model (22 May 2019), jurisprudential and organizational ones. The Supervisory Body made up of two external members and one internal member<sup>1</sup>, who are not assigned operational tasks, also guarantees the supervision of reports by third parties and of the information periodically sent by the heads of the corporate functions, on the processes "at risk of crime".

The Supervisory Body supervised the functioning and observance of the Model and ensured the management of reports from third parties and the information periodically received by the managers of the processes identified as "at risk of crime"; the activity carried out did not reveal any cases that required interventions in relation to the provisions of the Model and the Code of Ethics of the Poligrafico. The Body periodically reported to the Board of Directors and to the other corporate control bodies (Board of Statutory Auditors, etc.) on the progress of its activities on the activities under its responsibility, in line with the provisions of the current Model and the Articles of Association. of the OdV.

To ensure the correct implementation of the Organization, Management and Control Model pursuant to Legislative Decree 231/2001, the Corruption Prevention Plan pursuant to Law 190/2012 and the principles contained in the Code of Ethics, the Poligrafico has prepared an information plan and integrated training that took place, during the reference year, with specific training interventions carried out in a manner in line with the regulatory provisions adopted in order to prevent contagion from Covid-19.

*Ethics Committee*

The Board of Directors of the Poligrafico, in the session of 10 December 2020, approved the updated version of the Code of Ethics, which collects the principles and rules of conduct in which the Poligrafico recognizes itself and defines the general discipline to which all those who work in the business context.

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<sup>1</sup> Appointed, in its current composition, in the meeting by the Board of Directors on October 18, 2017 with a three-year duration.



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Furthermore, since 2016, Poligrafico has set up a specific Ethics Committee, with advisory and guiding tasks. This Committee is composed of the pro-tempore managers of the Legal Affairs and Purchasing Department, the Personnel, Organization and General Services Department and the Internal Auditing Department and is responsible for monitoring the implementation and compliance with the principles of the Code of Ethics. The Committee has adopted its own Operating Regulations and examined the reports received on alleged violations of the Code.

#### *Risk Management Committee*

In May 2020, Poligrafico established the Risk Management Committee with the task of guaranteeing support for the process of implementation of corporate objectives, through preventive and integrated management of all corporate risks in the strategic, operational, financial, insurance, safety, environment, legal and compliance. In particular, the Committee guarantees, among other things, the mapping and monitoring of corporate risks, ensures the definition of the Risk Policies and the measurement parameters to be submitted to the Board of Directors.

The Committee reports directly to the Board of Directors, is coordinated by the Head of the Internal Auditing Department and includes the Heads of the Departments: Legal Affairs and Purchasing, Administration, Finance and Control, Engineering and Innovation, Operations, Personnel Organization and General Services, Business Prevention and Protection, Development and Integrated Solutions.

#### *Manager in charge of preparing the corporate accounting documents pursuant to Law 262/2005*

In compliance with the provisions of the Articles of Association, the Poligrafico has appointed the Financial Reporting Manager who, together with the Board of Directors, certifies that the financial statements and, where required, the consolidated financial statements have been prepared in compliance with the administrative and accounting procedures adopted and in compliance with the national and international in force.

#### *Head of Corruption Prevention and Transparency ex. L. 190/2102*

In compliance with the provisions for the prevention and repression of corruption and illegality in the public administration pursuant to Law 190/2012 and about transparency and advertising obligations, pursuant to Legislative Decree no. 33/2013, the Board of Directors appointed on 22 September 2015 a single Head of Corruption Prevention and Transparency (hereinafter RPCT). The RPCT has prepared the update document of the Poligrafico's Corruption and Transparency Prevention Plan (hereinafter PPCT), approved by the Board of Directors in the meeting of 15 February 2021 which includes, as a specific section, the relevant obligations. of transparency, as required by art. 10 co. 2 of Legislative Decree 33/2013.

An ad hoc section dedicated to identifying the processes at risk of corruption concerning the company Valoricarta SpA - a company subject to similar joint control of the Poligrafico and the



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Bank of Italy - has also been included within the Plan, together with a descriptive part of the activities deriving from the service contract stipulated between the latter and Poligrafico.

A section has also been included for the newly formed company Futuro & Conoscenza Srl - a company subject to similar joint control by Poligrafico and the Bruno Kessler Foundation - reporting a description of company activities. To identify the processes at risk and the related analyzes, we will proceed during the current year with the systematic start-up of company activities. The Plan was drawn up in compliance with the guidelines outlined by the National Anti-Corruption Authority and contains the general principles of conduct defined in the Code of Ethics and the measures and indicators aimed at preventing corruption phenomena pursuant to Law no. 190/2012 identified by the RPCT and adopted by the governing body of the company, which integrate the prevention and control measures with reference to the offenses envisaged by Articles 24 and 25 of Legislative Decree 231/2001, specifically adopted in a separate document called the "Organization, Management and Control Model" of the Poligrafico.

In 2020, the RPCT carried out, with the support of the "Compliance, corruption prevention and transparency" Organizational Unit of the Internal Auditing Department, the supervisory activity on the functioning and observance of the Prevention Plan and on compliance with the rules on incompatibility and non-transferability of offices pursuant to Legislative Decree 39/2013. The RPCT has also initiated a monitoring activity of compliance with the deadlines set, in relation to the implementation of the prevention measures identified during the interview with the managers of the Departments / Functions, for the purpose of updating the "Plan for the prevention of Corruption and Transparency "for 2021-2023.

Finally, to protect against the risk of corruption and in harmony with the regulatory requirements on the matter, the Poligrafico's anti-corruption policy was drawn up, approved by the Board of Directors at the meeting of 15 December 2016, in which the purposes that the Top Management intends to pursue for the prevention of corruption, establishing the general principles and standards of conduct to be adopted in order to comply with external and internal provisions on the prevention of corruption and transparency.

#### *Internal Auditing*

The Internal Auditing Department of the Poligrafico is independent and autonomous, reporting directly, pursuant to art. 17.2 of the Articles of Association, to the Board of Directors, through a supervision and coordination activity carried out by the Chairman of the BoD.

In line with the "Standards for the Professional Practice of Internal Audit", issued by the "Institute of Internal Auditors", the Internal Auditing Department is entrusted with the task of assisting the organization in pursuing its objectives, supporting top management and management through an independent and objective assurance and consultancy activity, aimed at evaluating and improving



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the control, risk management and corporate governance processes. The Internal Auditing Department assesses the adequacy of the overall SCIGR with a systematic professional approach, considering the size and operational specificities of the Poligrafico, bringing to the attention of top management and management any critical aspects that may compromise the corporate objectives. The annual audit plan is set up based on a path aimed at the progressive coverage of the main company processes, to be achieved in the medium / long term, according to a risk analysis logic that ensures the assessment of the adequacy of the overall internal control system. This Plan is implemented through an integrated approach, which supports, among other things, the verification plans of the Supervisory Body, the Head of Corruption Prevention and Transparency and the Data Protection Officer.

The Internal Auditing Department carries out the verification activities on the relevant processes through an integrated assessment methodology of the SCIGR, to guarantee the assessment of the different compliance reference areas within the same assignment. This with the aim of reducing the impact on the operations of the corporate organizational units and maximizing the coverage, in terms of audits, of corporate processes.

The Internal Auditing Department of the Poligrafico underwent an external Quality Assurance Review (QAR) in 2018, through independent validation, by an external company, of the results of the internal self-assessment.

The external company, selected through a specific tender procedure, issued a "general compliance" Report (maximum positive assessment expected) of the structure and the Internal Audit activities carried out by the Management with respect to the Standards and Code of Ethics issued by the Institute of Internal International auditors. The external QAR will be repeated within the terms provided by the same Standards (at least every 5 years).

*Responsible for the protection of personal data pursuant to EU Regulation 2016/679*

In compliance with the provisions of art. 37, paragraph 1, of Regulation (EU) 2016/679, on 11 May 2018, the Board of Directors appointed the Personal Data Protection Officer (RPD) or Data Protection Officer (DPO), organically placing him, as an organizational unit in on its own, within the Internal Auditing Department and reporting directly to the top management.

In 2019, in consideration of the establishment of Valoricarta SpA, Poligrafico resolved to extend the appointment of its Data Protection Officer to the Poligrafico Group. The DPO then proceeded to map the processes that also report to Valoricarta, supporting the necessary fulfilments.

Among the main tasks and functions of the DPO is that of monitoring compliance with the GDPR and other provisions of the Union or of the Member States relating to data protection as well as the policies of the Data Controller or Data Processor regarding protection. of personal data.



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The DPO has also been assigned the task of ensuring the monitoring, with the support of the other Company Departments / Functions, of the implementation and application of the GDPR, of the other provisions of the Union or of the Member States, of the internal policies and procedures relating to data protection.

To this end, the DPO annually draws up its own verification plan - which flows into the related Audit Plan of the Internal Auditing Department - aimed at verifying the processes of the Poligrafico based on the level of risk to which the personal data are exposed. The DPO's Plan includes compliance audits to be carried out both at the internal company structures and at some external suppliers.

In order, then, to monitor the fulfillment of the privacy obligations of the external parties appointed as Managers pursuant to art. 28 of EU Regulation 2016/679, the DPO sends - again annually - self-assessment questionnaires, relating to the main obligations required by the privacy legislation.

Based on the results of the responses received to these questionnaires, the DPO prepares and transmits, to each Manager appointed pursuant to art. 28 GDPR, customized action plans, aimed at reducing the identified risks, also indicating the relative implementation times.

In light of the internal organizational changes and the new processing purposes recorded at the corporate structures, the following corporate documents were updated: the Data processing register, of which the Poligrafico is the owner; the Register of treatments that the Poligrafico carries out as a Manager pursuant to art. 28 GDPR on behalf of other Administrations / Bodies; the list of internal contact persons for the processing of personal data and of those authorized to process the data, as well as of the system administrators; the appointments of internal managers. Various Impact Assessments (DPIAs) have also been carried out on high-risk treatments for the Data Subjects, while others are in the finalization phase.

During 2020, the DPO provided its support as part of an awareness and training campaign on the processing of personal data pursuant to the European Regulation (EU) 2016/679, to spread the culture in the field of privacy in company and provide the updates required by European and national legislation. Additionally, with the purpose of providing training days dedicated to privacy contacts and system administrators, the Data Privacy Day was organized at the Poligrafico to coincide with the day established by the European Union, to sensitize citizens on the protection of their personal data.

On that occasion, a general overview of the new privacy principles introduced by EU Regulation 679/2016 ("GDPR") and of the Privacy Management System ("SGP") adopted by Poligrafico was provided.

### **Risk assessment tools**



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The company conducted the measurement of corporate risk using the assessment tools indicated in the Program drawn up pursuant to art. 6, co. 2, Legislative Decree 175/2016 and verifying the possible existence of corporate crisis risk profiles.

The analysis of the financial statements was divided into the collection of information obtainable from the financial statements, sector analyzes and any other significant source; from a reclassification of the balance sheet and income statement; from the development of tools for the evaluation of margins, indices, flows; finally, by comparing the data relating to the current year and the three previous ones.

Index and margin analysis focuses on:

- a. solidity: the analysis is aimed at appreciating the relationship between the various sources of financing and the correspondence between the duration of the loans and the sources;
- b. liquidity: the analysis concerns the company's ability to meet short-term payments with the liquidity created by short-term management activities;
- c. profitability: the analysis verifies the ability of the company to generate an income capable of covering all company costs as well as, possibly, remunerating capital.

These analyzes are conducted considering a four-year historical period, based on the financial ratios and margins indicated below.

(Values in thousands of euros)	2020	2019	2018	2017
<b>Balance Sheet</b>				
<b>** Margins **</b>				
Treasury margin	230,557	253.352	250.219	(100,521)
Structure margin	150.319	159.514	186,601	342,679
Availability margin	292.900	317.486	314.146	(42,572)
<b>** Indices **%</b>				
Liquidity index	2.15	2.17	1.93	0.93
Availability index	4.37	3.76	3.77	6.37
Fixed asset coverage index	1.62	1.70	1.93	3.35
Financial independence	1.41	1.34	1.44	0.68
Leverage	0.01	0.01	0.09	0.13
<b>Income statement</b>				
<b>** Margins **</b>				
Gross operating profit (GOM)	136,439	182,378	180.505	167,250
Operating result (EBIT)	74.738	121,077	103.307	69,832
<b>** Indices **%</b>				
Return on Equity (ROE)	12.85	20.20	13.90	9.70
Return on Investment (ROI)	14.07	22.28	19.06	7.15
Return on sales (ROS)	18.60	24.05	22.47	18.74
<b>** Other indices and indicators **</b>				
Index of turnover of invested capital (ROT)%	0.76	0.93	0.85	0.38
Cash flow from core business before changes in the NWC	146.975	194,647	195.932	133.508
Cash flow from core business after changes in the NWC	157,675	146,378	412.044	99.963





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Ratio between NFP and EBITDA%	3.52	2.85	3.04	2.43
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The results of the monitoring activity carried out in accordance with the obligations prescribed pursuant to art. 6, paragraphs 2 and art. 14 paragraphs 2-5 of Legislative Decree 175/2016 lead the administrative body to believe that the risk of a corporate crisis relating to the Company is to be excluded.

### **Information on business risks**

The internal control system and governance model adopted are in line with the reference models and best practices on the subject. In this context, to support the top management in the overall supervision of the control system, the following are envisaged: a first level of control, by the Line Management, which defines and manages the controls inherent in the operating processes; a second level of control, which oversees the risk assessment and control process, ensuring its consistency with company objectives and satisfying organizational segregation criteria sufficiently to allow effective monitoring; a third level of control, supervised by Internal Auditing, which provides independent assessments through a general verification of the structure and functionality of internal controls. As part of the second and third level, leveraging on a shared process mapping, various risk assessment activities are periodically carried out: on corruption risks pursuant to Law 190/2012 and Legislative Decree 231/01, on the further risks-offenses pursuant to Legislative Decree 231/01, on the risks relating to privacy and physical / logical security, as well as for the purposes of planning the Internal Auditing.

In 2020, the Company established, in addition to an integrated Risk Management unit, with the establishment of a Risk Management Committee, a Risk Management function, which will support the Committee in the design, implementation and evolution of the system. integrated risk monitoring, the so-called Enterprise Risk Management (ERM) process, to strengthen the internal control system and risk management, offering an integrated view of the various control objectives and risk profiles, in line with best practices in matter. implementation and evolution of the integrated risk monitoring system.

In 2020, the initiative achieved several objectives: structured formulation of the Integrated Risk Management Model, with the definition of a risk catalog, to facilitate management in the process of identifying and classifying the main risk factors, and of assessment scales, defined in terms of probability and impact, necessary to have a homogeneous and integrated weighing and evaluation by the different directions; the definition of the model for the identification and assessment of risks was followed by a Risk Assessment analysis through targeted interviews with management,



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With a view to ensuring integrated governance in the current risk management and control system present in the company, an operating model and organizational structure has been proposed that will tend to manage the Integrated Risk Management process, ensuring the periodic updating of the corporate risk profile, monitoring of risk treatment and mitigation actions, and reporting to corporate bodies.

For the year 2020, the main risk factors that emerged from the Integrated Risk Management process were framed and contextualized within an uncertain and complex ecosystem in which the company is called upon to operate. The industrial development model of the Poligrafico foresees the use, through different contractual forms, of highly specialized personnel, not always easily available on the job market. The growing competitiveness of the market for some professional profiles, for cyber security experts, for app developers, for microchip experts, etc., and the weak supply and availability of other specific profiles such as, for example, personnel specialized in the production of "watermarked security cards",

The number of Covid cases registered within the company in 2020, even if related to mainly external events (thus demonstrating the effectiveness of the pandemic prevention and containment measures implemented), had significant repercussions on efficiency and continuity of production by virtue of precautionary removal measures which have often jeopardized the possibility of having an adequate workforce available. It is expected that this dynamic, also read considering the elements of uncertainty in the pandemic evolution, may continue to have effects also in 2021 with consequent strong repercussions on operations.

Part of the staff, especially clerical workers, has experienced work in "Smart-working", a process already initiated by the company and which in 2020 has undergone a strong acceleration. The new way of working brings with it, in addition to the undoubted benefits in organizational and managerial terms, significant implications in terms of information security and protection. The spreading of cyber-attacks recorded all over the world in 2020 precisely in correspondence with the increase in the use of Smart working by companies, emphasizes the need for the Poligrafico to continue in the work of prevention and protection from this type of threats.

### **Summary of the results of the year**

Il Poligrafico in 2020 reached a turnover volume of over 400 million euros, with a decrease of 20% compared to 2019. The pandemic crisis had significant impacts on the production organization and on the company turnover. Furthermore, from customers / clients there have been many requests for changes in orders, even substantial ones, both in terms of quantity and delivery times.



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The Poligrafico, despite the pandemic effect of Covid-19, has guaranteed the expected production levels for the main product lines, adapting to the clients' needs and guaranteeing the required service levels, without significant impacts from the point of view of costs. Here below the breakdown of turnover:

<b>Revenue</b> ( <i>amounts in millions of euros</i> )	<b>2020</b>	<b>2019</b>	<b>Variation</b>	<b>%</b>
Identification documents	152.92	215.58	(62.66)	(29.07)
Security print	102.79	103.55	(0.76)	(0.73)
Plaques	47.30	62.95	(15.65)	(24.86)
Electoral chart	18.79	34.44	(15.65)	(45.44)
Legal-administrative	35.76	38.84	(3.08)	(7.93)
Zecca and Artistic Heritage	43.29	45.84	(2.56)	(5.56)
Other activities	1.01	2.26	(1.25)	(55.31)
<b>Total</b>	<b>401.86</b>	<b>503.46</b>	<b>(101.60)</b>	<b>(20.18)</b>

Specifically, the following is highlighted:

### *Identification documents*

The identification documents are consolidated as the main products of the Poligrafico with an incidence of 38% on revenues. In terms of turnover, the supply chain recorded a decrease of about 29% compared to last year, following the ongoing health emergency. The circulars (no.5 of March 2020 and no.14 of December 2020) of the Ministry of the Interior have, in fact, extended the validity of expired documents (last term of extension 30 April 2021).

The electronic identity card (CIE) is confirmed as one of the leading products within the portfolio with a turnover of 67 million euros (approximately 17% of total revenues), although a decrease of 25% compared to last year. At the end of 2020, approximately 18 million identity cards were issued since the start of the project.

The installations of the stations at the Consulates have been completed, to allow the issuance and issue of identity cards to Italian citizens residing abroad. On 31 December, 53 European consulates were installed and operational.

The CIE, thanks to the «Enter with CIE» authentication scheme, represents for the owners a means of immediate, simple and secure access to the services offered on the network. Access to participating online services takes place using a hybrid scenario "Computer plus smartphone". This feature allows access from a computer and smartphone equipped with an NFC interface and the "CIE ID" app, for card reading, in place of the contactless smart card reader.

In addition, administrative and technical support has been provided to all public and private service providers who apply to join the scheme enter with CIE, also updating the operating manual. At the end of 2020, the service providers that allow access with CIE amounted to 200. The Vademecum



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is being drawn up in cooperation with the Ministry of Innovation. Finally, the receipt of the CIE request that the Municipalities issue to citizens at the time of the request has been updated, containing the information for using the CIE to access online services.

The development and dissemination of value-added services enabled using the CIE will allow the providers of digital value-added services to integrate the CIE into their systems. In this regard, technical discussions were opened with public and private operators for the use of the CIE instead of the traditional identification tools for physical and digital access.

Poligrafico, by virtue of its institutional mandate, has invested, in the context of recognition documents, considerable resources and capacity for innovation which find the following strategic objectives in the principles of protection of public safety and simplification:

- rationalization of the technical-regulatory framework of the identification documents, promoting reference models with security features that comply with the international reference standards and the dematerialization of qualifications that certify the possession of qualifications, authorizations, etc.
- centralization of the process of issuing identification documents: to strengthen security (elimination of the circulation of blank documents) and to increase the quality levels of the documents issued. In this context, Poligrafico has formulated a proposal to review the electronic passport and the related issuing process.

The request for electronic passports (1.6 million pieces produced) with a turnover of 55 million euros, recorded a contraction, due to a reduction in requests from the MAECI customer, which was reflected in turnover, recording a decrease of 34% compared to last.

During the year, 865 thousand pieces of electronic residence permits 380 were produced, which generated a turnover of 21.2 million euros according to the requests received from the police headquarters, reduced by about 27% compared to 2019.

#### *Traceability and anti-counterfeiting*

In recent years the company has consolidated its role as "guarantor of faith and public health" through the development of solutions and products for anti-counterfeiting and traceability with a view to innovation and safety. Continuously evolving and expanding sector that pursues the objectives of:

- strengthening of the "Digital Passport": adoption of the label made by the Poligrafico by the Consortium for the Protection of Balsamic Vinegar of Modena PGI, a label containing distinctive elements that ensure the origin and quality of the goods to the final consumer; all integrated with a system of traceability and traceability through the consultation of supply chain databases;



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- launch of new projects for the development of further security solutions, to consolidate the traceability and anti-counterfeiting system in the agri-food chain, and entry into other product segments;
- affirmation of the Pharmaceutical Label system as a reference model for traceability and anti-counterfeiting of the drug in Europe and extension of the model in the hospital sector;
- proposal to amend the current decree relating to the pharmaceutical stamp which provides for the transition from a triplex support to a duplex support with the consequent elimination of the intermediate layer, the redefinition of a totally recyclable support layer and the insertion of additional safety elements;
- presentation of the Anti-Tampering Device solution to be applied to parallel import drugs and OTC drugs;
- modification of the layout of the Lotto Game Receipts with the addition of the FSC logo.
- launch of the alcohol label innovation project, with the strengthening of the safety features, the development of additional functions to support controls, the re-engineering of the physical support, with the introduction of a new coding and traceability system.

The turnover of the supply chain is slightly down compared to the final figures in 2019 with a total contribution of 103 million euros. The driving product was undoubtedly the pharmaceutical stamp. Due to the pandemic crisis, the production of badges has registered significantly anomalous dynamics compared to previous years. A significant increase in orders was recorded in the first half of 2020, followed by a progressive decline in requests in the second half; overall, the vignette sector generated a turnover of 56 million euros, down by about 6%, because of the request by the pharmaceutical companies to reduce orders.

There was a slight increase in the turnover of labels for wines by around 3%, with a total turnover of around 15.8 million euros.

The requirement received for tobacco labels in the formats requested in sheets or pre-cut has increased compared to 2019, the year in which there was a downsizing of stocks due to product restyling. 4.4 billion pieces were produced which generated a turnover of around 11 million euros (+ 27% on 2019).

The growth in turnover of alcoholic labels was around 13% more than in 2019 for a value in absolute terms of € 6.8 million.

#### *Plaques*

The production of car number plates amounted to 2.3 million pieces, generating a turnover of approximately 47 million euros, in sharp decline in the face of the decline in registrations combined with the health emergency. Following the implementation of the new automatic plant to produce



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plates at the Verrès plant, about 20% (350 thousand plates) of the requirement was realized at the Aosta Valley site, while the remaining portion was realized at the site production of Foggia.

#### *Administrative legal and web-based products*

The activity managed by the Legal-Administrative Sector and Web-Based Products revolves around the concept of disclosure of Public Source information, a sector in which the Poligrafico, in carrying out its institutional tasks, carries out important activities, favoring and promoting its dissemination in all its forms, both through the traditional paper channel and through digital channels, obtaining significantly more advantageous results in terms of dissemination, usability, ease of sharing and reuse, at the same time allowing to contain the expenditure commitment by the PA.

The main sectors of activity are: Official Gazette, with the transmission in digitized version of documents and Legal Databases, Electoral Service, Publications, forms and stationery, Web services, information portals and dematerialization.

The development objectives pursued during the year were aimed at completing the digitization of the entire legislative body of the State, at the start of activities for the creation of a Unified Portal for Legal / Legislative Information Research, at the evolution the online advertising management platform with the integration of the European platform for the publication of calls, and finally the feasibility study of the x-Leges system, for the management of document flows during the training, approval and publication of legislative provisions . Finally, during the year a collaboration agreement was signed with AIFA for the integration of the respective IT systems in the field of public health protection.

The very nature of the supply chain activities characterizes its geographical spread at national level, without neglecting the presence at the regulatory tables at European and international level, as regards the issues of legal information technology and regulatory standardization.

The target customers therefore range from the Public Administration, to businesses, to citizens.

The turnover of the supply chain is mainly influenced by the Official Gazette, where there is a growth in advertisements with a turnover in 2020 of over 31 million euros; the electoral order recorded a turnover of around 12 million euros, an element influenced by the administrative elections and the referendum to approve or reject the constitutional revision law regarding the reduction of the number of parliamentarians.

#### *Coinage, numismatics, medals and philatelic*

For 2020, the Ministry of Economy and Finance has requested the production of a coinage quota destined for circulation equal to 156 million pieces in progressive reduction (321 million in 2019). The coinage and enhancement of the historical and artistic heritage are institutional activities historically presided over by the Poligrafico; however, the spread of electronic money as a payment



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instrument has influenced demand for several years, with a progressive negative effect on production.

However, the Company has introduced strategic activities for the relaunch of numismatics with targeted campaigns, a launch plan and topics of higher interest to the community, which have allowed, also thanks to the introduction of the e-commerce site dedicated to numismatics, to broaden the customer portfolio and the markets served.

The primary objective is therefore to relaunch the activities of the Zecca sector both through numismatic commercial initiatives and participation in foreign coinage tenders. In 2020 Poligrafico won the coinage tender for Slovenia with the related supply in 2021.

In this supply chain, the production of commemorative stamps, amounting to 38,450 thousand pieces, is recorded by the Officina Carte Valori. The philatelic market saw an important change of perspective in 2020, with the interruption of the production of “forever” stamps and the significant increase in the issue of commemorative stamps. This paradigm shift has had a significant impact on the production efficiency of the plant, due to the increase in goodwill due to reduced production volumes. Considering these difficulties, the study of new processes / products was started, to respond to the changing needs of the market to make production activities more efficient.

Overall, the turnover of the supply chain is expected to be around 42 million euros, of which 29 million euros attributable to ordinary coinage, which is affected by the drag effect of the 2019 requirement delivered in 2020, 3.2 million euros to foreign currency, San Marino and the Vatican, 6.2 million euros for numismatics and medals and 3.3 million euros for the RAI order.



## Analysis of the Economic, Financial and Financial Situation

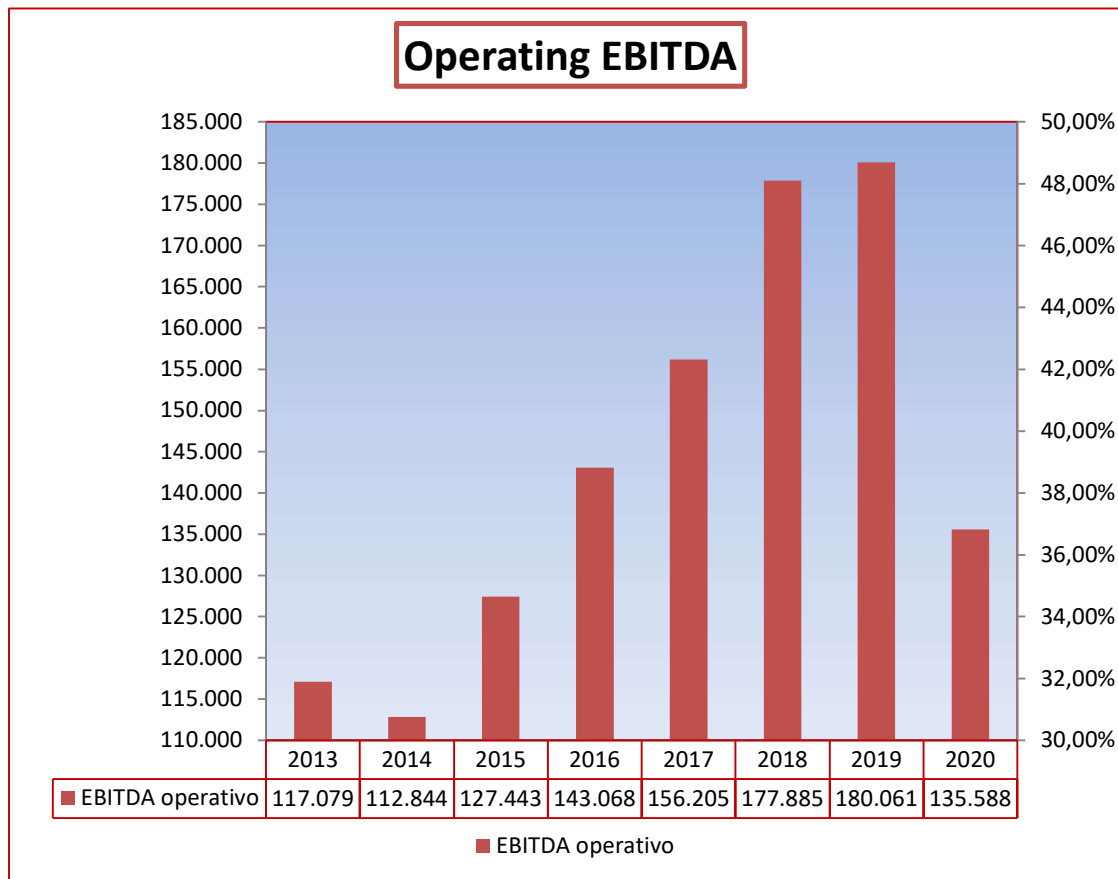
The economic situation reclassified according to the nature of the items and set out below, it shows a net profit for the year of € 54 million, after making provisions and write-downs for € 25 million and allocating taxes for the year of € 22 million.

<b>Reclassified income statement</b> values in thousands of euros	<b>2020</b>	<b>2019</b>	<b>Variation</b>
Revenues from sales and services	401.858	503.455	(101,597)
Change in inventories of work in progress, semi-finished and finished products	(2,754)	2.621	(5,375)
<b>Product of the exercise</b>	<b>399.104</b>	<b>506.076</b>	<b>(106,972)</b>
Purchase of raw materials	(61,241)	(75,804)	14,563
Change in inventories of raw materials	1.013	(918)	1,931
Services	(101,419)	(133,276)	31,857
Use of third-party assets	(3,646)	(2,714)	(932)
Various management charges	(4,690)	(7,478)	2,788
Other income	6,434	5,076	1,358
<b>Value added</b>	<b>235,555</b>	<b>290.962</b>	<b>(55,407)</b>
Personnel costs	(99,116)	(108,584)	9,468
<b>Gross operating profit (EBITDA)</b>	<b>136,439</b>	<b>182,378</b>	<b>(45,939)</b>
<i>Depreciation:</i>			
Intangible assets	(4,457)	(4,243)	(214)
Tangible fixed assets	(32,244)	(25,808)	(6,436)
Provisions and write-downs of receivables included in current assets	0	(1,250)	1,250
<b>Operating income</b>	<b>99.738</b>	<b>151,077</b>	<b>(51,339)</b>
Extraordinary provision for risks	(25,000)	(30,000)	5,000
<b>Operating result after provisions</b>	<b>74.738</b>	<b>121,077</b>	<b>(46,339)</b>
Financial income	2.064	3,441	(1,377)
Interest and other financial charges	(275)	(1,059)	784
<b>Result before taxes</b>	<b>76,527</b>	<b>123,459</b>	<b>(46,932)</b>
Taxes for the year	(22,477)	(39,330)	16,853
<b>Result for the year</b>	<b>54,050</b>	<b>84.129</b>	<b>(30,079)</b>

EBITDA of 136 million euros, down compared to 2019, amounts to approximately 34% of turnover, while operating profit, before provisions for risks, is equal to approximately 25% of turnover for the year, amounting to 100 million euros.

The decrease in turnover led to a general reduction in costs (raw materials and electronic document services) related to the volumes generated and general services. On the other hand, the costs for sanitation and protection devices related to the Covid-19 emergency were incurred.





Although in a difficult context, in a logic of continuity with the interventions initiated in previous years, the actions aimed at the organizational rationalization of factory processes and support activities, the prudent and proactive management of the processes of purchasing goods and services that made it possible to limit losses and achieve substantially positive results.

The intense action to control and rationalize the purchase costs of goods and services continued, in order to guarantee economic and qualitative conditions in line with the general policy for the revision of expenditure, through the extension of credit lines with competitive procedures and improvement of the requirements planning process with aggregation of internal demand; elements that made it possible to keep the incidence of the purchase costs of raw materials of 15.2% and of services of 26% on the operating product almost constant in percentage terms.

In addition to what has already been highlighted in relation to the turnover for all the other main aggregates, the following is noted:



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*the costs of production* they decrease as a function of the reduction in production volumes; to this are added the constant actions aimed at cost control, the effects of internalization processes, public award procedures and finally the rationalization of the warehouse.

*the added value*, equal to 236 million euros, it represents approximately 59% of the income for the year;

*the cost of labor* (99 million euros), a significant reduction compared to the previous period by approximately 8.7%. The company turnover rate in 2020, equal to 15% calculated on average resources equal to 1709 units, is down compared to the previous year (-19%). This difference is essentially due to a decrease in changes in income (the compensation of outgoings shows a rate of 8%). During the year, 235 employees left the service and 19 were hired.

The gross operating margin of 136 million euros, down due to the dynamics highlighted above, represents approximately 34% of the income for the year;

*depreciation* they total more than 37 million euros, and reflect the contribution of investments for the period;

*provisions for risks and charges*, for 25 million euros, relate to the adjustment of the provision for risks, for the environmental remediation activities of the Foggia plant, in the process of being defined, as well as the consolidation, safety and restructuring real estate works.

The performance of the financial market suffered a decline thanks to the sharp increase in banks' liquidity and the application of negative interest rates on deposits by the ECB. The balance of financial management is positive for approximately 2 million euros. The Company achieved positive returns through the opening of short-term restricted current accounts which made it possible to minimize risks while benefiting from interest.

*Income taxes* they refer to IRES for 17 million euros, to IRAP for 5 million euros. The item includes the amounts of taxes on income (IRES 24%) and on production activities (IRAP 4.82% for Lazio and Puglia and 3.10% for Valle d'Aosta) for the year. No provision was made for deferred taxes and there were no changes that led to the adjustment of what has already been set aside.

Among the increases for IRES purposes, the provisions for risks, which are not tax deductible, should be highlighted. These are provisions for sums intended to meet potential liabilities associated with existing situations, the values of which are estimated (including extraordinary maintenance work, early retirement and corporate restructuring).

Among the decreasing variations, the positive impact was generated both using the provisions for risks (to materialize the expenses for which they were allocated) and using the tax concessions introduced for investments in new capital goods ("Super depreciation ") And in assets functional to the technological / digital transformation according to the " Industry 4.0 "model (" Hyper-depreciation "): concessions that allow you to enjoy increased depreciation for tax purposes.



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In fact, as part of the important investment plan carried out in the period 2017-2019, the Company was able to access the subsidy for all those assets for which the requirements for interconnection to the company system have been fulfilled.

The certificates of conformity, accompanied by specific technical analyzes conducted on the various plants, were issued by an accredited Certification Body for the conformity assessment service to the Industry 4.0 Plan.

For the 2020 tax period, therefore, the Company can begin to benefit from the hyper-depreciation benefit for the registration plate production plant (total investment value approximately 6 million euros) located at the Verrès plant (AO) which has been deemed compliant with the requirements of the standard. Furthermore, the benefit of the increase continues for assets already declared compliant from 2018. For the latter, specifically, it is:

- n. 3 CIE bagging systems, for a total investment of approximately 1.2 million euros;
- n. 1 Automatic register for the Lotto game, for an amount of approximately 44 thousand euros.

The Company, in a logic of continuity with previous years, applies the "super-depreciation" recognized for the assets purchased within the 2019 tax period; this tax relief that allows you to increase the depreciation rate, for IRES purposes only, by 40% (for assets purchased up to 2017) and 30% (for assets purchased from 2018) respectively.

*The financial situation* has been reclassified in the table below, highlighting the balances for 2020, compared with the previous year.

<i>Asset structure analysis values in thousands of euros</i>	<b>31-Dec-20</b>	<b>31-Dec-19</b>	<b>Variations</b>
<i>Fixed assets:</i>			
intangible	5.909	5,185	724
materials	221.918	205.538	16,380
financial:			
- participation	40.760	60,279	(19,519)
- participation in debts for payments to be made	0	(15,750)	15,750
- credits and other titles	1,827	1,762	65
<i>subtotal financial immobilizations</i>	<i>42,587</i>	<i>46,291</i>	<i>(3,704)</i>
<i>Total assets</i>	<i>270.414</i>	<i>257.014</i>	<i>13,400</i>
<i>Working capital:</i>			
Inventories	62,342	64.135	(1,793)
Commercial credits	39,516	37,063	2,453
Receivables from related parties	158.344	174.906	(16,562)
Tax credits	35,317	33,419	1,898
Other activities	3.738	1,302	2,436
Accruals and deferrals	3,862	5,695	(1,833)
Commercial debts	(124,715)	(135,770)	11,055
Payables to related parties	(119,088)	(117,307)	(1,781)



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Tax and social security debts	(103,378)	(104,531)	1.153
Provisions for risks and charges	(203,890)	(202,844)	(1,046)
Other liabilities	(15,926)	(17,021)	1,095
<i>Total working capital</i>	<i>(263,878)</i>	<i>(260,953)</i>	<i>(2,925)</i>
<b>Capital invested (net of operating liabilities)</b>	<b>6,536</b>	<b>(3,939)</b>	<b>10,475</b>
Employee severance indemnity	(11,398)	(14,922)	3,524
<b>Capital invested (after deduction of TFR Liabilities)</b>	<b>(4,862)</b>	<b>(18,861)</b>	<b>13,999</b>
<b>Cover by:</b>			
<i>Own capital:</i>			
Capital	340,000	340,000	0
Reserves and results carried forward	80.733	76,527	4,206
Operating result	54,050	84.129	(30,079)
<i>Total equity</i>	<i>474.783</i>	<i>500,656</i>	<i>(25,873)</i>
<i>Medium and long-term financial debt</i>	<i>4,676</i>	<i>4,894</i>	<i>(218)</i>
<i>Short-term financial debt:</i>			
Net financial debt	218	267	(49)
Availability and short-term financial receivables	(484,539)	(524,678)	40.139
<i>Total net cash available</i>	<i>(484,321)</i>	<i>(524,411)</i>	<i>40,090</i>
<b>Total coverage</b>	<b>(4,862)</b>	<b>(18,861)</b>	<b>13,999</b>

The most significant changes in the elements of assets and liabilities concern:

*Fixed assets* they amount to a total of 270 million euros, due to the following dynamics:

- *intangible*: 5.9 million euros: during the year, in addition to software programs and licenses, development costs relating to industrial research projects were capitalized (5.7 million euros). The amortization for the period was 4.5 million euros, while net disposals amounted to 500 thousand euros;
- *materials*: 221.9 million euros compared to 205.5 million euros in 2019. Investments amounted to 74.4 million euros, depreciation 32.5 million euros, as well as disposals, sales, reclassifications and advances.
- *financial fixed assets*: 42.6 million euros (46 million euros in 2019, net of payments due).

The liquidator of the subsidiary Innovazione e Progetti has carried out the final liquidation operations, in compliance with the provisions of the liquidation project. The final financial statements were drawn up on November 18, 2019, while the Shareholders' Meeting took place on March 16, 2020. The assets recognized by the allotment plan amounted to € 4.7 million. At the same time, the Poligrafico was released from the payment of 16 million euros as payment of the tithes still due on the share capital.

On 29 July 2020 the company Futuro & Conoscenza Srl was established, according to the in-house organizational model providing joint control of Poligrafico (80%) and the Bruno Kessler Foundation - FBK (20%). The company has as its exclusive corporate purpose the research



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activity in the following sectors: a) Materials technologies for the development of paper and plastic substrates with innovative characteristics; b) Materials technologies for the development of anti-counterfeiting elements relating to all levels of security (overt, covert and forensic); c) Development of security printing materials and production techniques for the creation of innovative digital security elements; d) Development of software solutions and digital services for security, anti-counterfeiting and identification.

*The working capital* it is negative for 264 million euros. The elements of the assets and liabilities that contributed to this result were:

- inventories: 62 million euros, with a slight overall decline. Raw materials increased by approximately one million euros, a variation offset by the lower stocks of semi-finished and finished products in the warehouse. The item “inventories” also includes company assets disposed of from the production cycle and valued at the lower of the residual value and their presumed realizable value (101 thousand euros);
- trade receivables and other assets: 205 million euros, down by 14 million euros and are made up of receivables from customers, parent companies, associates, subsidiaries and related parties.
- *tax credits*: 35 million euros and refer to VAT advances, IRES and IRAP advances paid in excess of the taxes for the period, prepaid taxes and refunds requested;
- trade payables and other liabilities: € 260 million, this item includes payables to suppliers, subsidiaries, associates, parent companies, related parties, employees and social security and welfare institutions for the related contributions. In addition, this item includes the payable to the Ministry of Economy and Finance relating to the funding disbursed by the latter to pay the injunctions of Unicredit Factoring against the invoices of Omnia Logistic as part of the transport service for the years 2002-2006;
- *the tax and social security debts*: 103 million euros: this item mainly consists of the VAT payable for the supply of common printed matter for the years 2006-2018, which amounts to approximately 94 million euros. In addition, this item includes the withholdings on income from employees and similar for the month of December paid in January 2021;
- *other provisions for risks and charges*: 204 million euros, net of uses and provisions. The provisions were determined, valuing, according to prudential criteria, the potential liabilities that could derive from the definition of commercial and industrial items as well as from possible non-existence of assets. This provision refers to: returns on orders relating to the supply of safety documents, license plates and pharmaceutical labels; charges relating to contracts in progress for which costs are estimated to be incurred in future years; restructuring charges against the estimate of the costs to be incurred in view of the planned rationalization of the production sites and for the modernization and safety of the various plants.



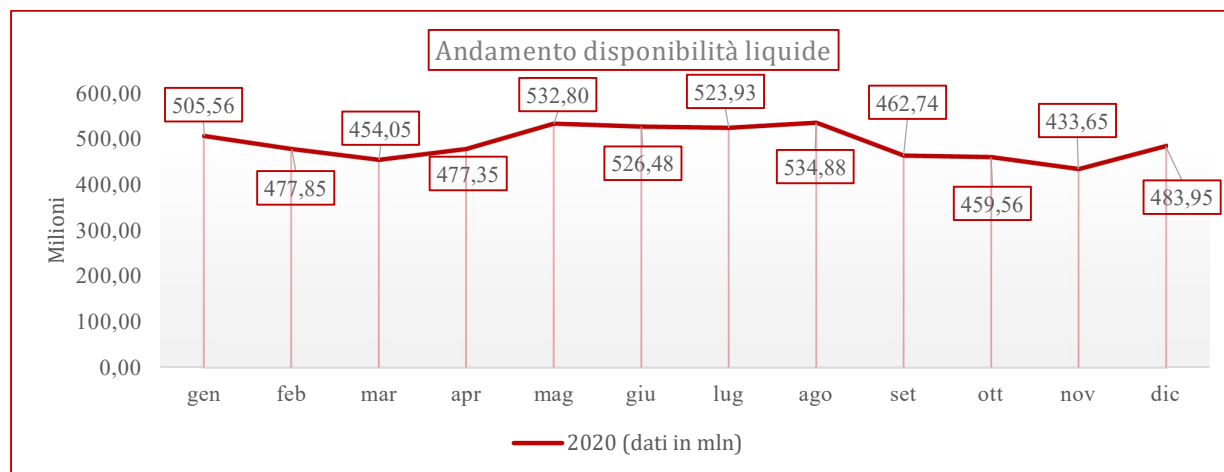
POLIGRAFICO E ZECCA DELLO STATO ITALIANO

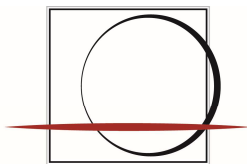
*Net financial position* is positive for 480 million euros and is made up of cash and short-term financial receivables for 485 million euros, short-term debt for 218 thousand euros and medium and long-term debt for 4.7 million euros. During the year, the ordinary dividend for the 2019 financial year of € 80 million was paid.

Financial payables consist of the residual debt for the loans granted by the Cassa Depositi e Prestiti and expiring on 31 December 2035, 4.9 million euros (4.7 million euros beyond one year and 218 thousand euros within the year).

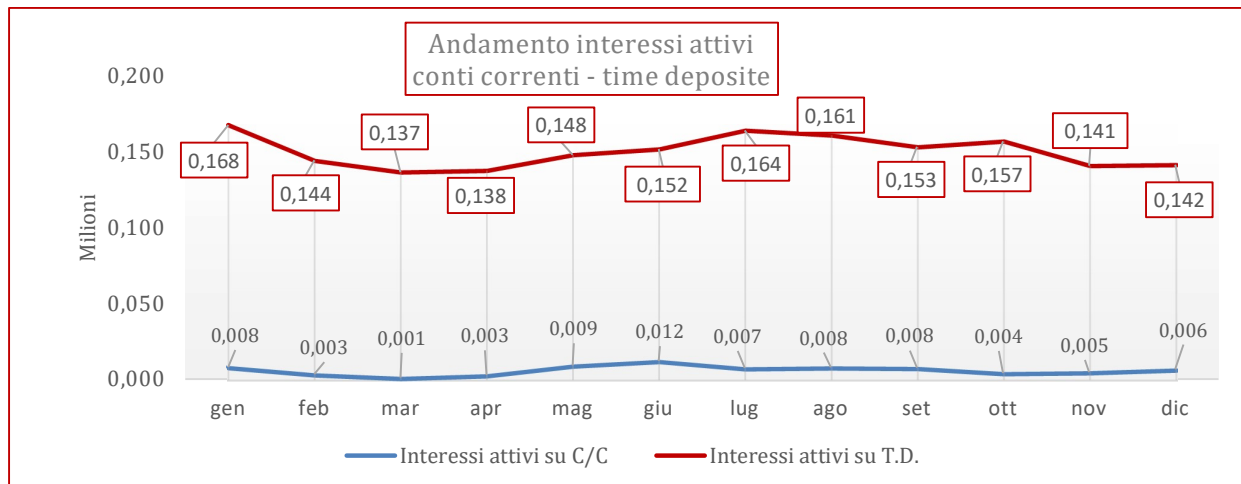
<i>Net financial position</i>				
<i>values in thousands of euros</i>	31-Dec-20			31-Dec-19
	Within the year	Beyond exercise	Total	Total
Cash and cash equivalents	484.539		484.539	524.678
<i>Debts:</i>				
to banks			0	(60)
towards other lenders	(218)	(4,676)	(4,894)	(5,101)
<b>Total</b>	<b>484.321</b>	<b>(4,676)</b>	<b>479.645</b>	<b>519.517</b>

<i>Financial availability</i> <i>values in thousands of euros</i>	31-Dec-20		31-Dec-19	
	Amount	Rate (%)	Amount	Rate (%)
Liquidity with credit institutions	483.950	0.37	523.790	0.46
Cash on hand	25		37	
<b>Total</b>	<b>483.975</b>		<b>523.827</b>	
Unpaid accrued interest	564		851	
<b>Total</b>	<b>484.539</b>		<b>524.678</b>	





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The following table highlights the main cash flow items:

Cash Flow values in thousands of euros		
Availability 01.01.2020		524.678
Availability 31.12.2020		484.539
	<b>Variation</b>	<b>(40,139)</b>
<b>Availability 31.12.2019</b>		<b>524.678</b>
	<b>enter</b>	<b>exits</b>
Wages and payrolls		(68,227)
Taxes		(48,105)
Social security contributions		(46,648)
Providers		(249,678)
Customers	449.659	
Mortgages		(302)
Dividend		(79,923)
Other receipts	4,520	
Other payments		(3,039)
Financial transactions	1,604	
<i>Total movements</i>	455.783	(495,922)
<b>Availability 31.12.2020</b>		<b>484.539</b>



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## Investments

The investments made in 2020 respond to the strategic lines already identified in previous years and confirmed by the business plan. The Company has strengthened its skills and assets with the technological renewal of the production and technological infrastructure, as a point of reference for the protection of the primary interests of the Community State. The investments were all aimed at creating products, services and projects with high intrinsic values, in terms of safety, health protection, anti-counterfeiting and traceability.

With the creation of back-ups on core products, production was able to support all the required needs. This organization has made it possible to create synergies between the various plants, increasing the flexibility and resilience of the production system, while satisfying, at the same time, the changing needs of the client, especially in a pandemic phase, which has seen multiple requests for contractual changes, both in terms of quantity and delivery times by major customers.

During the year, the development of holographic production and numismatics continued.

The following are the main investments made for each production site:

<b>Investments for production facilities</b> (amounts in millions of euros)					
	<b>2020</b>	<b>%</b>	<b>2019</b>	<b>%</b>	<b>Variation</b>
<i>Purchases of the year</i>					
Values Cards and Traditional Productions Workshop	20.02	36.68	10.55	13.81	9.47
Foggia	16.15	29.58	21.83	28.57	(5.68)
Zecca and Verrès	6.05	11.08	11.36	14.87	(5.31)
Central Functions	11.04	20.22	31.76	41.57	(20.72)
Research and Development	1.33	2.44	0.9	1.18	0.43
<b>Total a)</b>	<b>54.59</b>	<b>100</b>	<b>76.4</b>	<b>100</b>	<b>(28.81)</b>
<i>Purchases previous years</i>					
Values Cards and Traditional Productions Workshop	4.95	17.05	3.55	23.84	1.40
Foggia	14.06	60.32	8.31	55.81	5.75
Zecca and Verrès	1.98	7.26	0.19	1.28	1.79
Central Functions	4.46	15.37	2.84	19.07	1.62
<b>Total b)</b>	<b>25.45</b>	<b>100</b>	<b>14.89</b>	<b>100</b>	<b>10.56</b>
<b>Total a + b</b>	<b>80.04</b>		<b>91.29</b>		<b>(12.15)</b>

The most significant investments made in 2020 were:



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*Security documents:* has been purchased an Inlay production plant which allowed the internalization of a further production phase of the Passports.

The installation of the 70x100 UV offset lithographic printing machine has been completed: the plant represents the most advanced offset printing system in the world thanks to the tracing, control and destruction system in line with the achievement of very high quality and safety standards. Alongside the current offset printing machine, it will guarantee production continuity even in the event of a failure of one of the plants. At the Foggia plant, the back-up of the Electronic Identity Card was completed with the installation of the machines for card making and those for personalization. Holography: the new holographic department has been completed and started up. With the purchase of the latest machinery,

The revamping of the Jagenberg cutter was completed with the replacement of the PLC system and the installation of the new “register” cut, together with a watermark vision system.

*Traditional production:* the production upgrade of the Gallus Labelfire printing machines continued with the purchase of new inkjet heads; the intervention will guarantee a high production flexibility, providing adequate solutions to the different traceability and safety needs of the clients. In the backup logic of the core productions, a die-cutting plant was purchased at the Foggia plant for the realization of the DOC and DOCG marks.

*Plates:* a new quality control system (QCS) was purchased to improve and guarantee greater product safety and quality. At the Verrés plant, the number plate plant has come into full operation with the automation of the handling of reels.

*Numismatic and medal coins:* Technological renewals of mechanical production continued through the installation of a new vertical press to produce bimetallic coins and the turning and artistic production center. Similarly, the technological upgrade of the horizontal presses for the management of ordinary coin production was completed.

For the optimization of all cone manufacturing processes, the plant is equipped with laser engraving and micro-milling machines also aimed at improving the quality of the products.

*Process / product improvement activities:* two new shredders were installed in the two buildings of the Polo Salario site to increase the shredding capacity of securities and plastic materials, to eliminate the quantities of waste stored in the department stores (so-called Serre), with an improvement in terms of efficiency and safety.

In the production sector dedicated to printing, a static display and quality control system, white and vaulted, and a camera for guiding the material through the display of the print on the machine itself was installed, with considerable advantages to the machines already present in the company. (Drent, Goebel and Prati).



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Investments in Foggia for the updating of the paper machine were completed in 2020, aimed at making the plant more efficient and improving the environmental impact with the recovery of process water and dispersed fibers.

The activities for the video surveillance system of the Foggia plant have been completed, with the adaptation of the system to the safety levels required in the Holography department.

In Verrès, construction work on the new biological section of the water purifier was completed in July, also to stabilize the organic pollutants with savings on the final activated carbon filters.

At the Zecca, the intervention on the production process continued, aimed at optimizing the replacement times of work tools in printing ordinary coins, through the SMED methodology, with the entry into production of three motorized clamping stations and the acquisition of the "Automatic cone and ferrule warehouse" which will be fully operational in 2021.

*Real estate investments and renovations:* Works for the modernization and efficiency of equipment and workspaces continued according to the process of requalification of the real estate assets characterized by great attention to optimization and energy saving.

The replacement of all existing lighting bodies with LED fixtures was completed in all the plants in Rome and in the Aosta Valley. The intervention involved the production areas, offices, common areas and illuminated outdoor areas.

Work continued at the Foggia site for the construction of the new trigeneration cogeneration plant, capable of producing thermal, electrical and cooling energy, in the buildings that housed the old power plants. The interventions are expected to be completed within the first half of 2021.

Work has begun on the Research Center at the Foggia and Verrès plants.

*Research and Development:* in line with the previous year, the monitoring of costs incurred on industrial research projects continued, the completion of which will lead to the improvement of existing assets, new products / processes or new industrial patents. During the year, the development projects for a process were completed galvanic for the plating of metals (coins, medals) and the development and implementation of the CIESign App for the use of the CIE as an advanced electronic signature tool.

*Projects in progress:* with reference to security documents, investments relating to the upgrade of existing passport production plants and the installation of new production and initialization machines, which have been slowed down due to a pandemic, are at an advanced stage. The activities will be completed in the first months of 2021 and will allow the production of passports with the data page in Polycarbonate, according to the model patented by Poligrafico, as well as having 2 independent production lines that will guarantee the production continuity of the passports in case



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of unavailability of a line. The increase in production capacity may also make it possible to respond to international tenders to produce passports. And then,

In the license plate sector, the investment of the two Utsch paging machines is nearing completion in Foggia, destined to carry out the automatic and personalized drawing of the car license plate, guaranteeing greater reliability and quality in the process and less production waste.



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## Human Resources and Organization

As of December 31, 2020, the number of resources was equal to 1,595 units, 216 less than the final figure in 2019 (-11.9%).

The hiring plan implemented during the year led to the insertion of 19 units between factories and central structures: 1 middle manager, 8 managers, 9 clerical workers and 1 worker, with an average age of hires equal to 34.4 years. 235 exits were recorded (-13% with an average age of 60 years); in particular, 3 managers, 6 middle managers, 56 managers, 83 clerks and 87 blue-collar workers left the service. Approximately 78% of retired personnel (183 resources) adhered to the redundancy incentive plan, 34 resources (14%) made use of the “Isopensione” (pursuant to Article 4 of the Fornero law). The remaining 18 terminations (8%) are distributed between voluntary resignations (7) and other reasons (11).

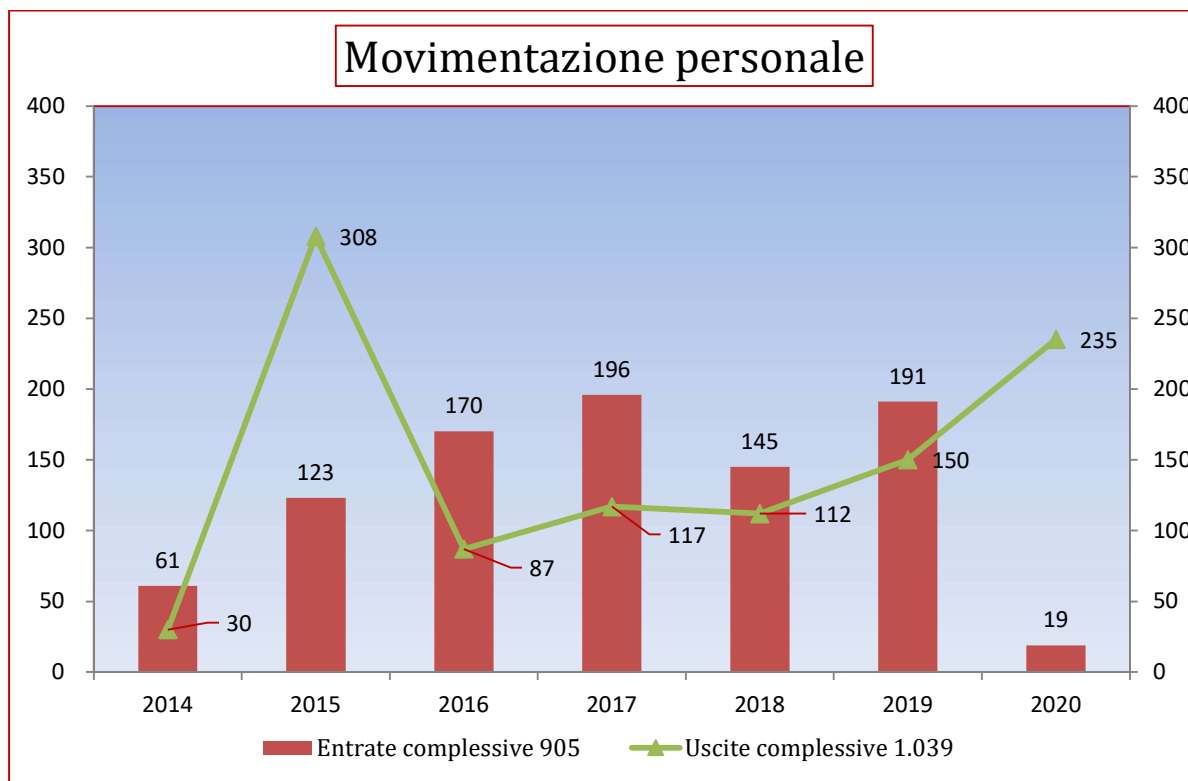
During the year, the Company made use of supply contracts, to meet the temporary needs, both of production and of staff activities. As of 31 December, there were 35 active positions.

The breakdown of personnel by production facilities and by functional qualification, compared with the exact value at the end of the previous year, is as follows:

<b>Productive Settlements</b>	<b>Executives and Employees</b>	<b>Workers</b>	<b>2020</b>	<b>2019</b>
Values Cards and Traditional Productions				
Workshop	167	343	510	604
Foggia	80	209	289	296
Zecca	47	69	116	136
Verrès	10	24	34	41
Integrated Solutions Development	138		138	89
Information Systems and IT Services	137		137	234
Central Functions	355	16	371	411
<b>Sub Total</b>	<b>934</b>	<b>661</b>	<b>1,595</b>	<b>1,811</b>
Staff in administration			35	39
<b>Total</b>	<b>934</b>	<b>661</b>	<b>1,630</b>	<b>1,850</b>



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The average age of staff in force as of 31 December was 42.4 years, a further reduction compared to previous years (43.9 in 2019, 45.5 in 2018 and 46.3 in 2017). Furthermore, 69% of the active population is under the age of 50 and those over 60 in the company represent 4% of the company population, reducing their presence by 7 percentage points compared to 2019 (4% vs 11%). The percentage of women in the company remains stable compared to 2019 (23.0%).

Gender / Age	20 ≤ Age ≤ 30	31 ≤ Age ≤ 40	41 ≤ Age ≤ 50	51 ≤ Age ≤ 60	<60	Total	%
Females	33	97	117	99	19	362	23
Males	215	402	279	286	51	1,233	77
<b>Total</b>	<b>248</b>	<b>499</b>	<b>396</b>	<b>385</b>	<b>67</b>	<b>1,595</b>	<b>100</b>

The analysis of the composition of the workforce, by level of education, shows that 92% of the staff has a medium-high qualification, a percentage that is 100%, for new entrants. The table below highlights the distribution by qualifications and level of education:

Qualification / Education	Graduation	Diploma	Average	Elementary	Total
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Managers and directors	260	164	6	0	430
Employees	150	318	35	1	504
Workers	11	561	89	0	661
<b>Total</b>	<b>421</b>	<b>1,043</b>	<b>130</b>	<b>1</b>	<b>1,595</b>

The average number of days worked per capita in 2020 decreased by 10.46 units (201.67 vs 212.13 in 2019). The reduction in services rendered is mainly linked to the health emergency. The most significant changes are the absences strictly linked to Covid-19 with a decrease in benefits for 8.68 average days and a decrease in extraordinary benefits for a total of 3.84 average days. On the other hand, there was less absenteeism, net of absences related to Covid-19, for a total of 1.12 days worked more than in 2019.

The overall absenteeism rate stands at 8.64%. To compare the data with 2019, therefore not considering the absences related to Covid-19, the rate drops to 7%, thus resulting in a decrease of 0.45% compared to the previous year (the greater reductions in absences are attributable to the use of law 104, strike, union permits and accidents, with a slight increase in illnesses and maternity). Although 2020 was a particular year, it is highlighted that the reduction in the absenteeism rate is increasingly affected by the effects of the generational change process, which has been underway for years, as well as an improvement in the corporate climate due to the strong push towards work. agile (smart working). Absenteeism, always net of absences related to Covid-19, shows a non-homogeneous trend in the various company structures. The management structures cumulatively rank well below the overall average value with an absenteeism rate of 5.63% (reducing the rate by over 1.3% compared to 2019). As regards the production plants, Verrès and Foggia, although increasing compared to 2019, show a rate significantly lower than the average, respectively 3.2% and 5.23%; while the Officina Carte Valori and the Zecca are higher than the average, with a rate of 9.25% and 8.47%. although increasing compared to 2019, they show a rate clearly below the average, respectively 3.2% and 5.23%; while the Officina Carte Valori and the Zecca are higher than the average, with a rate of 9.25% and 8.47%. although increasing compared to 2019, they show a rate clearly below the average, respectively 3.2% and 5.23%; while the Officina Carte Valori and the Zecca are higher than the average, with a rate of 9.25% and 8.47%.

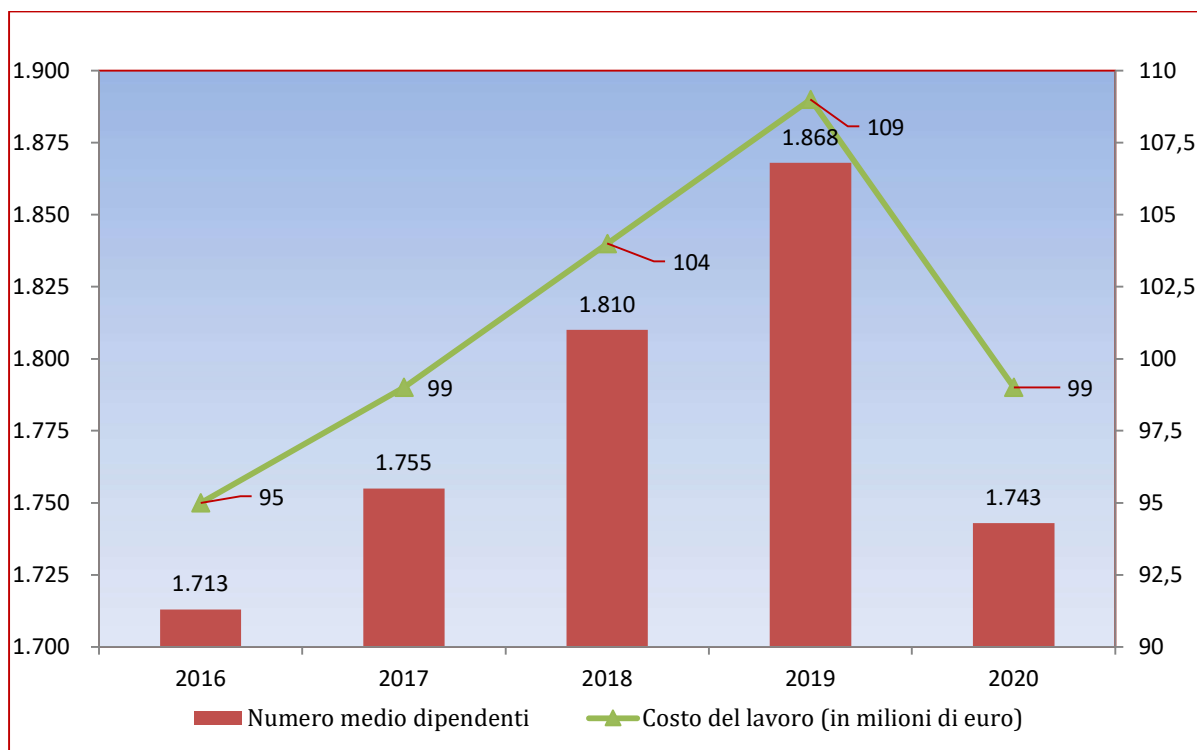
Extraordinary services compared to the previous year show a decrease of 3.84 days per capita (6.39 vs 10.23). The total hours are almost halved, going from about 144 thousand in 2019 to about 86 thousand in 2020. Analyzing the production plants, the Officina Carte Valori has gone from about 70 thousand hours in 2019 to 36 thousand in 2020, Verrès from 1,300 to 800 hours,



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Foggia from 47,000 to 30,000 hours, finally the Zecca which recorded the most important decrease, going from 6,200 hours to 2,600 in 2020.

As of December 31st, the cost of labor was 99 million euros. The significant decreases include the lower cost for salaries (-6.6 million euros by way of salaries, allowances, additional months and holidays), extraordinary services (-1.2 million euros), in line with the decrease in the average resources present in the company (around 80 units), and the lower use of the administration, (-1.6 million euros). The cost of the so-called “performance” individual assessment system remains in line with 2019, while that relating to the performance bonus shows a decrease, in line with the change in personnel in force.



### Organization

As part of the innovation process that characterizes the products / services of the Poligrafico, in 2020 some organizational interventions were carried out aimed at encouraging and accelerating the exchange of experiences and skills between the organizational areas mainly involved in this change. In addition to an internal change among the top responsibilities of the structures primarily involved in the digital innovation process, the Information Systems and IT Services Department was redesigned. The definition of an operating model - for the application development part - of a





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"matrix" type, which allows to optimize the commitment of the skills present with respect to the project priorities of the company.

Furthermore, as part of the evolution of corporate governance, the Risk Management function has been set up, reporting directly to the Chief Executive Officer, to ensure preventive and integrated management of all corporate risks.

### *Training*

The company training plan was significantly influenced by the health emergency. The initiatives, by new distance learning tools, have focused on supporting a different approach to individual and collective work and in favoring the digitization process. Due to the new demands, training has been rethought to support resources in the crisis, operating in an unprecedented and unexpected context and pursuing the objective of developing innovation, creativity and change. In this context, some new initiatives have had relevance, such as "A Journey into Knowledge" - training pills spread throughout the company and aimed at creating a network for sharing knowledge, to provide new stimuli and generate curiosity,

The total hours of training provided in 2020 were 38,564 with an average of 24 hours per capita, with a decrease of 38% compared to the 2019 figure. This decrease is due to the massive use of e-learning and virtual classroom training, which - to be effective - requires a contingent commitment of dedicated time, compared to what is foreseen by face-to-face training. Despite a reduction in overall hours, this delivery method has, however, made it possible to reach a wider audience of people, also due to the widespread use of IT tools in remote work. In terms of the breakdown of training hours for the various topics, 21,439 hours were dedicated to Machine Training and 6,111 hours were those relating to the so-called Technical training. The interventions in support of the digital innovation process involved a commitment of 730 hours, while the total amount developed for compulsory training and for that relating to Certifications was equal to 7,269 hours. Initiatives to support individual effectiveness and development totaled 1,178 hours, plus 458 hours for higher education (master's) and 1,379 hours of English.

### *Search and selection of personnel*

During 2020, despite being affected by the effects of the health emergency, the search program for new personnel continued, to enhance the professional and organizational skills to support the innovation and development processes in progress.

In total, n. 38 Job Alerts on the company website, also using advertising channels for further n. 4 internship searches: University Placement Offices, Specialized Schools and Educational Institutions.

For some personnel searches, in compliance with the provisions of the internal "Personnel Selection" procedure, the assignment - by calling for tenders - was also entrusted to external



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companies specialized in the matter. At the same time, in the context of the selections for which the intervention of external companies was not requested, screening was carried out on over n. 580 Curriculum Vitae received, to verify the compliance of the CVs with the required requirements.

From the outcome of the various screenings, about 390 candidates deemed most suitable were interviewed, assessed by providing specific tests (logical, psycho-attitudinal and personality questionnaires) and individual interviews also in telematic mode (so-called “remote”).

With the purpose of strengthen the positioning of printing towards young graduates from the Universities of greatest interest to the Company, the Company keep on the Employer Branding strategy, carried out primarily in virtual mode, through active involvement in detail of the R&D structures and the Information Systems and IT Services Department.

#### *Industrial relations*

During the year 2020, the Company addressed issues related to both the management of the health emergency - such as Agile Work and the specific Covid-19 protection measures - with the trade union parties - and the needs linked to the evolution of the industrial profile of the 'company, such as the management of "Information security" and the methods of hiring and developing "new personnel" (professionalizing apprenticeship).

In the emergency phase, a company protocol on containment measures for the spread of the coronavirus stipulated on 14 March 2020 (Confindustria, CGIL, CISL, UIL) was signed with the trade unions, in line with the protocol on containment measures prevention and protection within the workplace, aimed at mitigating the risks associated with the covid-19 emergency. As part of the agreement, a “Company / Trade Union Committee” was also set up to verify the application of the contagion containment measures.

With the trade union agreement of 15 September 2020, the use of agile work was confirmed in a stable manner, with the dual objective of regulating the methods of performance provided in smart working, favoring the reconciliation of life and work times and significantly reducing attendance. in the company favoring the reduction of infections.

With the aim of optimizing the use of resources and responding to the needs of the factories, which are committed to guaranteeing the production of essential products for the country (pharmaceutical labels, official gazette, etc.), specific agreements have been signed with the trade union representatives in the company. Among these can be mentioned the agreements aimed at allowing the movement of personnel between non-homogeneous areas and the temporary assignment of personnel to produce personal protective equipment, or masks in polycarbonate, for a number equal to 1 million pieces delivered to the Civil protection.

The company, in agreement with the Parties, aware of the economic and social hardship caused by Covid-19 for families, recognized in June a total amount of € 500.00 gross, in the form of a one-



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off payment, in favor of all employees with permanent and fixed-term contracts and has taken out a supplementary health policy (medical assistance, per diem for hospitalization, psychological support).

On Information Security, the Parties entered into an experimental agreement regarding the activity carried out by the Cyber Security structure through the supervision of the Cyber Physical Security Center (CYPSEC). After a six-monthly review and related monitoring carried out by a specific commission, the Parties agreed to finalize the agreement. During the year, Video Surveillance Commissions were set up at the various sites - composed jointly of RSU and the Company - to respond to the need to increase the security measures and controls necessary to ensure the monitoring of physical and logical security.

Lastly, the Parties, with a view to continuing the qualitative turn over in line with the process of productive and technological innovation in place in all company sectors, agreed that the vocational apprenticeship was the most suitable tool for the inclusion of specific job skills within the company organization. In particular, the training course dedicated to apprentice personnel has been defined, which will be guaranteed entirely through the contribution of expert personnel (tutors and trainers), selected for the most part from within the company.



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### *Services to People and Business*

During the year, the initiatives aimed at rationalizing company services and consolidating the safeguards in support of all company structures continued: all while balancing the hygiene, health and safety needs connected to the risk of the spread of the pandemic from Covid-19. with the principles of sustainability, efficiency and quality of services.

Since March 2020, the exponential increase and adaptation of IT equipment for employees has been managed through the Service Desk, to facilitate access to the public in a very short time, consistent with the progress of the pandemic risk. smart working and guaranteeing remote connections to company networks, according to the strengthened IT security protocols. In this regard, around 675 new workstations (PDLs) were replaced or reconditioned, covering 70% of “non-worker” employees.

At the same time, support was provided to all company structures, with the various Facility Management services, to minimize the risk of contagion by adapting physical spaces, with a significant increase in requests for assistance to structures and people.

During the year, the company Mobility Management projects were consolidated (Company Shuttle, Car Sharing for business trips with electric cars and Car Pooling, Taxi Convention) for the simplification and improvement of the quality of home-work trips for staff and for the complete redevelopment of fleet management from a green perspective.

Collaboration continued, in synergy with other interested institutional entities, for the realization of cycling mobility projects in the area with the Municipality III and projects for the improvement of the via Salaria with the Municipality of Rome (junction on Marciana Marina).

The need for goods and services for the business operation has been elaborated by establishing stringent requirements with low environmental impact, in line with the criteria of energy and environmental sustainability, maximizing the use of materials that are not harmful to the ecosystem (e.g., for the supply of furnishings, for the textile materials of work uniforms, for catering services, etc.), with reference to the National Action Plan on Green Public Procurement (PAN GPP).



## Litigation

Corporate disputes are mainly attributable to the following cases:

- *civil law disputes*, during the year, 4 introductory deeds of new passive judgment were served for a total petition of 721 thousand euros; while a civil lawsuit was settled and a lawsuit for a total value of € 256 thousand was filed.

The dispute relates to contracts stipulated with private customers / suppliers. These are mostly cases, the definition of which, in the absence of valid settlement conditions, is linked to the timing of the judicial proceedings instituted.

At the end of the year, 13 civil lawsuits are pending for a total value of approximately € 35 million.

- *administrative law disputes* 12 administrative appeals were notified for which the petition was not quantified, while 13 administrative law cases were closed. Therefore, as of December 31st, no. 10 cases relating to administrative law, for which the petition has not been quantified.
- *disputes relating to labor law*, during the year 3 new appeals were notified (for 3 applicants), two for bullying / demotion and one for injury. The conciliated cases were 4 (for 4 applicants), two for mobbing / demotion and two for higher ranking, while 7 cases (for 15 applicants) were dismissed due to a final judgment. The number of pending judgments is 17 for 26 plaintiffs. Therefore, as of 31 December 2020, 8 cases were pending in the labor field (for 8 applicants): one for demotion, one for mobbing, three for occupational disease and biological damage, one for recognition of an employment relationship, one for higher duties and one due to injury. The total value of the petition is approximately € 4 million, of which approximately € 3.7 million is made up of causes for occupational disease.
- *tax litigation*, during the year no appeals were notified in relation to tax law. At the end of the year, a lawsuit for a petition of approximately 2 thousand euros is pending, while 6 have been filed.
- *judicial credit recovery* 57 active lawsuits are pending, initiated for the recovery of receivables, for a total value of approximately 3 million euro. The receivables that represent the greatest criticalities in recovery are those relating to debtors for which bankruptcy or composition proceedings are pending for an amount amounting to approximately 1.6 million euros.
- *credit recovery deriving from labor lawsuits*, 9 active disputes are pending for a total value of approximately 111 thousand euros.
- *out-of-court debt collection*, at the end of the year 546 out-of-court cases for credit recovery on invoices were open. 85% of these positions are attributable to receivables that the Poligrafico boasts from the Public Administration and, at present, the relative amounts are recoverable.



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Finally, out-of-court receivables deriving from labor disputes amounted to 51 for a total value of approximately 400 thousand euros.

### *Evolution of the main disputes in progress*

#### *o Civil Litigation*

##### *Unicredit Factoring*

The lawsuits arise following the notification by Unicredit Factoring of three separate injunctive decrees, notified respectively in 2008, in 2010 and in 2011, following which the Poligrafico paid the total sum of 31 million euros, of which 24 million of euro by lot, with reference to the injunction of 2008, the only one with an immediately enforceable formula. The payment was made by means of funding from the Ministry of Economy and Finance, since these are credits relating to transport services organized by the Poligrafico on behalf of the Ministry.

The judgments concluded in September 2017 favorably for Poligrafico which, therefore, took action to recover these sums, in addition to the interest accrued from the date of payment to the date of actual satisfaction.

Unicredit Factoring challenged the judgments, however proceeding with the payment of the sum of 35 million euros including accrued interest.

The appeal filed by Unicredit Factoring was rejected (appeal sentence no.5245/2019) and therefore confirmed the first-degree decisions.

For the sake of completeness, it should be noted that this dispute is linked to a criminal judgment against the Directors of the Omnia Logistic Company who handled the transports and who transferred the credit to Unicredit Factoring. The Directors were sentenced in the first instance for aggravated fraud against the Ministry and the Poligrafico.

In June 2020, Unicredit filed an appeal before the Court of Cassation for the appeal of the appeal sentence and the Poligrafico appeared in court through the State Attorney General. At the moment, the hearing for the discussion of the appeal has not been set.

##### *Acea Energia SpA*

The company Acea Energia, a few years after the termination of the supply of energy carried out at the Salario plant, sent - respectively on 28 August and 14 October 2014 - two invoices for a total amount of 541 thousand euros.

Following the Poligrafico's dispute regarding the claims of the electricity company, the company Farmafactoring SpA notified the company by certified e-mail (February 24, 2015), that the receivable deriving from the invoices in question had also been transferred in its favor.

In this regard, Poligrafico formulated the same objections already raised against ACEA regarding the existence of the receivable as at the time all the amounts relating to the supplied supply were duly paid.



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Indeed, from the correspondence with the Electricity Company in question it emerged that said additional amounts were requested based on an alleged erroneous attribution of the billing constant of the user in question, of which ACEA would have realized only at the time the replacement of the meter, which also took place in the absence of a cross-examination with the Poligrafico staff. This circumstance, in addition to constituting a violation of the procedures for the protection of the user, renders the counterpart's credit devoid of probative basis.

The assignee creditor therefore served an injunction against which Poligrafico filed an opposition. In the hearing of 11 February 2021, the case was held for decision with the granting of the terms for the final appearance and the reply to the parties.

*Royalties on a patent relating to the pharmaceutical stamp*

With a writ of summons before the Civil Court of Rome, notified on 1 March 2018, the Poligrafico was asked to prohibit the production of the stamp according to the current technical specifications, as well as the condemnation of the same to the payment of royalties - not quantified to date - for the abusive use of the patent.

The Company appeared in court contesting the adverse claims at the root and noting the nullity of the patent in question due to lack of novelty and inventive activity.

It was highlighted that the Poligrafico, as a subject appointed by law to supply pharmaceutical stamps exclusively, is necessarily required to comply with the technical specifications contained in specific decrees - the Health Ministerial Decree of 2 August 2001 and the subsequent decree of the Ministry of Health of 30 May 2014 - specifications that cannot be disregarded in any way except by incurring a regulatory violation.

In this regard, the Ministry of Health was called into question to support the non-enforceability of the patent at the Poligrafico.

Furthermore, as regards the lack of inventive activity of the patent in question, it has been shown that at the time the patent was filed for registration at UBIM (in 2001), it did not proceed to the prior art checks to check that the invention to be patented had the characteristics of novelty with respect to the state of the art existing at the time of the application.

A specific appraisal commissioned to expert consultants in the sector revealed that the technical characteristics of the patent at the date of its registration were already known to the technical knowledge of the sector, resulting similar to those relating to previous patents.

As regards the state of the case, it is represented that the Judge, dissolving the reservation regarding the preliminary requests of the parties, ordered the experiment of an expert witness to ascertain the validity or otherwise of the patent, also accepting the request for witness evidence advanced by the Poligrafico. The case was postponed for CTU examination to the hearing on June 23, 2021.

○ *Criminal Litigation*



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Judgment before the Criminal Court of Rome against a former manager for an accident at work in which the Poligrafico assumed, as per the relevant National Collective Labor Agreement, the defensive charges.

Judgment before the Criminal Court of Rome in which the Poligrafico appeared as a civil party to request material and moral damages deriving from the illegal occupation of a property owned by the Poligrafico at the time of the occupation.

Judgment before the Criminal Court of Milan in which the Poligrafico filed a civil action against two Directors of the Omnialogistic company. This procedure is related to the lawsuits against Unicredit factoring, as better specified above.

- *Estimation of the burden that could arise on the Poligrafico from potential causes of the Ina Policy*

Four former employees out of court claimed the right to recalculate the severance pay based on an insurance policy at the time stipulated by Poligrafico in favor of its employees and terminated - as per law - following the entry into force of Law 297/82 which introduced the less favorable discipline of the staff severance indemnity as the only form of severance pay.

This claim originates from a sentence of the Council of State - made against other former employees and partially unfavorable to Poligrafico - which established that Poligrafico had to maintain this policy until 1988, until its transformation into a public economic entity.

Following this sentence, following lengthy negotiations aimed at quantifying the right, the positions of the applicants brought to the sentence were reconciled.

As regards the four former employees referred to above, it was not deemed necessary to proceed with an amicable closure, as, as mentioned, the sentence of the Council of State - even if relating to the same subject - did not concern said former employees.

Since the former employees did not quantify their economic claims to the state, it is not possible to estimate the charges that could derive to the Poligrafico from a possible dispute.

- *Compensation for damages for occupational disease*

Four out-of-court requests were received from the heirs of former employees to request compensation for damages - iure proprio and iure hereditatis - allegedly deriving from occupational diseases contracted by their relatives during the work carried out at the Poligrafico production plants. At present, for four of these requests, there is no quantification of the claims claimed.

For the sake of completeness, it should be noted that in January 2021 1 appeal for occupational disease was notified for a petitum of approximately 1.7 million euros.





## Procurement Processes for Goods and Services

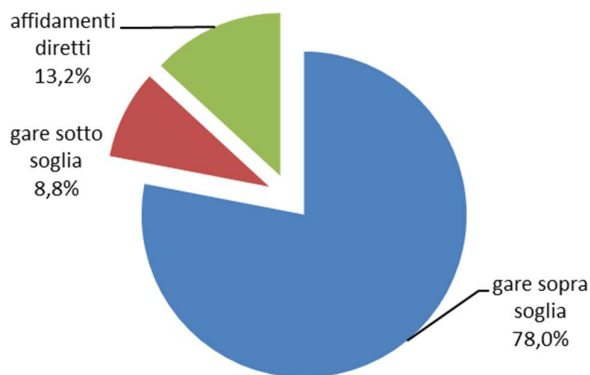
In 2020, the number of contracts signed decreased by 27% compared to 2019, while the overall contracted amount changed by -10%. This reduction is found on all types of credit lines except for those deriving from tenders above the threshold, above all thanks to the stipulation, in 2020, of contracts for the shipment of the CIE with a total amount of approximately 90 million euros.

This general reduction was the consequence of the drop in turnover and production linked to the pandemic that began in March 2020 and is still ongoing. Since the above-threshold procedures generally have an average duration of about 8 months, their reduction will probably emerge in the 2021 data. Below is the analysis relating to credit lines closed in 2020 with the exclusion of credit lines exempt from CIG and electoral ones.

<i>(amounts in millions of euros)</i>	Value				Number			
	2020	2019	Variations		2020	2019	Variations	
			absolute	%			absolute	%
Races above the threshold	203.39	210.73	(7.34)	(3.48)	149	151	(2)	(1.32)
Competitions below the threshold	22.99	30.96	(7.97)	(25.74)	210	293	(83)	(28.33)
Direct assignments	34.31	46.52	(12.21)	(26.25)	1,086	1,542	(456)	(29.57)
<b>Total</b>	<b>260.69</b>	<b>288.21</b>	<b>(27.52)</b>	<b>(9.55)</b>	<b>1,445</b>	<b>1,986</b>	<b>(541)</b>	<b>(27.24)</b>

87% of the contracted amounts derive from tender procedures; the remainder relates to direct assignments, or assignments which for technical reasons exclude competition (art. 63 of the procurement code).

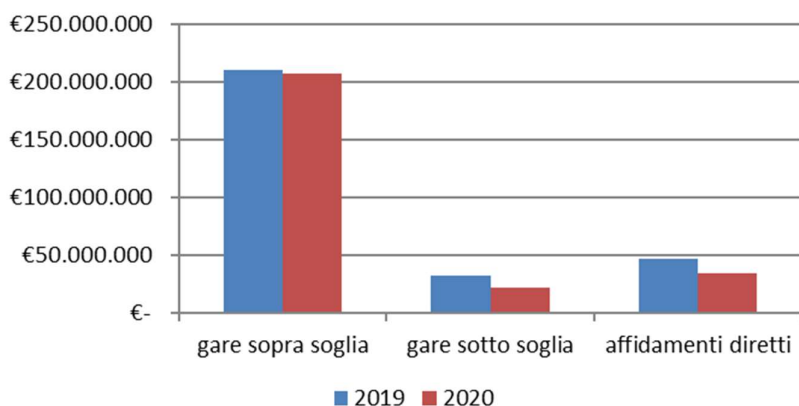
The management of direct assignments is monitored through monthly reports that promptly identify and justify the causes that lead to direct assignments in line with the provisions of the code.



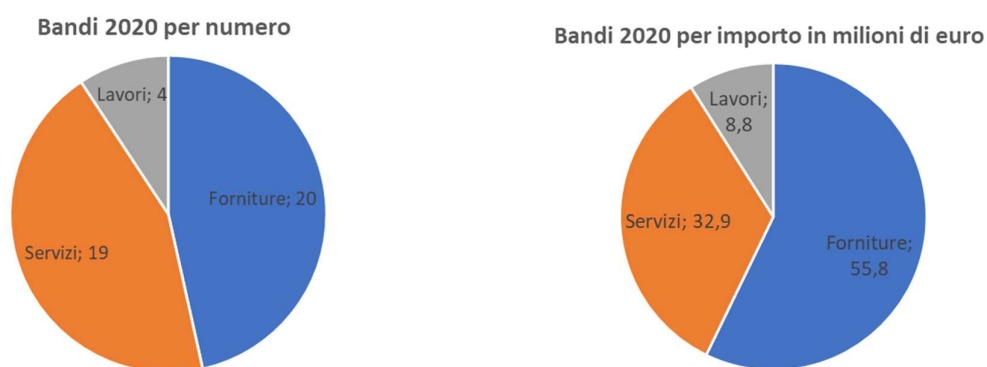


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### importo affidamenti 2019-2020

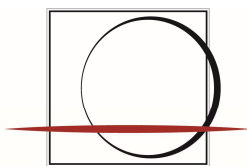


In 2020, 43 calls were published on the Telematic Purchasing System, of which 42 relating to open procedures and 1 relating to an innovation partnership; in the following graphs, the calls for tenders are broken down according to the prevailing category, both by number and by amount:



In order to achieve the optimal economic and qualitative conditions of the purchases made and in line with the general spending review policy, the Company constantly monitors the award prices of all purchases, in particular those strategic and awarded through the procedures above the threshold, adopting, where possible, numerous levers and measures specified in the tender documentation and also aimed at expanding the competitive market, while respecting the quality of the products supplied or methods of providing services.

The award value of the sample contracts (services and repetitive supplies) stipulated in 2020 were compared with the award prices of the previous contracts, showing a saving compared to the previous assignments.



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The most significant savings in percentage terms were recorded on contracts relating to the supply of pre-laminated inlay sheets to produce the Electronic Identity Card (23%); inlay sheets to produce the residence permit (13%); the shipping service of the Electronic Identity Card and related services (6%); acrylic adhesive (3.5%) and finally on the three-year supply of lamination plates for driving licenses and Electronic Identity Card (9%).

In some cases, however, it was not possible to obtain additional savings compared to previous contracts due to the fluctuations in the cost of the raw material (e.g. paper for stamps, copper alloy strips for the production of roundels for the production of coins, as well as in services for high intensity of labor such as transport of non-valuables, waste management and supervision), or in cases where the new contracts are the result of tenders carried out with the criterion of the most economically advantageous offer, with a qualitatively higher level of services.

The consolidation of the e-procurement platform continues, the functions of which allow the planning and management of deadlines associated with tender procedures. With the entry into force of the new procurement code, the e-procurement platform was immediately updated to allow the publication of all tender procedures without any interruption.

As of 31 December 2020, there are 8,900 suppliers on the electronic purchasing system, of which 1,800 operating suppliers (registered in the Register - can be invited to negotiated procedures below the threshold), 5,800 registered (not registered in the Register - can only be invited to negotiated procedures above the threshold and participate in procedures with tenders).

519 procedures were carried out electronically, divided as follows:

	2020	%	2019	%	2018	%
Negotiated below the threshold	290	55.88	378	63.00	693	70.21
Direct assignment through negotiated procedure	53	10.21	82	13.67	136	13.78
Market survey	108	20.81	49	8.17	50	5.07
Expression of interest	14	2.70	14	2.33	8	0.81
Direct entrustment in economics		0.00	7	1.17	8	0.81
Open procedure	42	8.09	54	9.00	55	5.57
Sale	10	1.93	15	2.50	32	3.24
Innovation partnership	1	0.19	0		0	
Negotiated procedure	1	0.19	1	0.16	5	0.51
<b>Total</b>	<b>519</b>	<b>100</b>	<b>600</b>	<b>100</b>	<b>987</b>	<b>100</b>

In line with the strategic and operational guidelines agreed in the context of the table with the Ministry of the Interior, the Ministry of Economy and Finance and Consip, 126 contracts were made for the purchase of the materials necessary for carrying out the "electoral service" against the 116 negotiated procedures below the threshold through the company e-procurement system, while the ballot papers and the ballot tables were purchased using territorial distribution criteria, shared



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with the Ministry of the Interior, corresponding to the provincial or interprovincial areas in consistency with prefectural needs based on the type of election.

During the year, tenders were published for the sale of assets according to the related overall disposal plan, balancing both the need to contain the risk of capital loss and the need to rationalize the spaces. At the same time, a plan for the disposal of disused materials, production waste, was created, which allowed the freeing of spaces useful for the production and management activities of the Poligrafico.



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## **Information Systems and Digitization**

During the reference exercise, in continuity and consistency with the objectives of the Poligrafico strategic plan, the protection of public faith, digital transformation, the enhancement of skills, innovation and safety, were the fundamental lines of programmatic action.

During the year, the review of the processes and methodologies used in the design, implementation, release and management of IT services continued with a view to continuous improvement and in line with the relevant international standards. This reorganization led, among other things, to the achievement of the ISO / IEC 20000-1: 2018 certification in December 2020.

Among the main initiatives of 2020, aimed at the renewal and rationalization of IT infrastructures, it is certainly possible to mention the activation and migration of all core services on a highly reliable Business Continuity infrastructure. Asynchronous replication activities will continue at the Green Data Center in Foggia through which it will be possible to guarantee Disaster Recovery, i.e., the restoration of services and information in the event of incidents that prevent the provision of services from both the primary site and the site. Business Continuity secondary. The same 3-site configuration (Primary site,

The publication of the new Normattiva portal has made available to citizens and professionals in the sector a service for consulting the legislation, in a "multi-purpose" version, more advanced, complete and in line with the latest guidelines on the creation of websites for PP. AA. Italian, through the complete restyling graphic, the English version and the introduction of the new semantic search engine.

The internal processes of registration and management of the tender procedures have been completely re-engineered and internalized. The new company e-procurement system will allow cooperation between the latter and the publication of advertisements in the Official Gazette. The Service will be activated in the first instance on the company e-procurement system and subsequently made available for the e-procurement systems of other public administrations.

During the first half of the year, the company management system underwent a technological upgrade. This has allowed the integration of the system through advanced tools to achieve a greater level of digitalization of business processes. A first example of a process that has been possible to digitize is represented by travel management, that is the process of managing travel by employees. In the second half of 2020, the "Revenue Recognition" process was implemented which allows the automatic accounting of revenues at the time of delivery.



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In terms of regulatory compliance, the application components of the PKI certification infrastructure and client applications for the issuance of electronic identity documents PE, PSE and CIE were adapted to the CE ICAO 9303 V. 7 and Annex III specifications. Dec. 7767.

To increase the usability of the "Enter with CIE" identification scheme, it was necessary to implement a "hybrid scenario" according to which users can access digital services from their PC using the smartphone (equipped with NFC technology) and the CIE ID app, for the strong authentication phases with the CIE. This made it possible to make the service more usable by "Desktop" users who do not have an RF smart card reader connected to their PC.

The "Enter with CIE" service (authentication to PA services using the CIE) has been integrated into the CIE Agenda and the Passport Agenda (the services created for the Ministry of the Interior that allow citizens to book appointments for the of the documents) as well as on other services of the PP. AA. and of private individuals who have requested the federation of their Service Provider. The Decree Law 16 July 2020, n. 76 containing "Urgent measures for simplification and digital innovation" establishes that, starting from February 28, 2021, authentication to the services of Public Administrations must take place through the CIE. To facilitate and simplify the adhesion of administrations to this requirement, the creation of an On Boarding service has been launched which will simplify and automate the process of federation of Service Providers. The service will be available in the first half of February 2021.

In the field of serialized products, the project called "ID Issuing" was launched, aimed at increasing the level of automation of the processes for creating products characterized, for the purposes of traceability, by unique identifiers (e.g., tobaccos).

## **Corporate prevention and protection systems**

The Poligrafico represents an important reference for the State in the protection of the physical and digital identities of people and things, in anti-counterfeiting and traceability systems, in the management of sensitive information (state laws, databases of public interest), in coinage.

During the year 2020, all technical and administrative activities continued, in line with the corporate strategic objectives, to complete the process of integrating the Health, Safety at Work and Environmental Management Systems with the other Management Systems relating to International Schemes.

As part of the Occupational Health and Safety Management System, 2020 saw the definitive overcoming of the BS OHSAS 18001 standard, whose international term of validity was set for March 2021. At the same time, the consolidation of the system itself to the UNI ISO 45001: 2018 standard, proven by the passing of the second Surveillance audit in the last days of the year.



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As regards the Environmental Management System, the Supervisory audit required by the 14001 standard was passed in December.

Having implemented and updated these systems has also allowed an integrated management of risk prevention measures in the field of Occupational Health and Safety and the Environment, also in relation to the Model pursuant to Legislative Decree 231/2001, strengthening its control measures. With a view to sustainability, in the context of the chain of custody, through the traceability of products of forest origin, the Organization has carried out all the activities relating to the monitoring and implementation of the management system for the chain of custody according to the international FSC standard. -STD-40-004 V3-0, passing the surveillance audit in the months of November and December 2020. A project was also launched to study the transformation technologies suitable for the reuse of waste materials (mainly plastic and metal) from Poligrafico production processes in a “zero waste factory” logic.

Also for 2020, from the examination of the main indicators (e.g., injury severity and frequency index), compared with the data available for the industrial sector of reference in Italy, the significance of the results achieved emerges, which allow to confirm the validity the policy adopted.

The activities carried out by the Poligrafico allowed a precise identification of the critical aspects, which consequently led to the management of the related processes with a greater degree of effectiveness and efficiency. The monitoring of the technical parameters relating to the protection of the health and safety of workers and the environment is constant, as well as the adaptation of structures and means of protection, to ensure the improvement of the level of safety in the workplace and environmental impacts.

During the year the periodic dissemination of the most significant indicators in the Health, Safety at Work and Environment areas was started to all the senior figures and to the Departments concerned, with the aim of further developing corporate sensitivity in this regard. scope and provide further impetus to improve performance.

With the aim of improving workers' awareness of Health, Safety in the Workplace and the Environment, a plan of workshops was launched for both the personnel of the production departments and that of the central structures. As a pilot project, the first interactive digital bulletin boards (totems) were installed at the main company offices, designed to provide additional information to workers and encourage their participation in management systems.

About energy saving, the activity of replacing existing lighting systems with the new LED technology continued throughout 2020, which significantly reduced the organization's energy consumption.



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Regarding the management of discharges, as well as the prevention of pollution, it should be noted that in the context of the executive project for the connection to the municipal sewerage system of the discharges of the Salario Center, presented in 2019 to the Metropolitan City of Rome, in the course of 2020 the relative works for the transfer to the sewer network have begun and are still in progress. Other specific activities were carried out at the level of the individual sites.

It is also confirmed that for all the sites pertaining to the Poligrafico, all the environmental authorizations required by current legislation have been obtained and maintained.

In the year 2020, with reference to the headquarters of the Foggia plant, the reclamation of war continued, reaching about 86% of the surface of the Paglia Park and the former Military Chemical Center and a total of about 2000 tons of material containing asbestos were disposed of.

With the Executive Resolution of the Puglia Region, the Risk Analysis presented by Poligrafico was approved in August, as the conclusion of a "tight" administrative process with the Arpa of Foggia and the Region, which limited itself to prescribing the presentation a groundwater monitoring plan for a period of three years, as well as remediation or safety interventions on the soils of some areas that had been highlighted within the plant and which will presumably be implemented by means of suitable paving.

Following the 2016 Characterization Plan, for which the risk analysis was approved, the administrative process with the Puglia Region of the Characterization Plan of the former Military Chemical Center has resumed, the results of which are expected in 2021.

Considering the peculiarity of the area and the numerous opportunities both from the real estate, landscape and scientific point of view to which the area lends itself, a competition of ideas was launched, with relative prizes, in order to develop the new intended use del Parco Paglia, whose results of the competition will be published in 2021.





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## Quality management system

In 2020 the Company continued the process already undertaken of revisiting the Quality System, obtaining the ISO \ IEC 20000-1: 2018 Certification which represents the international reference standard adopted by Organizations that intend to ensure the continuous improvement of planning processes, implementation and management of an IT service management system. The achievement of this important result testifies to the company's commitment and ability in the creation and management of complex systems with a high technological content, capable of guaranteeing the highest quality of the services provided.

In the same year, the introduction of a model for processes, the analysis of risks by product and the consequent revision of the System documentation favored the start of a project to integrate all the company management systems. The first step towards integration took the form of joint audits and the preparation of a single audit report for all the certification schemes adopted by Poligrafico.

On the quality control side, the updating of sampling methodologies and statistical control logics continued with the introduction of a single mapping of controls and the activation of the new system for detecting and managing non-conformities and quality controls using a specific module *Quality Management on the company system (SAP)*, which will become fully operational in 2021.

The accreditation project of the single multi-site laboratory according to the ISO 17025 standard was also launched, which provides for specific training for 2021, the reorganization of the main processes and the acquisition of new resources.

To monitor the efficiency and performance of the development, operation and production processes, the new Line Balancing calculation model was presented to the production plants and specific indicators were identified to be included in the system for the calculation of the Non-Quality Cost.; in the computerization phase the calculation algorithm.

Like the experience of Poligrafico, for the subsidiary Valoricarta the integrated certification process ISO 9001, 14001 and 18001 was launched and successfully concluded, which allowed the Company to start the process for accreditation as a manufacturer of paper for banknotes and as a producer of euro security features and euro items.



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## **Research, Development and Innovation**

The research and technological innovation activity continued during the year with the development of numerous projects that will allow the Company to oversee the market, improve the efficiency of production processes, the quality and innovation of the product, using new technologies. The guidelines adopted concerned the strengthening of the security requirements of the company's main products, especially in the field of anti-counterfeiting, the development of new solutions in the field of traceability, as well as the use of technologically advanced solutions for the offer of new value-added services, overseeing the patenting processes of the identified solutions and products.

During the year, the collaboration with the Polytechnic of Bari became operational for the development of research projects related to the production activities of the Foggia plant. In particular:

- mixtures for high-strength paper supports, dedicated to the development of functionalized nano cellulose to improve the mechanical characteristics of paper supports with particular attention to banknote paper produced by the subsidiary ValoridiCarta;
- development of holographic basic production materials, related to the optimization of raw materials used to produce security threads and holographic strips used in the production of paper for banknotes and passports, using materials with low environmental impact;
- implementation of the plate production process aimed at the development of a prototype line to produce special plates and the development of protective paints with low environmental impact.

Research activities also continued "embedded" holograms in polycarbonate, on the development of a label for supply chain tracing that uses safety fibrils having a specific wavelength and on a document in card format (ID1) equipped with a sensor biometric that enables the use of the document only in the presence of the owner.

### *Research and Development / R&D Digital Technologies*

During the year, the CieSign App was released to use the CIE as a tool for advanced electronic signature (FEA), through the Electronic Identity Card (CIE) and devices equipped with an NFC interface. The project will continue with the release of a desktop version of the solution and a package of software libraries for integration into third-party applications.

Remaining in the field of mobile applications, the following activities were carried out:

- CieID release in iOS version for authentication with CIE;
- CieID improvement activities;
- SDK design and development for integration of CIE utilization functions in App developed by third parties;



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- IDEA reengineering started with integration of the authenticity verification of documents issued by foreign countries;
- Italian Zecca design and development for the use of interactive contents of numismatic products made by the Italian Zecca;
- production of prototypes for advanced 5G roads

Collaboration with the Bruno Kessler Foundation continued on the following topics:

- security verification of new flows developed for integration with third-party apps;
- initiation of authentication scheme update with relative prototype;
- update of the eIDAS notification following new scenarios such as the introduction of the desktop / mobile flow, the introduction of biometrics in CieID and the release of the same in the iOS version.

The collaboration with DISI of the University of Bologna was completed with the creation of a prototype, aimed at studying methodologies for recognizing the face from electronic documents via smartphone.

Again, with DISI, two other scientific collaboration activities have been launched on biometrics: the first concerning the identification of a system for verifying the quality of biometric data acquisition, the second aimed at implementing a morphing detection system.

The collaboration with the DIET of the University of Rome La Sapienza continues issues related to the safety of the CIE and the definition of a Protection Profile.

As part of the program contract with the Puglia Region stipulated in July 2020, a project was launched in December with the Polytechnic of Bari aimed at the use of Artificial Intelligence applications in the regulatory field, on classification and regulatory impact verification.

A collaboration agreement was signed with the Anti-forgery Carabinieri Command for the analysis of counterfeits and counterfeits and for the sharing of methods and techniques for verifying authenticity. In the same context, in December, the drafting of a collaboration agreement was started with the Scientific and Technological Investigations Unit of the Venice and Rovigo Local Police.

In collaboration with the Bundesdruckerei, a prototype of a passport dematerialization system (DTC) was designed and implemented. The same was presented to the competent ICAO working group and met with considerable interest.

A study and design activity has been launched for a technological solution aimed at introducing an HF RFID tag in the license plate of cars and motorcycles aimed at verifying its authenticity.

A study and design activity was also started for a technological solution aimed at introducing an HF RFID tag inside the pharmaceutical label for authenticity verification and tracking activities.



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Finally, studies also continued possible scenarios for the dematerialization of identity documents and on possible evolutions of electronic documents.



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## **Analysis and Enhancement of Real Estate Assets**

The company's real estate assets are located in Rome and Foggia and include production properties (active or disposed of), office buildings (offices), warehouses and special destinations (Scuola dell'Arte della Medaglia, sales point, etc.), as well as some land.

Overall, the gross area of the buildings is about 270 thousand square meters and the undeveloped land measures about 70 hectares.

The Poligrafico also leases:

- in Rome, a shop in Piazza Verdi n. 1, intended for the point of sale;
- in Verrès (AO), an industrial complex used to produce rounds for coinage and currently being redeveloped for the start-up of other production lines.

To allow the carrying out of its "Production of special and high value paper" activities, during the previous years (April 2019) the entire Building 36 and part of Buildings 31, 33 and 64, of the Foggia plant.

In line with the Business Plan, the activities were aimed at pursuing the objective of modernizing and improving the efficiency of the equipment and spaces in which the company activities are carried out, contemplating a continuous process of upgrading the assets. In addition, support interventions were planned and implemented to improve safety conditions in the workplace, to further strengthen the anti-intrusion and control measures of production sites, to safeguard IT data and to focus on optimization and savings. energy with a view to continuous implementation of production safety.

The annual forecasts have seen partial changes in the commitments initially assumed, also because of the COVID-19 emergency, with a concentration of activities on the aspects of safety and requalification, to lay the foundations for the implementation of the interventions contained in the three-year plan.

In particular, the COVID-19 emergency caused objective difficulties in the management of workers and supplies, in addition to the need, during the lockdown period, to suspend the construction sites in progress; a lesser impact was recorded on the progress of the projects, except for the related authorization procedures, which were affected by the impossibility of full interaction with the offices of the bodies responsible for the investigation of the various practices as well as with the reduced efficiency of various offices external persons in charge of issuing opinions.

As part of the redevelopment of the Salario Center, the most important interventions involved the plants of the Salario plant (building in via Salaria 691): the technological modernization of the premises and systems of the entire plant was completed, including external areas connected to the production. The interventions concerned both the common networks (water, aeraulic, electrical and



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gas systems) and localized points of the departments, up to the individual machines. Therefore, the management and supervision systems of security controls for the premises and the related external areas have been substantially implemented. At the same time, these interventions ensured compliance with the most recent regulations relating to fire prevention, raising the quality and performance level of the building.

Furthermore, the equipment related to corporate security and safety was significantly improved through the implementation of video surveillance services, the creation of works for the segregation and restructuring of individual departments, as well as the execution of widespread requalification interventions on the environments. dedicated to services and common areas.

To promote the redevelopment of the Salary Center, various interventions were carried out aimed at guaranteeing a general improvement in the conditions of use and safe access to buildings by internal staff and external users, as well as a significant increase in equipment of parking. More precisely, the works started during the year and which will end in 2021 are the following:

- redevelopment of the square at the entrance to the building in via Salaria 691, with the creation of paved areas, well-defined pedestrian paths, green-furnished areas, an area for parking bicycles and a smoking area;
- redevelopment of via Marciana Marina also to optimize access from via Salaria, with reconstruction of the road surface and road markings, creation of stalls for level parking, sidewalks, green-furniture areas;
- construction of a new car park in the terminal position on via Marciana Marina (so-called Lot B); the car park will be equipped with draining asphalt, 77 parking spaces, 2 of which for electric cars, 12 motorcycle spaces;
- construction of a garage in the basement of the building in via Salaria 709; the garage will be equipped with about 90 parking spaces, 40 motorcycle spaces and 3 stations for recharging electric vehicles

The COVID-19 emergency accelerated the Smart Working project Poligrafico. In this regard, the reorganization of the main office areas of the Salario Center is underway, through the development of a preliminary layout designed in an organic way for the buildings in via Marciana Marina 28 (Pavilion A), via Salaria 691, via Salaria 709, for a total of about 12,000 square meters. Based on this preliminary layout, an executive design assignment will be assigned in 2021. The third floor of Pavilion L of the Salario factory was renovated, covering an area of approximately 3,600 square meters; the characterizing element of this intervention is the creation of 4 new cloisters that will allow a different distribution of the interior spaces and greater comfort of the environments; the perimeter spaces and the areas adjacent to the cloisters, directly illuminated, they will be prepared



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to accommodate the new offices in a “Smart Working” perspective; the service areas will be located mainly in the lateral area along the east side, the teaching rooms and meeting rooms will be placed in the most central areas; in 2020 the project was developed and presented and the authorizations were obtained, the start of the works is scheduled for mid-2021.

In recent years, the Salary Plant has been the subject of various interventions for the optimization of production spaces (ground, first and second floors) and offices (Office Building and third floor of Pavilions L and M).

The most significant intervention carried out in 2020 concerned the completion of the building and plant engineering works for the certification of the Cyber Physical Security Center (CYPSEC), in compliance with ISO 50518. The works involved the implementation of anti-intrusion building and plant solutions, to comply with the indications of the stringent sector regulations.

The project activities, on the other hand, focused on defining the interventions for the redevelopment of the outdoor spaces, the service spaces and the building in Via Salaria 709 (Ex San Pellegrino).

As part of a general program of modernization and efficiency of the spaces in which company activities are carried out, the Poligrafico has promoted an important redevelopment of the building in via Salaria 709, through the inclusion of functions of a general nature within it. at the service of the entire Salary Center, exploiting its central position with respect to the other buildings of the Polo itself.

The project is based on a conservative approach, aimed at the recovery of the existing one without increases in cubature and useful surface, with an increase in the number of parking spaces, green recovery of the external spaces, removal of the asbestos roofing, seismic improvement of the entire building and great attention to the environmental sustainability of the intervention, including the adaptation of the building in terms of energy efficiency. The installation of photovoltaic panels on the roofs will be evaluated during the development of the project through a cost / benefit analysis. The requalification intervention to be carried out considers the introduction inside the building of a series of functions instrumental to the activities of the Polo and which can be included in the general corporate welfare program. More precisely, the intervention provides for the arrangement of the entire basement for use as a garage, warehouses, stores and technical rooms; the construction, in two central spans of the raised ground floor, of a company restaurant; the reorganization and expansion of the premises for offices and archives; the creation of various spaces for meetings, presentations, events, as well as coworking areas, relaxation and fitness areas; the optimization of external spaces and the access system. To this end, a unitary feasibility study and a differentiated implementation strategy have been developed, having found the possibility of anticipating the completion of some works, due to the portions of the building involved and the type of interventions



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to be carried out. In fact, the works for the construction of the garage and the company restaurant have already started in 2020 and should be completed by the first months of 2021.

The completion of the design (including authorizations) and the start of the related works are therefore expected over the next three years, which should be completed in 2024.

The major redevelopment activities of the real estate assets of the Polo Zecca concern the functional restoration of the first Zecca of United Italy (building in Via Principe Umberto) and the opening of the monumental entrance to the Zecca Plant (building in Via Gino Capponi).

The building in via Principe Umberto is the subject of a general restoration project which involves its transformation from a production site to a multifunctional cultural center; the building will host the following functions:

- museum center dedicated to the traditional and more recent productions of the Poligrafico, with the relocation and expansion of the Zecca Museum (now located on Via Salaria) and with the possibility of hosting collections from other institutional subjects;
- temporary exhibition spaces and accessories (Poligrafico sales point, cafeteria, restaurant);
- library dedicated to the patrimony of the State Library and the Historical Archives;
- School of the Art of the Medal (SAM), enhanced by increasing the available surfaces;
- environments to be dedicated to the Italian artistic and artisan culture, with the possibility of carrying out didactic and laboratory activities, mainly connected with the SAM;
- conference room;
- spaces intended for offices;
- guesthouse, at the service of educational activities and other functions.

The intervention was developed with a view to preserving the industrial character of the place, combined with contemporary architectural and technological solutions. The project is in fact aimed at the recovery of the building and its enhancement for a renewed public use. In compliance with the MiBACT constraint decree to which the building is subjected, the project consists of “a set of operations aimed at the material integrity and recovery of the asset itself”.

In 2020, the project activities aimed at approving the project continued as part of the Services Conference called by the Superintendency and more generally at obtaining the authorizations from all the competent Bodies. In the course of 2021, it is expected to complete the restoration work on the facades of the monumental body (started in 2020), to conclude the approval process of the general project and the drafting of the executive project, to complete the tender procedure for the award of the related works, to be started at the end of 2021.

During the year, construction and plant engineering works were begun to allow the so-called monumental entrance to the Zecca Plant, in via Gino Capponi, to be opened to the public as well. This entrance, for logistical and security reasons, was never usable. Therefore, the redevelopment





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of the spaces was carried out, as well as the necessary adaptations to allow safe entry even by external visitors.

The related works will be completed in 2021, together with the construction and plant design of the "Galleria Zecca": the plant will thus be able to host events related to numismatics and medals, with exhibition areas and the possibility of retailing items from the numismatic collections.

The initiatives undertaken at the Verrès plant mainly concerned adaptation works for the Monetazione building and the implementation of field cabling, as well as continuous improvement activities in terms of site security and safety (adjustments are underway pursuant to UNI certification CEI EN 50518: 2020).

The works carried out for the Monetazione building were aimed at activating the new automated line to produce plates and the new "ecological" galvanic line without the use of cyanides, through the improvement of spaces and the segregation of production plants.

At the same time, the building and plant restructuring interventions of the building used as the plant's central offices were started and will be completed in the first months of 2021.

The project commitment for the Verrès site was also concentrated on the redevelopment of the building called Artistico for the commissioning of a Research Center.

The building called Artistico, as it was used in the past as an artistic foundry, is the subject of a redevelopment project that envisages its use as a Research Center in the safety inks, plastics and metal coatings sectors. The construction of a module inside the building is planned for a research laboratory on safety inks with attached services and an open space for the positioning of machinery. The intervention was developed in a logic of conservation of the original characteristics of the building, coordinated and combined with architectural and technological solutions aimed at enhancing the saving and management of energy resources. The project is in fact aimed at the recovery of the building and its enhancement for a renewed sustainable use.

The works are expected to be completed within the first months of 2021 and to make the Center operational by the end of the year.

The real estate complex of the Nomentano factory (located in Viale Gottardo) is the subject of a general redevelopment program, aimed at making it more efficient for use mainly in warehouses. To this end, various activities are underway concerning environmental, plant engineering, structural and fire prevention aspects.

Environmental aspects: the investigations for the characterization of the site have been defined, which will take place in batches. Furthermore, the first reclamation works were carried out in correspondence with the tanks serving the thermal power plant.

For the area subject to reclamation, the characterization plan was sent to the competent Bodies, which must be expressed in the Services Conference; following the results of the Services



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Conference, the investigation phases on the lots making up the site will be planned.

Plant aspects: in 2020 the checks were completed for the purpose of issuing the DIRI for electrical systems; planning and execution are in progress (all the required interventions).

Structural aspects: a program of investigations and checks was drawn up for the purpose of assessing the seismic vulnerability of all buildings; the program envisages proceeding step by step, giving priority to the buildings inside the plant, and then moving on to the "satellite" buildings (former police station and former CRAL). The professional assignments for the assessment of seismic vulnerability will take place by 2021.

Aspects of fire prevention: in 2020 the program on safety related to fire prevention was continued; in particular, all the planning activities of the new planned interventions at plant and construction level for the various buildings were started, with the aim of completing a large part of the intervention program by 2021.

In the building called Ex Editalia, rooms have been set up to house the company Academy, or rather a structure dedicated to staff training. The premises identified for the Poli-Academy project are located on the ground floor of the building and consist of a training room (36 seats), two meeting rooms (10 and 4 seats), as well as environments used as support offices. The related works were completed in 2020.

The Foggia plant has been the subject of a profound restructuring in recent years, aimed at improving working conditions, expanding and redeveloping existing departments and warehouses, creating several new production centers and the new Green Data Center of Disaster Recovery, to be part of a broader integrated industrial development project of the Poligrafico, connected to the implementation of operational continuity capabilities and the production of cards and special security elements, with consequent works of building requalification, plant engineering and implementation of the related measures security, electronic and physical.

During 2020, work continued the plant buildings, including the premises for staff, the spaces to produce badges, the fire safety systems and the buildings for special security papers, with particular attention to the design and redevelopment of buildings intended to produce material for the subsidiary Valoricarta SpA

The demolition of the first buildings in disuse for some time also continued and for which it was not possible to proceed through a redevelopment, as they needed extensive interventions, including structural ones, and in any case considered no longer suitable for the needs of the Plant new functions responding to current needs. These include the construction of the new trigenerative cogeneration plant, that can produce thermal, electrical and cooling energy, in place of two buildings that housed old plant engineering plants. The interventions began in 2019 and will end



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within the first half of 2021, marking a fundamental turning point in the strategic change of the Poligrafico towards the direction of environmental protection and energy sustainability.

Following internal designs, in 2020 the works for the structural reinforcement of the plant's central warehouse and for the commissioning of the new Research Center were entrusted.

Expression of the need for expansion of research and development activities, the Research Center foreseen within the Plant aims to gather knowledge and experience not yet present in the Poligrafico.

The Center will consist of a large and adequate space for the development, verification and fine-tuning of products and processes that will have their focus in the innovative productions conducted on the site, with reference to the production of paper, holography, and plates.

The Center will be in a portion of buildings currently in disuse. This portion concerns a continuous series of single-level buildings located on the western perimeter of the site (Buildings 21 def). To make them suitable for use, important building works will also be necessary for the seismic improvement of the building.

The Center was designed to accommodate up to 40 researchers, in line with the prospects of an expansion of research and development activities and with the aim of creating a networking activity with other entities such as universities, start-ups, public institutes and private individuals, external suppliers, according to the open innovation model.

In 2020, the procedure for awarding the works contract was completed and the related construction site started.

The identification, analysis and evaluation of strategic interventions for the Foggia plant could not ignore the issue of reusing existing buildings; from this point of view, the dilapidation of various buildings, attributable to the time of establishment of the Plant, made it necessary to carry out a specific examination of the state of conservation of the buildings, from the point of view of the seismic risk, which led to the identification of some for which it was possible to proceed through a restructuring and therefore to be destined for demolition; this choice will make it possible to dispose of an obsolete heritage as well as to have new areas available, with the possibility of rationalizing the spaces according to the needs of the industrial organization and the contemporary principles of environmental sustainability.

Within the Foggia plant, the construction of a new area for the temporary storage of waste is planned over the next two years, to optimize and improve the impact on the environment of the waste produced in the plant and intended for disposal / treatment.

For this purpose, a reinforced concrete slab will be created with impermeability characteristics such as to avoid percolation of products and runoff water that can infiltrate the ground towards aquifers, equipped with a rainwater collection and run-off network, which must flow into a treatment plant.



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waters of first rain. The area will be provided with suitable coverage and fencing along the entire perimeter.

The installation of a cogenerator for the combined production of electrical and thermal energy using natural gas as raw material, a sludge drying plant and a photovoltaic system is planned for the Foggia plant.

These interventions are configured as works of technological upgrading of the plant heritage, creating a system of "Trigeneration", or the simultaneous production of thermal energy, electricity and refrigeration.

The guiding objectives in the development of the project are:

- reduction in the consumption of primary energy resources compared to separate production;
- maximum coverage of energy needs (electricity, steam);
- important electrical, thermal and overall efficiency values of the system;
- possibility of operating the plant in High Efficiency Cogeneration mode;
- availability of refrigeration energy for the needs of the plant;
- high level of automation;
- high level of integration with existing systems.

The cogeneration plant consists of a turbogenerator to produce electricity whose hot fumes are recovered in a steam generator to produce the steam necessary for the operation of the paper mill. Part of the heat of the fumes, recovered from the boiler, is transformed into hot water which will be used both for a drying system of the sludge resulting from the paper making process, with considerable savings in disposal costs due to the decrease in the weight of the sludge, and for the power supply of a refrigeration cycle absorber for summer conditioning of the rooms served.

For the operation of the cogeneration plant, a series of auxiliary equipment and control and supervision systems are required, which will be housed in a technical building specifically built to serve the plant. The cogeneration plant was designed to supply electricity to the plant even in the absence of electricity from the national grid.

Together with the cogeneration plant, the construction of a photovoltaic system on canopies in the main employee car parks is planned, with an occupation of approximately 3,700 square meters and approximately 200 kW of power in three distinct areas.

In 2020, the authorizations relating to the civil works were obtained, which were then started. The investigation was also started with the Energy Services Manager for the recognition of the preliminary qualification of High Efficiency Cogeneration. The procedure for obtaining the Single Authorization is then being concluded. The construction of the plant, including sludge dryer and photovoltaic, will take place by 2021.

With reference to the theme of energy and environmental sustainability, in 2020 a series of



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interventions were implemented, and some projects were developed aimed at improving the energy efficiency of buildings and processes. In fact, the existing lighting fixtures were replaced with LED luminaires for all the “active” buildings in Rome and for the Verrès plant, as well as the assignment of similar activities for the Foggia plant; the study and implementation of an energy monitoring system; compliance with the Minimum Environmental Criteria in renovations, with particular attention to the thermal insulation values of the external fixtures and the technology of the systems intended for the conditioning of the buildings themselves; in the design field,

In all the new interventions, the windows and doors were replaced with more efficient elements and the use of heat and cold generation methods with heat pump equipment, where possible.

Finally, as part of the redevelopment project of the Salaria Center, the reconfiguration of the domestic and industrial discharges of the factories owned by the Poligrafico downstream of the Salaria (buildings in via Salaria 691, 709 and 712, via Marciana Marina 28) is envisaged. The project involves the reconfiguration of domestic and industrial wastewater discharges with the consequent abandonment of the current discharges which, through civil and industrial purifiers, deliver the water to the surface body of the Tiber River. The discharges will, in the project configuration, be directed to the North Rome treatment plant through the construction of a new plant network, with various positive effects including the guarantee of the elimination of the current risk linked to the transfer of water to the Tiber river,

Work started in 2020 and is currently underway for the preparation of the new plant for relaunching the discharges towards the Roma Nord collector. The entry into service of the plant is scheduled for 2021.

The updating of the documentation on building and urban planning is in progress: the Poligrafico has started a process of systematization of the technical-administrative situation of the buildings, in which all the new interventions have been framed, starting from the certification of the state of done; this path was also defined through agreement with the various Bodies for the identification of the most suitable ways of presenting each file, with reference to the legal case of the Poligrafico. Finally, steps were taken to: obtain the conformity assessment provision - in application of Presidential Decree 383/1994 - relating to the Salary Establishment (excluding Pavilion B already provided with autonomous authorization); carry out, through an assignment to an external company, a complete survey of the cadastral situation of the real estate assets of Rome also for administrative-fiscal purposes, implementing the appropriate realignment measures for each property, which will be updated at the end of the various interventions scheduled above described; execute an assignment for the real estate assets of Foggia aimed at an in-depth verification (cadastral due diligence, building, urban planning) of the current state and identifying the necessary realignment operations.



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## **Artistic supply chain**

The artistic structures of the Company have continued to ensure the activity of conception, design and artistic creation of company products, responding to the requests of the various external clients, institutional and otherwise.

### *Editorial Products*

The activity was essentially concentrated in the printing of texts and graphic products of institutional value on behalf of the Public Administration.

For the web-based products, the Normattiva Portal was reengineered, and the Rare Diseases Portal was completed for the Ministry of Health.

In collaboration with AIFA, publications and information material have been created on the issues of anti-counterfeiting of drugs.

Finally, the following were published: the valuable volume celebrating the 60th anniversary of Italy's presence at the OECD; at the request of MIBACT, the Newsletter of the Numismatics Portal 14 and, at the request of the CSM, the book on Vittorio Bachelet. The Quadrennia della Zecca series was inaugurated, and a co-edition with the Sapienza University was launched for the creation of the Palladio magazine;

### *Numismatic Products*

The numismatic issues of 2020 were dedicated to national themes and anniversaries, with the addition of new themes characterizing the Italian reality. The collection had an important launch through a presentation event that was held at the historic headquarters of the Zecca in via Principe Umberto on January 15, 2020. The presentation was attended by, among others: the president of RAI; the Director General of the Telethon foundation; the president of the Montessori National Opera; WWF representatives.

Also thanks to this important event and to a very wide communication campaign at national level, there has been a great success in the sale of the coins of the collection; for example: the 2 euro coins dedicated to the Fire Brigade and Montessori have been sold out; the triptych of coins in homage to the legendary Olivetti Letter 22 in the "Italian Excellence" series; the coins, in gold and silver, dedicated to Raffaello Sanzio and the coin dedicated to pizza, the first of a series dedicated to Italian food and wine excellences.

The introduction of new elements, such as the phosphorescence for the tiger coin in the series "Animals in danger of extinction" has aroused great curiosity and interest in the world of collecting, with an excellent return both in the field of media (articles by newspaper, web, news) and sales.

In this context, the web sales channel continued its growth trend, gathering around 20,000 customers at the end of 2020.



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### *School of the Art of the Medal*

The academic year 2019-2020, 112th year of activity, ended with thirty-one students for the ordinary course (including one foreigner) and eight for the preparatory one, seven fellows and a special course for foreigners. The internalization plan was also confirmed for the year ended, which led to the teaching of company staff for almost all courses, although for the second semester due to retirements it was necessary to resort to external figures.

The courses that make use of external teachers are art history, semi-precious stone engraving, embossing and chisel.

Due to the pandemic, face-to-face activities were interrupted on March 16, 2020. Theoretical lessons and small basic project activities were organized with distance learning. All this confirms the essential structure of the School founded on laboratory activities of excellence and the transmission of skills through "know-how". The recovery activities of the year took place from the end of August to October.

For the resumption of activities in the presence, according to governmental and company indications, the spaces and organizational methods were analyzed with structural modifications of the laboratories.

The 2020-2021 academic year, the 113th year of activity, started in December 2020 with thirty-four students for the ordinary course (two of which foreigners) and eight for the preparatory one and 7 fellows. The laboratory activities take place in the presence: history of the art of money and medals, chemistry and technology take place online.

The School has created, as usual, the 2020 calendar medal, produced since 1981, and sold in two formats: in bronze (Ø 80 mm) and in silver with enamels (Ø 50 mm).

For the Maestro d'Arte e Mestiere 2020 award, promoted by the Cologni dei Mestieri d'Arte Foundation, the school created the design and several models. The model chosen for the award was produced with the earth casting technique. The processing, shooting and photographing phases have allowed the creation of institutional-level video-photographic material for the third edition of the Maestro d'Art and Craft Award.

The Vatican Secretariat of State has invited the School to present the projects for the official issue of the Pope Francis Year VIII Pontifical Medal. To this end, thirteen graphic projects have been created with the subject of St. Joseph, protector of family fathers and patron of the universal Church.

For the celebrations of the Birth of Rome, year 2773 (MMDCCCLXXIII) from the foundation of Rome, a medal was created with the theme "Rome city of the future". Furthermore, at the request of the Municipality of Rome, an institutional bas-relief project was created, a prestigious tribute





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from the Mayor of Rome with the figure of Marcus Aurelius and the graphitization of the Piazza del Campidoglio for valuable bronzes, to be carried out at the foundry of art of the Zecca.

Finally, the wooden sculpture of Our Lady of Fatima was restored in the church of the Holy Family in Foggia.

In the most intense phase of the pandemic emergency, the fellows have created the "thank you" medal, born from a project idea of homage and "thank you" in favor of the personnel of the Civil Protection, Health and all those figures who have worked in the most intense period of Covid-19.

A project of digital graphic prints has been developed on the theme "Beauty and Rebirth", an incentive to positive thinking in the face of a difficult period for the community.

The School collaborated to create some 3D printed elements (screws and nuts for the nose piece) for the reusable masks, which were then honored to the Civil Protection.

#### *Cultural and dissemination activity*

During 2020, the Company contributed to the strengthening, enhancement and dissemination of the corporate image through the creation of graphic-editorial and multimedia material designed to promote products and technological solutions of the Poligrafico also on institutional events, strictly held according to the protocol's security or in webinar mode.

The need to "rethink" and enhance all communication in a digital key, due to the pandemic, has led to a very strong acceleration in multimedia production, which has also given space to important moments of information on the health emergency with messages from the CEO and occupational doctor, the video on the reconversion of some lines to be able to produce protective visors for health personnel, finally the realization of the video of the delivery of the protective devices produced by the Poligrafico to the Mayor Virginia Raggi on the occasion of her visit to the Officina Carte Traditional Values and Productions, marked an important moment in the history of the company and at an institutional level.

The multimedia production for the events and for the various numismatic appointments for the presentation and sale of the coins of the 2020 Numismatic Collection is particularly rich, of which, as always, the personalized graphics of the packaging and the coordinated image for the promotion and sale were also taken care of. the institutional portal that the Catalog, and the stamp dedicated to Modica Chocolate, both held in the historic building in via Principe Umberto, participation in the first digital edition of FORUM PA, the international World Money Fair event in Berlin and many other events numismatists for the presentation and sale of the individual coins of the 2020 Collection.

During the year, video clips were also made that can be used by scanning the QR codes on the pages of the company calendar dedicated to the main security products of the Poligrafico, a virtual



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tour of the Ars Metallica exhibition at the Scuola dell'Arte della Medaglia, a video on the restoration of a wooden Madonna and video tutorials on the use of the CIE via computer, smartphone and hybrid scenario. Finally, the design and creation of various animated graphics including the institutional spot "Entra con CIE", designed to encourage the dissemination of the electronic document, and a cartoon for an application included in the dedicated coin box to the tiger of the numismatic series "Sustainable World".

The Poligrafico, to promote the development and improvement of the corporate image, has increased its participation in digital version events, combining, with the institutional presence, the promotion of products and services relating to its own brand.

The main initiatives in which the Company was able to participate can be grouped into four specific areas:

*Participation in mainly commercial initiatives:* those national events during which the marketing / sale of corporate brand products and services, both numismatic and editorial, is combined with the institutional presence:

- a. Hall of Philately and Numismatics of Foggia;
- b. Riccione 2020;

*Participation in initiatives of international importance:* those events in which the Poligrafico participates with the presentation of both circulating and collectible coinage:

- a. World Money Fair - Berlin;

*Participation in collateral events / presentations and meetings of an institutional nature:* presentation of coins or books organized by institutions, bodies, municipalities, on the publication of publications, issue of coins from the numismatic collection of the current year, creation of prizes / leaflets commissioned by associations / foundations, events of institutional importance or partnership:

- a. Presentation and sale of the coin dedicated to the Olivetti letter 22-Agliè;
- b. 40th Anniversary Leaflet of the Bologna Station Massacre;
- c. Presentation of the Numismatic Collection 2020 - Via Principe Umberto Rome;
- d. Presentation of the stamp dedicated to Modica Chocolate - Via P. Umberto - Rome,
- e. Volume presentation dedicated to Vittorio Bachelet - Casa del Cinema - Rome.

*Mainly didactic and informative initiatives* in which the Poligrafico is present as a developer of innovative solutions for the PA and for citizens (CIE, APP developed in combination), in the form of conferences, courses, conferences and webinars:

- a. ANUSCA National Digital Conference;
- b. XXXVI ° Anci Digital Assembly;
- c. Forum PA digital edition;



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- d. Digital Identity Conference The digital identity market: barriers to development, levers and priorities for action;
- e. 3 Meeting of the Managers for the Digital Transition;
- f. Various Webinars CIE - Ministry for Innovation.

For communicational impact, disclosure of the Company's value, strengthening of internal cohesion and the sense of belonging, it is important to report the contribution made during the lockdown period to all employees in terms of communication and training required by the sudden adoption of smart working to such a large part of the company population and the related awareness campaign on IT security and information protection even in this new operating mode.

The objective of internal communication during 2020 was, therefore, to strengthen the ability to create a bond between workers, making them all feel even more part of a community even in the absence of that informal communication that develops in everyday life by working in one the same environment, nourish the sense of belonging to the Company and encourage convergence towards common objectives. Fundamental to achieving these objectives was an even more immediate and flexible use of the intranet which, through sector news, videos and tutorials, guaranteed important spaces for sharing and recounting the significant moments of the Company's life in real time.



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### Zecca

In 2020, the request by the Ministry of Economy and Finance for the Zecca of the euro for circulation amounted to 156 million pieces, more than half of the 2019 quota. It should be remembered, in accordance with the provisions of the Finance Law 96/2017 the production of 1 and 2 cent coins was suspended.

Value in millions of pieces	2020	Composition %	2019	Composition %	Variation
€ 0.05	50	32.05	90	28.04	(40)
€ 0.10	45	28.85	110	34.27	(65)
€ 0.20	20	12.82	85	26.48	(65)
€ 0.50	20	12.82	20	6.23	0
€ 1.00	1	0.64	1	0.31	0
€ 2.00	20	12.82	15	4.67	5
Total	156	100.00	321	100	(165)

In the Monetation, numismatic and medal sector, the production of the legal tender quota is recorded with the order of the Ministry of Economy and Finance equal to 156 million pieces, completely coined and packaged during the year. The warehouse stock on 31 December 2020 is equal to 34.5 million legal tender coins, referring to the 2020 requirement that will be delivered in the first months of 2021.

Similarly, to what happened in previous years, also for 2020 the Verrès plant, according to the delivery plan, produced 221 million rounds, to consider the needs of foreign coinage and warehouse policies.

Numismatic productions for the Italian Republic were equal to 106 thousand pieces, those for the Vatican State equal to 51 thousand pieces, while for the Republic of San Marino the productions were equal to 189 thousand pieces.

The order for 45 million 5-cent rounds and 10 million 10-cent rounds for the Central Bank of Ireland was suspended by the client due to Covid-19 with production limited to only 3,000 pieces. The requests for both “colored” coins and types of packaging have increased, with an increase and diversification of the processing phases. The interest of the Vatican State for gold coins is also confirmed, the production process of which is being optimized with investments in electroplating plants.

For foreign coinage, 4.8 million pieces were produced, divided between ordinary circulation coins (3.8 million), Fior di Conio (927 thousand) and Proof (56 thousand).



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The “RAI gold tokens” contract continued, with the production of 684 tokens for a total weight of 63,016.706 g of Au 999.9.

*The Zecca Segment Accounts*

In application of art. 1 of the Ministerial Decree of 8 August 1979, the Zecca Segment Accounts Section was prepared, an account not subject to review, which shows a negative result of approximately one million euros and, in its reclassified form, is shown below.

<b>Reclassified income statement</b> <i>values in thousands of euros</i>	<b>2020</b>	<b>2019</b>	<b>Variation</b>
Revenues from sales and services	41,868	43,067	(1,199)
Change in inventories of work in progress, semi-finished and finished products	(6,146)	206	(6,352)
<b>Product of the period</b>	<b>35.722</b>	<b>43,273</b>	<b>(7,551)</b>
Purchase of raw materials, consumables and goods	(20,953)	(21,950)	997
Change in inventories of raw materials	4.301	(1,081)	5,382
Services	(5,478)	(7,344)	1,866
Various management charges	(503)	(892)	389
Other income	163	340	(177)
<b>Added value</b>	<b>13,252</b>	<b>12,346</b>	<b>906</b>
Personnel costs	(11,619)	(14,242)	2.623
<b>Gross operating margin</b>	<b>1,633</b>	<b>(1,896)</b>	<b>3,529</b>
<b>Depreciation:</b>			
Intangible assets	(310)	(342)	32
Tangible fixed assets	(2,347)	(2,021)	(326)
<b>Operating income</b>	<b>(1,024)</b>	<b>(4,259)</b>	<b>3,235</b>
<b>Result before taxes</b>	<b>(1,024)</b>	<b>(4,259)</b>	<b>3,235</b>
<b>Result for the year</b>	<b>(1,024)</b>	<b>(4,259)</b>	<b>3,235</b>

The 2020 turnover, equal to 42 million euros, was influenced by the following dynamics: the lower 2020 quota, in terms of number of pieces to be Zecca (156 million against 321 million in 2019), compared to the previous year, generated a turnover in line with the previous year, by virtue of the postponement of part of the 2019 quota. The turnover of the medals related to the RAI order for the creation and delivery of gold tokens to the winners of the prize competitions decreased. The mix of turnover by area is divided as follows:

- legal tender: 29 million euros, in line with the turnover of the previous year, representing 69% of the revenues of the sector;
- numismatics: 5.4 million euros in line with 2019, representing 13% of the revenues of the supply chain;



## POLIGRAFICO E ZECCA DELLO STATO ITALIANO

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- medals: € 5.6 million, mainly attributable to the RAI contract for the creation and delivery of gold tokens to the winners of the prize competitions (€ 3.3 million, 13% of the chain's revenues);
- foreign coinage: 1.4 million euros

The personnel employed at the end of the year amounted to 116 units, compared to 136 units in 2019. During the year 23 resources left, one resource was hired, and 2 resources relocated to the plant.

Considering the above, the gross operating margin is negative for 1.6 million euros, while the sector result is negative for around one million euros (in 2019 -4.3 million euros).



## Relations with subsidiaries

Pursuant to Article 25 of Legislative Decree 127/91, subsequent amendments and additions, the Poligrafico is required to draw up the consolidated financial statements.

In application of the provisions of Legislative Decree 127/91, as amended by Legislative Decree 32/2007 transposing Directive 51/2003 / EC, the Poligrafico made use of the option provided for by art. 40, paragraph 2 bis. Therefore, additional information on the Group's economic and financial situation, as a whole and in the various sectors, about costs, revenues and investments, as well as for a description of the main risks and uncertainties of the Group are indicated in this Report.

The main information is provided below:

### Valoridicarta SpA (81.74%)

<b>Net assets</b> <i>values in thousands of euros</i>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>Variations</b>
Share capital	43,800	43,800	0
Losses carried forward	(1,011)		(1,011)
Operating result	461	(1,011)	1,472
<b>Total Net Equity</b>	<b>43,250</b>	<b>42,789</b>	<b>461</b>
<b>Income statement</b> <i>values in thousands of euros</i>	<b>2020</b>	<b>2019</b>	<b>Variations</b>
Product of the exercise	24,271	8,650	15,621
Costs of production	(20,786)	(7,729)	(13,057)
<b>Value added</b>	<b>3,485</b>	<b>921</b>	<b>2,564</b>
Personnel costs	(1,697)	(917)	(780)
<b>Gross operating margin</b>	<b>1,788</b>	<b>4</b>	<b>1,784</b>
Depreciation and provisions	(1,282)	(1,338)	56
<b>Operating income</b>	<b>506</b>	<b>(1,334)</b>	<b>1,840</b>
Financial income and expenses	(1)	(3)	2
<b>Result before the taxes</b>	<b>505</b>	<b>(1,337)</b>	<b>1,842</b>
Taxes	(44)	326	(370)
<b>Result for the year</b>	<b>461</b>	<b>(1,011)</b>	<b>1,472</b>

The company was established on 6 November 2018 with a share capital of 100 thousand euros, born from the joint initiative of the Poligrafico and the Bank of Italy aimed at setting up a dedicated company, according to the in-house providing organizational model, the production of special security papers and security and / or anti-counterfeiting elements / products, with reference to the paper sector for banknotes and identification documents.



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In order to make the company operational, on 11 April 2019 Poligrafico conferred and contributed to Valoridicarta the "production of high-value watermarked papers and special security papers" and, as a result of said conferment, the share capital was increased from € 100,000.00 to € 35,800,000.00 and thus by € 35,700,000.00, through the issue of no. 35,700,000 ordinary shares with a par value of € 1.00 each, with regular enjoyment, assigned to the same Poligrafico as consideration for the contribution in kind made. In particular, the Business Branch subject to the transfer was active from 2018 in the Foggia Production Center and made up of assets and liabilities related to the production of high-value watermarked papers and special security papers.

Following the aforementioned conferment, Valoridicarta has started the production for the Poligrafico (paper for passports, partial or total processing for the production of value and paper cards, paper products and security elements not defined as value cards) and has obtained the of the Management System in accordance with the ISO 45001: 2018, ISO 9001: 2015 and ISO 14001: 2015 standards, preparatory to the accreditation at the European Central Bank (ECB) for the production of Euro banknote paper pursuant to the ECB Decision of 20 December 2013 (ECB / 2013/54). This accreditation was achieved by the Company in May 2019 and, therefore, in line with the provisions of the Company's Forecasting and Planning Plan, as well as in the agreements signed between Poligrafico and the Bank of Italy,

Consequently, at present the share capital of Valoridicarta is equal to € 43,800,000.00, of which Poligrafico holds an 81.74% stake, and the Bank of Italy the remaining 18.26%.

The parties agreed to manage the Company according to the model of similar joint control pursuant to art. 5 of the Code of Public Contracts. To make the similar joint control over the Company effective both from a structural and functional point of view, on 28 June 2019 the shareholders' agreements between Poligrafico and the Bank of Italy were signed.

Thus, the project to create, through Valoridicarta, a suitable tool to meet the needs of both shareholders, combining, on the one hand, the interest of the Poligrafico to internalize sensitive activities in order to have direct control over the entire production cycle, was realized. , of strategic and critical activities for the country system and, on the other hand, the interest of the Bank of Italy in the secure supply of watermarked paper and security and anti-counterfeiting elements for banknotes, through a self-production regime .

The productions of the year were partially affected by the Covid-19 effect: the request from the Bank of Italy started in May, as well as the production, all internalized, of special cards for passports, brands, were restarted. stamp duty, diplomas and VISA.

The company has passed the audits and obtained the Management System certifications in accordance with the ISO 45001: 2018, ISO 9001: 2015 and ISO 14001: 2015 standards, also extended to design and production of holographic foils, preparatory to the start of the further ECB





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accreditation process for the production of foils, the application for which was forwarded to the ECB in April, together with the request for use of the patent for security foils, a necessary act the continuation of the accreditation process for the production of holographic elements. About the two provisional accreditation procedures, production of the security thread and the holographic foil for euro banknotes, launched by the Company, respectively, on 23 December 2019 and 3 April 2020, in July the security assessment was carried out by part of the ECB. It should be noted that the Covid-19 health emergency led to a deviation in the timing assumed for the start of the controls by the ECB compared to what was planned. The inspections relating to the qualification activities of the yarn and foil for the quality aspects did not reveal any non-conformities. The report of the Security Inspection, conducted by the ECB, affirms the full compliance of the Company with the ECB rules.

On 20 November, provisional ECB accreditation was obtained to produce security thread and holographic foil for euro banknotes.

Through Valoricarta, the Poligrafico is thus configured as one of the few European players in the sector capable of overseeing an integrated cycle (paper production and production of holographic elements to be incorporated into the paper), realizing the project of having a suitable tool available to meet the needs of internalize sensitive activities with direct control of the entire production cycle, to have full control of strategic and critical activities for the country system; On its side, the Bank of Italy has a vested interest in ensuring the secure supply of watermarked paper and security / anti-counterfeiting elements for banknotes, through a self-production regime,

The company closed the second financial year with a profit of 461 thousand euros after having allocated 44 thousand euros for taxes. Employees as of December 31st amounted to 7 units.

### **Futuro & Conoscenza Srl (80%)**

<b>Net assets</b> <i>values in thousands of euros</i>	<b>31.12.2020</b>
Share capital	10
Operating result	1
<b>Total Net Equity</b>	<b>11</b>
<b>Income statement</b> <i>values in thousands of euros</i>	<b>2020</b>
Product of the exercise	42
Costs of production	(27)
<b>Value added</b>	<b>15</b>
Personnel costs	(11)
<b>Gross operating margin</b>	<b>4</b>
Depreciation and provisions	0



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<b>Operating income</b>	<b>4</b>
Financial income and expenses	0
<b>Result before the taxes</b>	<b>4</b>
Taxes	(3)
<b>Result for the year</b>	<b>1</b>

In January 2020, Poligrafico and FBK signed a collaboration agreement aimed at setting up a company exclusively dedicated to research aimed at creating a stable competence center specialized in the field of security technologies (material and digital) for identification and anti-counterfeiting, operating according to the in-house providing organizational model under joint control.

Based on this agreement, on 29 July 2020 the company Futuro & Conoscenza Srl was established with a share capital of € 10,000 in which Poligrafico holds an 80% stake, and FBK the remaining 20% stake.

The Company, in line with the strategies outlined in the previous business plans, is promoting an important strengthening and increase in industrial research and experimental development, aimed at raising the safety levels of digital products and services.

These activities concern the development of new materials, innovative production techniques, digital products and service delivery processes and have as their main purpose the continuous innovation of the security elements that characterize the Poligrafico products, to guarantee their non-replicability.

Through the establishment of Futuro & Conoscenza, the parent company Poligrafico aims to achieve important strategic objectives, such as:

- develop software and digital services for anti-counterfeiting and identification, and proprietary solutions to produce specific security elements for its products;
- guarantee continuity and safety in achieving results;
- operate on more favorable terms than to those of the market.

Futuro & Conoscenza was born with the mission of becoming a stable and permanent research center specialized in the field of security technologies, both material and digital, for identification and anti-counterfeiting.

The Company's sole purpose is to carry out research activities in the following sectors:

- materials technologies for the development of paper and plastic substrates with innovative features;
- materials technologies for the development of anti-counterfeiting elements relating to all security levels (overt, covert forensic);
- development of security printing materials and production techniques for the creation of innovative digital security elements;



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- development of software solutions and digital services for security, anti-counterfeiting and identification.

At the end of the first financial year, the company closed with a profit of 760 euros, after having allocated 4 thousand euros for taxes. It has no direct employees but makes use of the seconded staff of the Bruno Kessler Foundation.

### **Innovazione e Progetti Scpa in liquidazione (70%)**

With the definitive closure of the judicial proceeding, which constituted the only reason for the continuation of the liquidation, also in consideration of the heavy claims for damages envisaged therein, the Liquidator carried out the final operations of the liquidation, drawing up the final liquidation budget. and the related Allocation Plan, aimed at closing the Company. All liquidation operations were carried out in compliance with the provisions of the liquidation project. The final liquidation financial statements were drawn up with reference to November 18, 2019.

On March 16, 2020, the Shareholders' Meeting approved the final liquidation budget, with the relative distribution. The assets recognized amounted to 4.7 million euros. At the same time, the Poligrafico was released from the payment of 16 million euros as payment of the tenths still due on the share capital.

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*Significant events occurring after the close of the financial year and foreseeable evolution of management (Article 2427, point 22-quater of the Civil Code)*

The Covid-19 pandemic has affected and is expected to continue to affect economic and management operations soon. The return to normality is expected to be gradual and slower than expected in light of the recent estimates on the trend of the Italian economy for 2021 (GDP 2020 - 9.2% - GDP 2021 + 3%), in relation to uncertainties linked to the duration of the vaccination campaign and due to the possible social repercussions deriving from the prolonged pandemic, in terms of increasing inequalities, prolonged damage to the productive fabric caused by the wave of bankruptcies and closures, possible increase in social unrest due to worsening economic conditions of Italian families.

The overall effect of this pandemic scenario introduces elements of uncertainty that lead us to believe that we will see a slower than expected recovery in demand for printing products, the effects of which will probably wear off over the next two years.

The revitalization of the economy through the Recovery Fund approved by EU leaders in July 2020 will provide Member States with funds for public investment and reforms that respond to green and digital challenges.

The pillars of this recovery have been identified in digital innovation and green transformation, as key factors to restore the growth potential of the Union's economies.

In relation to the main investment initiatives, the analysis of the tender strategy was concluded and the preliminary preparation of the documentation for the assignment of the development and maintenance services of the company application park was completed, which will allow the Poligrafico to adequately oversee the projects. IT envisaged in the 2021-2023 Business Plan.

Interventions are continuing at the production plants to make business processes more efficient.

The acquisition of the ALD (“Atomic layer deposition”) technology plant for the anti-oxidation treatment (“anti tarnishing”) was completed.

The tender relating to the Data Collection project was awarded, an initiative that will allow constant monitoring of the performance of the production lines with consequent impacts on production efficiency.

Furthermore, the computerization of logistic movements will be carried out, with the implementation of the SAP Warehouse Management module and the automation of logistics warehouses with automatic handling systems, integrated management software, in addition to the execution of activities via terminals. in radiofrequency.

Finally, the activities for the gradual replacement of the entire peripheral infrastructure of the electronic passport, residence permit and foreign identity card were launched.



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In the first months of the year, the turnover recorded was lower both in absolute and relative terms than in the same period of the previous year, attributable to the general health emergency that the country is still facing. Exceptions are wine tokens and tobacconists.

As part of the management of the information system of central and peripheral infrastructures for issuing and controlling the CIE, the re-engineering of the CIE Portal was completed.

Concluded the CIE on boarding portal that automates the federation process by service providers (PA and private entities) to the "Enter with CIE" authentication scheme, as well as the "Enter with CIE" identification scheme was released in production on the Agenda Passport portal which will allow users in possession of the CIE to access the portal.

The new Security Rules decree relating to residence permits has been published, drawn up in compliance with regulation (EU) 2017/1954.

On the Day of Remembrance, the new web exhibition "The Ministry of Foreign Affairs the Jewish question 1938-1943" was released on the Portal.

The framework agreement was signed with the Ministry of Justice which provides for the dematerialization of the process of publication in the Gazzetta Ufficiale of the competitions. Just as the collaboration agreement with Luxembourg for joining the Casemates platform is being defined, aimed at re-engineering the electronic process of drafting the Official Gazette.

Following the conversion into law of the Decree-law "Milleproroghe" of December 31, 2020, n. 183, containing urgent provisions regarding legislative deadlines, creation of digital connections, implementation of Council decision (EU, EURATOM) 2020/2053 of 14 December 2020, the deadline of 28 February 2021 for the exclusive release by the PA of the SPID and CIE credentials for the purposes of identification and access to the network, already extended for offices abroad as at 30 September 2021, has been extended until 31 December 2022.

The conversion of the decree-law 14 January 2021, n. 2 containing further urgent provisions on the containment and prevention of the epidemiological emergency from COVID-19 and the holding of elections for the year 2021 has extended the validity period of some identification documents to 30 April 2021.

On January 26, 2021, the 2021 numismatic collection was launched on the institutional website [www.shop.ipzs.it](http://www.shop.ipzs.it).

Also for 2021 the Company will continue its action aimed at building a solid industrial structure, based on innovation and capable of effectively fulfilling the mission entrusted by the State: guaranteeing public faith; to evolve its role as a Center of Excellence for the development and implementation of complex systems for identity management and security protection, extending the scope of activities in sectors adjacent to those in which it already operates with particular reference to certification of identity.



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It is the Company's will to continue in the development and enhancement of human assets, artistic and cultural heritage and real estate assets.

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From the point of view of activities, the first months of 2021 were characterized by a trend in turnover lower than budget forecasts, due to the external context of reference struggling with the persistence of the Covid-19 pandemic.

From an economic-income point of view, it is expected that positive results will be maintained, albeit with reduced margins, which will allow the Company to have an adequate capacity for self-financing in relation to programs for technical, IT, real estate and investment investments. 'research activity.

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In relation to what has been illustrated, in line with the redesign of the corporate mission, the management levers, during 2021, will be increasingly focused on enhancing the Company's ability to represent a point of reference for the protection of the primary interests of the Community through products, services and projects with high intrinsic value, in terms of security guarantees, health protection, anti-counterfeiting and traceability.

There will be constant attention to the efficiency conditions of the plants, the dynamics of expenses, the rigorous care of corporate finance management, the ability to "make a system", developing agreements and collaborative relationships with partners able to bring complementary skills and generate new businesses, which see the central role of Poligrafico as a guarantor of identity and authenticity, which will allow, in addition to the self-financing of the huge financial commitments linked to the considerable investment plan envisaged, the maintenance of an adequate level of profitability, guaranteeing a satisfactory creation of value for stakeholders.

Given the mission entrusted, it cannot be overlooked that the possibility of maintaining a satisfactory level of self-financing and a positive marginality, given the mission entrusted, also to external decisions to the Company, related to choices made in the government sphere.

With the aim of constantly improving its strategic structure, positioning on the market and the consequent ability to create value for the shareholder, the Company will continue to pay particular attention to improving efficiency parameters, development and training. of personnel, to the development of adequate management control tools, to the active supervision of markets and customers to seize every possible commercial opportunity, to confirm its role as a leading operator for technologies and solutions for the Public Administration and center of excellence in the field of anti-counterfeiting and security.



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*Allocation of the result for the year (Article 2427, point 22-septies of the Italian Civil Code)*

Dear Shareholder,

in these financial statements, which are submitted for approval, you have been informed of the economic, equity and financial situation of the Poligrafico for 2020 and of the main events that took place during the first months of 2021. Account was taken of the considerable investment plans that the company has supported and will have to support for important projects at the “country system” level (identification documents, anti-counterfeiting systems, sensitive databases) and potential risk profiles.

The 2020 financial statements closed with a positive net result of € 54,050,193, as the rounding of € 54,050,192.66 which it is proposed to be allocated as:

- legal reserve 5% equal to € 2,702,509.63;
- as for the residual part, equal to € 51,347,683.03 as dividend.

The Board of Directors





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# **Balance Sheet**



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<b>Assets</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>Variations</b>
<b>B) Fixed assets</b>			
<b>I Intangible fixed assets</b>			
2) Research, development and advertising costs	441.401	113.516	327,885
3) Industrial patent rights and intellectual property rights	3,406,482	3,970,391	(563,909)
4) Concessions, licenses, trademarks and similar rights	47,543	9.598	37.945
6) Fixed assets in progress and advances	1,712,127	883.076	829.051
7) Others	301.074	208.333	92.741
<b>Total</b>	<b>5.908.627</b>	<b>5,184,914</b>	<b>723.713</b>
<b>II Tangible fixed assets</b>			
1) land and buildings	67.151.152	68.020.151	(868,999)
2) plants and machinery	100.028.809	66.887.815	33.140.994
3) industrial equipment	212.765	260.771	(48,006)
4) other assets	24.755.022	29.834.106	(5,079,084)
5) assets in progress and advances	29.770.245	40,534,877	(10,764,632)
<b>Total</b>	<b>221.917.993</b>	<b>205.537.720</b>	<b>16.380.273</b>
<b>III- Financial fixed assets</b>			
1) equity investments			
a) subsidiaries	35,808,000	56.278.385	(20,470,385)
a) associated companies	4,950,957	3,999,492	951.465
d) other companies	799	799	0
2) credits			
d) towards others			
within the year	294.714	152,644	142,070
beyond exercise	1,532,722	1,608,919	(76,197)
<b>Total</b>	<b>42.587.192</b>	<b>62.040.239</b>	<b>(19,453,047)</b>
<b>Total assets</b>	<b>270.413.812</b>	<b>272.762.873</b>	<b>(2,349,061)</b>



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Assets	31.12.2020	31.12.2019	Variations
<b>C) Current assets</b>			
<b>I Inventories</b>			
1) raw, ancillary and consumable materials	25,351,537	24.338.134	1,013,403
2) work in progress and semi-finished products	25.147.616	23.024.249	2,123,367
4) finished products and goods	11.742.200	16,633,854	(4,891,654)
5) fixed assets held for sale	100,952	138,472	(37,520)
<b>Total</b>	<b>62.342.305</b>	<b>64.134.709</b>	<b>(1,792,404)</b>
<b>II Credits</b>			
1) towards customers	39.516.411	37,063,097	2,453,314
2) towards subsidiaries	1,740,369	5,788,363	(4,047,994)
3) towards associated companies	767,216	406,716	360,500
4) towards parent companies	153,637,684	165,656,883	(12,019,199)
5) towards companies subject to the control of the parent companies	2,198,243	3,054,410	(856,167)
5 bis) tax credits	13,822,218	11,955,878	1,866,340
5 ter) prepaid taxes	21,494,972	21,494,972	0
5 quater) towards others	3,738,126	1,301,502	2,436,624
<b>Total</b>	<b>236.915.239</b>	<b>246.721.821</b>	<b>(9,806,582)</b>
<b>III-Financial assets that are not fixed assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IV) - Cash and cash equivalents</b>			
1) bank and postal deposits	484.513.784	524.641.051	(40,127,267)
3) cash and cash equivalents	25,317	36,699	(11,382)
<b>Total</b>	<b>484.539.101</b>	<b>524.677.750</b>	<b>(40,138,649)</b>
<b>Total current assets</b>	<b>783.796.645</b>	<b>835.534.280</b>	<b>(51,737,635)</b>
<b>D) Accruals and deferrals</b>	<b>4,255,636</b>	<b>6,180,135</b>	<b>(1,924,499)</b>
<b>TOTAL ASSETS</b>	<b>1,058,466,093</b>	<b>1,114,477,288</b>	<b>(56,011,195)</b>



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<b>Liabilities</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>Variations</b>
<b>A) Shareholders' equity</b>			
I Capital	340,000,000	340,000,000	0
IV Legal reserve	48.310.245	44.103.786	4,206,459
VII Other reserves:			
Reserve available	30.939.490	30.939.490	0
Contribution reserve	932.318	932.318	0
Capital grants	551.081	551.081	0
IX Result for the year	54.050.193	84.129.174	(30,078,981)
<b>Total equity</b>	<b>474.783.327</b>	<b>500,655,849</b>	<b>(25,872,522)</b>
<b>B) Provisions for risks and charges</b>			
3) other provisions for risks and charges:			
others	203,889,574	202.844.212	1,045,362
<b>Total provisions for risks and charges</b>	<b>203,889,574</b>	<b>202.844.212</b>	<b>1,045,362</b>
<b>C) Employee severance indemnity</b>	<b>11.398.462</b>	<b>14,921,532</b>	<b>(3,523,070)</b>
<b>D) Debts</b>			
4) payables to banks	0	60,270	(60,270)
5) payables to other lenders			
within the year	218.194	206.797	11,397
beyond exercise	4,675,816	4,894,010	(218,194)
6) advances	55,647	54.156	1,491
7) trade payables	124,659,444	135.715.981	(11,056,537)
9) payables to subsidiaries	1,077,630	15,872,891	(14,795,261)
10) payables to associated companies:			
beyond exercise	0	17,356	(17,356)
11) payables to parent companies	108.210.279	102,686,037	5,524,242
11-bis) payables to companies subject to the control of the parent companies	9,800,139	14,480,981	(4,680,842)
12) tax payables	98.050.539	98.781.328	(730,789)
13) payables to welfare and social security institutions:			
within the year	5,327,523	5,060,187	267.336
beyond exercise	0	720,000	(720,000)
14) other debts	15.925.890	17,020,509	(1,094,619)
<b>Total debts</b>	<b>368.001.101</b>	<b>395.570.503</b>	<b>(27,569,402)</b>
<b>E) Accruals and deferrals</b>	393.629	485.192	<b>(91,563)</b>
<b>TOTAL LIABILITIES</b>	<b>1,058,466,093</b>	<b>1,114,477,288</b>	<b>(56,011,195)</b>



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# **Income statement**



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	2020	2019	Variations
<b>A) Value of production</b>			
1) revenues from sales and services	401.857.553	503.455.083	(101,597,530)
2) change in inventories of work in progress, semi-finished and finished products	(2,754,213)	2,620,787	(5,375,000)
5) other revenues and income:			
a) operating grants	326.973	65,977	260,996
b) various	6.106.437	5.009.923	1,096,514
<i>Other income</i>	<i>6,433,410</i>	<i>5,075,900</i>	<i>1,357,510</i>
<b>Total Value of production</b>	<b>405.536.750</b>	<b>511.151.770</b>	<b>(105,615,020)</b>
<b>B) Costs of production</b>			
6) for raw materials, consumables and goods	(61,241,670)	(75,804,405)	14,562,735
7) for services	(101,419,003)	(133,276,457)	31,857,454
8) for use of third-party assets	(3,645,700)	(2,713,673)	(932,027)
9) for personnel:			
a) wages and salaries	(71,075,265)	(76,018,850)	4,943,585
b) social security contributions	(20,503,739)	(21,688,220)	1,184,481
c) severance indemnity	(5,097,306)	(5,389,356)	292.050
e) other costs	(3,889,839)	(6,197,403)	2,307,564
f) recovery of seconded personnel	1,450,492	709.785	740.707
<i>Staff costs</i>	<i>(99,115,657)</i>	<i>(108,584,044)</i>	<i>9,468,387</i>
10) depreciation and write-downs			
a) amortization of intangible fixed assets	(4,457,282)	(4,242,721)	(214,561)
b) depreciation of tangible fixed assets	(32,243,556)	(25,807,636)	(6,435,920)
c) write-down of tangible fixed assets			
d) write-down of receivables included in current assets	0	(1,250,000)	1,250,000
<i>Depreciation and write-downs</i>	<i>(36,700,838)</i>	<i>(31,300,357)</i>	<i>(5,400,481)</i>
11) change in inventories of raw, ancillary and consumable materials and goods	1,013,403	(918,064)	1,931,467
12) provisions for risks	(25,000,000)	(30,000,000)	5,000,000
14) various management charges	(4,689,507)	(7,477,785)	2,788,278
<b>Total production costs</b>	<b>(330,798,972)</b>	<b>(390,074,785)</b>	<b>59.275.813</b>
<b>Difference between value and cost of production</b>	<b>74.737.778</b>	<b>121.076.985</b>	<b>(46,339,207)</b>



POLIGRAFICO E ZECCA DELLO STATO ITALIANO

	2020	2019	Variations
<b>C) Financial income and expenses</b>			
16) other financial income			
a) from receivables recorded in fixed assets			
from others	8,013	144,769	(136,756)
b) from securities held as fixed assets	0	4,375	(4,375)
d) income other than the above			
from others	2,056,283	3,291,676	(1,235,393)
17) interest and other financial charges			
from others	(275,591)	(1,058,536)	782.945
17bis) profit and losses on exchange rates	891	(186)	1,077
<b>Total financial income and expenses</b>	<b>1,789,596</b>	<b>2,382,098</b>	<b>(592,502)</b>
<b>D) Value adjustments of financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Result before the taxes</b>	<b>76,527,374</b>	<b>123.459.083</b>	<b>(46.931.709)</b>
22) income taxes for the year			
currents	(22,477,181)	(39,329,909)	16,852,728
<b>23) Result for the year</b>	<b>54.050.193</b>	<b>84.129.174</b>	<b>(30,078,981)</b>

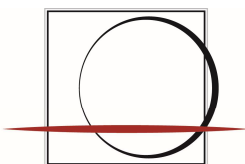


POLIGRAFICO E ZECCA DELLO STATO ITALIANO

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# Cash Flow statement





POLIGRAFICO E ZECCA DELLO STATO ITALIANO

	2020	2019
<b>Net cash at the beginning of the year</b>	<b>524.677.750</b>	<b>586.379.089</b>
Operating result	54.050.193	84.129.174
Income taxes	22.477.181	39.329.909
Passive interests	275,591	1,058,536
Capital gains / losses from assets	97.353	68.953
Business Branch Contribution Reserve	0	932.318
<b>Result for the year adjusted by non-monetary elements</b>	<b>76.900.318</b>	<b>125,518,890</b>
Depreciation and write-downs	36.700.838	30.459.235
Severance indemnity provision	5,097,306	5,389,356
Allocation to the Funds	28.276.129	33,279,593
<b>Adjustments to non-monetary items that have no counterpart CCN</b>	<b>70,074,273</b>	<b>69.128.184</b>
<b>Cash flow before changes in the BCC</b>	<b>146.974.591</b>	<b>194,647,074</b>
<i>Changes in the CCN</i>		
Inventories	1,792,404	(207,398)
Commercial credits	14.109.546	(15,469,339)
Commercial debts	(9,274,263)	(12,885,657)
Payables Tax and social security receivables	26.070.384	21.022.141
Indirect taxes paid	(20,788,907)	(43,904,177)
Accruals and deferrals	1,832,936	(698,696)
Other activities	(2,436,624)	312.550
Other liabilities	(1,094,619)	2,073,889
Advances	489.079	1,488,014
<b>Total changes in net working capital</b>	<b>10,699,934</b>	<b>(48,268,673)</b>
<b>Cash flow after changes in the BCC</b>	<b>157,674,527</b>	<b>146.378.401</b>
<i>Other adjustments</i>		
Interest paid	(275,591)	(1,058,536)
Income taxes paid	(30,808,451)	(57,256,240)
Use of the severance indemnity fund	(8,620,376)	(9,048,073)
Use of funds	(26,999,828)	(24,431,932)
<b>Total other adjustments</b>	<b>(66,704,246)</b>	<b>(91,794,781)</b>
<b>Financial flow of income management</b>	<b>90.970.281</b>	<b>54.583.620</b>
<i>Investments in fixed assets:</i>		
Intangible	(5,180,994)	(3,576,252)
Materials	(49,343,967)	(72,820,861)
Business Branch Contribution	0	33,467,682
Sale of fixed assets	(97,354)	(68,953)
Goods intended for resale	120	157.741
<i>Financial:</i>		
Equity investments	3,768,920	(35,700,000)
Credits and other securities	(65,873)	15,637,364
<b>Cash flow from investment activities in fixed assets</b>	<b>(50,919,148)</b>	<b>(62,903,279)</b>
Contributions from the Ministry of Economy and Finance	0	32,817,000
Dividends paid	(79,922,715)	(54,489,909)
Reimbursement of loans	(267,067)	(31,708,771)
<b>Cash flow from financing activities</b>	<b>(80,189,782)</b>	<b>(53,381,680)</b>
<b>Change in cash and cash equivalents</b>	<b>(40,138,649)</b>	<b>(61,701,339)</b>



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**Net cash equivalents 31-Dec-20**

**484.539.101**

**524.677.750**



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## Zecca Segment Accounts

(Pursuant to the Ministerial Decree of 8 August 1979)

Not subject to audit

	2020	2019	Variations
<b>A) Value of production</b>			
1) revenues from and services	41,868,093	43,067,392	(1,199,299)
2) change in inventories of work in progress, semi-finished and finished products	(6,145,614)	206.498	(6,352,112)
5) other revenues and income			
b) various	163,494	339.616	(176,122)



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<i>Other income</i>	163,494	339,616	(176,122)
<b>Total Value of production</b>	<b>35,885,973</b>	<b>43,613,506</b>	<b>(7,727,533)</b>
<b>B) Costs of production</b>			
6) for raw materials, consumables and goods	(20,955,360)	(21,949,806)	994,446
7) for services	(5,478,488)	(7,343,810)	1,865,322
9) for the staff			
a) wages and salaries	(8,129,323)	(9,704,140)	1,574,817
b) social security contributions	(2,409,764)	(2,870,125)	460,361
c) severance indemnity	(596,825)	(716,163)	119,338
e) other costs	(482,764)	(952,016)	469,252
<i>Staff costs</i>	<i>(11,618,676)</i>	<i>(14,242,444)</i>	<i>2,623,768</i>
10) depreciation and write-downs			
a) amortization of intangible fixed assets	(309,504)	(341,716)	32,212
b) depreciation of tangible fixed assets	(2,346,631)	(2,020,934)	(325,697)
<i>Depreciation and write-downs</i>	<i>(2,656,135)</i>	<i>(2,362,650)</i>	<i>(293,485)</i>
11) change in inventories of raw, ancillary and consumable materials and goods	4,301,034	(1,080,621)	5,381,655
14) various management charges	(503,198)	(891,791)	388,593
<b>Total production costs</b>	<b>(36,910,823)</b>	<b>(47,871,122)</b>	<b>10,960,299</b>
<b>Difference between value and cost of production</b>	<b>(1,024,850)</b>	<b>(4,257,616)</b>	<b>3,232,766</b>
<b>C) Financial income and expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>D) Value adjustments of financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Result before the taxes</b>	<b>(1,024,850)</b>	<b>(4,257,616)</b>	<b>3,232,766</b>
20) income taxes for the year	0	0	0
<b>21) Result for the year</b>	<b>(1,024,850)</b>	<b>(4,257,616)</b>	<b>3,232,766</b>



POLIGRAFICO E ZECCA DELLO STATO ITALIANO

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# **Explanatory Notes**



POLIGRAFICO E ZECCA DELLO STATO ITALIANO

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## **Structure and content of the financial statements**

These financial statements have been prepared in accordance with the regulatory provisions contained in the Civil Code, about the financial statements, as amended by Legislative Decree no. 139/15, in implementation of the European Directive 2013/34, comparing the data relating to the financial year ended 31 December 2020 with those resulting as of 31 December 2019.

The Financial Statements are made up of the following documents:

- Balance Sheet;
- Income statement;
- Cash Flow statement;
- Explanatory Note.

This Explanatory Note has the function of providing an illustration, analysis and, in some cases, an integration of the financial statements and contains the information required by art. 2427 of the Civil Code which are in line with the regulatory changes introduced by Legislative Decree no. 139/15 and with the accounting principles issued by the Organismo Italiano di Contabilità.

The valuation of the items is based on the general principles of prudence and competence and in the perspective of business continuity, as well as considering the substance of the transactions. For a better representation, some tax payables and receivables from the previous year were reclassified. The application of the provisions of the Civil Code did not lead to situations of incompatibility with the truthful and correct representation of the facts and of the company situation, therefore, no derogation from the provisions was necessary, pursuant to art. 2423, paragraph 4, of the Civil Code. There have also been no exceptional cases that made it necessary to resort to the derogation provided for by art. 2423 bis, 2nd paragraph, of the Civil Code.

## **Accounting Principles**

The Company has implemented the provisions of the Italian legal system in implementation of the European Directive 2013/34, with the publication in the Gazzetta Ufficiale of Legislative Decree no. 139/15, which integrates and amends the Civil Code in the general rules for the preparation of the financial statements relating to the layouts, the valuation criteria, the content of the explanatory notes and the management report, changes and additions entered into force from the first January 2016.

All values are expressed in thousands of euros except as otherwise indicated.

The valuation criteria adopted for the preparation of the financial statements as of 31 December 2020 are set out below.



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*Intangible assets*

They represent costs for which a multi-year utility can be identified and are accounted based on the cost actually incurred, a cost that is systematically amortized in each year based on the relative economic useful life, which is on average three years, considering the speed of renewal of goods. Capitalized research and development costs are normally amortized on a straight-line basis, based on an amortization plan, over a period not exceeding 5 years. In cases where the values determined above are permanently of a lower value, a corresponding reduction was made. For costs incurred on third party assets, for which a utility referable to several financial years can be identified, amortization was carried out according to the duration of the lease.

*Tangible fixed assets*

They are entered at acquisition or production cost, increased by directly attributable accessory charges and, for some of them, by the share of revaluations and / or write-downs carried out in accordance with the law in previous years. The cost of the assets, as determined above, is systematically depreciated based on the residual possibility of use. Fixed assets which, at the closing date of the financial year, are permanently of a lower value than that determined in accordance with the above are recorded at this lower value. This lower value is not maintained in subsequent years if the reasons for the adjustment no longer apply.

The estimated useful economic life is indicated below by type of asset:

Type of asset	Estimated useful life expressed in years	
	from	to
Manufactured	18	33
Lightweight constructions	10	
Plants and Machinery	5	20
Photocomposition systems	4	
Rotary	5	
Industrial and commercial facilities	3	4
Other assets	4	8
Electronic document workstations	Duration of the contract	

The value of fixed assets also includes expenses of an incremental nature, where these have led to an increase in the useful life of the asset to which they refer and are amortized in relation to the new residual possibility of use of the same. The book value of the replaced parts is eliminated, and the maintenance and repair costs are recognized in the income statement in the period in which they are incurred.



Land is not depreciated, even if purchased together with a building, as well as tangible assets intended for sale, the depreciation of which ceases on the date in which the asset is reclassified in current assets among assets intended for sale valued at the lower of the net book value and the realization value inferable from the market trend, in accordance with OIC 16.

#### *Financial fixed assets*

Equity investments are recognized at cost, determined based on the purchase or subscription price. The book value of the equity investments is adjusted to take account of permanent losses in value based on the corresponding fraction of shareholders' equity. This lower value is not maintained in subsequent years if the reasons that led to the adjustment no longer apply.

Securities that do not constitute equity investments are recognized based on the purchase cost, which is adjusted in the event of permanent losses in value. This lower value, where recorded, is not maintained in subsequent years if the reasons that led to the recognition no longer exist.

#### *Inventories*

Inventories consist of stocks of raw materials, various materials, paper and spare parts, to be used for operation or maintenance, semi-finished products, work in progress and goods intended for resale.

- **Raw, ancillary and consumable materials and goods:** they are valued at the lower of the purchase cost, calculated using the "weighted average purchase cost" method, and the realizable value inferable from the market trend.
- **Work in progress, semi-finished and finished products:** they are valued at the lower of market value and standard operating cost. At the end of the year, an analysis of the existing orders is carried out to identify any final losses. Assets intended for resale are reclassified under this item.

Obsolete or slow-moving assets have been written down in relation to their residual possibility of use or considering their possible realizable value.

#### *Credits*

Receivables are recognized in the financial statements according to the amortized cost criterion, taking into consideration the time factor and the estimated realizable value. In particular, the initial book value is represented by the nominal value of the credit, net of all premiums, discounts and allowances, and inclusive of any costs directly attributable to the transaction that generated the credit. The transaction costs, any commission income and expense and any difference between the initial value and the nominal value at maturity are included in the calculation of the amortized cost using the effective interest criterion.

A specific bad debt provision has been set up to cover possible insolvency risks, the congruity of which with respect to doubtful positions is periodically verified. In any case, at the end of each





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financial year, further assessments are made, taking into consideration both the situations of bad debt that have already arisen or considered probable, and the general economic conditions, sector and country risk.

#### *Accruals and deferrals*

They are determined based on the principle of temporal competence. This item includes the revenues and costs pertaining to the year that will be earned or incurred in subsequent years and those earned or incurred by the end of the year but pertaining to subsequent years.

#### *Employee severance indemnity*

It is determined based on the provisions of the laws in force and of the National Collective Labor Agreements of the Graphic Companies.

It represents, for employees in force on 31 December 2020, the liability relating to the severance indemnity accrued and remaining in the company, in addition to what accrued from the beginning of 2007 until the time of the choice by the employees who opted for pension funds, net of the advances paid and including the revaluation on 31 December 2020 pursuant to Legislative Decree no. 252 and subsequent amendments introduced with Law no. 296 (2007 Finance Law).

#### *Debts*

Payables are recognized in the financial statements according to the amortized cost criterion, considering the time factor. In particular, the initial book value is represented by the nominal value of the debt, net of transaction costs and all premiums, discounts and rebates directly deriving from the transaction that generated the debt. The transaction costs, any commission income and expense and any difference between the initial value and the nominal value at maturity are included in the calculation of the amortized cost using the effective interest criterion.

#### *Provisions for risks and charges*

The allocations to the provisions for risks and charges mainly regard allocations made to cover charges or debts, of certain or probable existence, the amount or date of occurrence of which, however, could not be determined at the end of the year. In the assessment of risks and charges, those related to events that became known after the closing date of the financial year and up to the date of preparation of the financial statements are also considered.

The potential charges that could derive from the commitments undertaken in the liquidation phase of some investee companies were also considered.

#### *Operations and items in foreign currency*

Receivables and payables in foreign currencies outstanding at the end of the year, recorded at the exchange rate in effect at the time the transaction is carried out, are converted at the exchange rate in effect at the end of the year. Exchange gains and losses are recognized in the income



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statement as income components of a financial nature. Any net profit from conversion is set aside in a special non-distributable reserve until it is realized.

*Costs and revenues*

Revenues and income, costs and charges are recognized net of returns, discounts, allowances and bonuses, as well as taxes directly related to the sale of products and the provision of services and recognized at the time of transfer of risks benefits associated with ownership, which normally coincides with the shipment or delivery of goods or provision of services. Revenues and income, costs and charges relating to foreign currency transactions are determined at the current exchange rate on the date on which the related transaction was completed.

*Taxes for the year*

Income taxes are calculated based on the estimated taxable income and the tax rates in force at the balance sheet date, in compliance with the provisions in force and in compliance with the accrual principle. Prepaid and deferred taxes (and the related assets and liabilities) are recognized in the income statement (and in the balance sheet) in the year in which the temporary differences emerge. The calculation of deferred assets and liabilities considers the specificities of the various tax regulations regarding taxability and deductibility.

**Consolidated financial statements**

Pursuant to article 25 of Legislative Decree no. 127/91 and subsequent amendments and additions, the Poligrafico is required to prepare the Consolidated Financial Statements.

The present financial statements have been subjected to a statutory audit by Ernst & Young SpA

**Balance Sheet**

**Active**

**B. Fixed assets**

**B. I Intangible assets**

The composition of the item and the changes that occurred during the year are summarized in the table below:

values in thousands of euros	01.01.2020	Handling			31.12.2020	01.01.2020	Handling		31.12.2020	Total
	Historical cost	Come in	Go out	Reclassifications	Historical cost	Amortization on fund	Depreciation for the year	Amortization expenses reclassifications	Depreciation fund	Net value



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Development costs	182	445			627	(68)	(117)		(185)	442
Industrial patent rights and use of intellectual property	57,556	3,677	(600)	(6)	60,627	(53,586)	(4,236)	602	(57,220)	3,407
Concessions, licenses and trademarks	10,841	58			10,899	(10,832)	(20)		(10,852)	47
Fixed assets in progress	883	1,335	(506)		1,712					1,712
Others	1,433	150		29	1,612	(1,225)	(84)	(2)	(1,311)	301
<b>Total</b>	<b>70,895</b>	<b>5,665</b>	<b>(1,106)</b>	<b>23</b>	<b>75,477</b>	<b>(65,711)</b>	<b>(4,457)</b>	<b>600</b>	<b>(69,568)</b>	<b>5,909</b>

values in thousands of euros	01.01.2019	Handling		31.12.2019	01.01.2019	Handling		31.12.2019	Total
	Historical cost	Come in	Go out	Historical cost	Amortization on fund	Depreciation for the year	Amortization expenses	Depreciation fund	Net value
Development costs	40	142		182	(40)	(28)		(68)	114
Industrial patent rights and use of intellectual property	55,260	2,301	(5)	57,556	(49,419)	(4,172)	5	(53,586)	3,970
Concessions, licenses and trademarks	10,841			10,841	(10,831)	(1)		(10,832)	9
Fixed assets in progress		883		883					883
Others	1,183	250		1,433	(1,183)	(42)		(1,225)	208
<b>Total</b>	<b>67,324</b>	<b>3,576</b>	<b>(5)</b>	<b>70,895</b>	<b>(61,473)</b>	<b>(4,243)</b>	<b>5</b>	<b>(65,711)</b>	<b>5,184</b>

*Development costs*

The historical cost of 627 thousand euros amortized for 185 thousand euros is attributable to the purchase of a DMI prototype for reading magnetic codes and a device that allows the application of the security thread in the production of securities. During the year, development costs were incurred on industrial research projects, which are believed to create added value for the company in terms of assets, in the case of round nickel plating and electronic identity card authentication projects.

*Industrial patent rights and use of intellectual property rights*

The historical cost of 60.6 million euros (57.6 million euros at 31.12.2019) was amortized for a total of 57.2 million euros (53.6 million euros at 31.12.2019) and refers to:

- *industrial patent rights* for 121 thousand euros fully amortized;
- *rights to use software programs* for 60.5 million euros amortized for 57.1 million euros.

Amortization for the year was 4.2 million euros.

*Grants, licenses, trademarks and similar rights*

The historical cost of 10.9 million euros (10.8 million euros at 31.12.2019) was amortized for a total of 10.9 million euros (10.8 million euros at 31.12.2019) and refers to user licenses for software programs.

The amortization for the year was 20 thousand euros.



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*Fixed assets in progress and advances*

They indicate the internal and external costs (1.7 million euros) incurred for the launch of Research and Development projects relating to clearly defined products and processes, the completion of which will lead to the improvement of existing assets, to new products / processes, or to new industrial patents.

<b>Projects</b> <i>values in thousands of euros</i>	<b>Beginning year</b>	<b>End year</b>	<b>Fixed assets in progress</b>	<b>Capitalizations</b>
Card with biosensor	2017	2021	461.04	
RFID development	2017	2021	282.43	
Tagging Development	2017	2022	155.59	
Diffraction metallic elements	2017	2021	288.56	
New document creation method	2019	2022	175.88	
Graphic safety codes	2018	2021	67.78	
3D prototype modeling	2019	2022	52.46	
Nickel plating process for roundels	2019	2020		168.8
Development. mat. Prod. Base Holographic	2020	2023	74.83	
Implementation of the plate production process	2020	2023	31.48	
Dough Development Supp. High Res.	2020	2023	55.47	
Int. Artificial Normative Application	2021	2023	3.8	
IDEA - facial recognition	2018	2022	21.88	
CIE authentication	2017	2020		276.53
Digital signature with CIE	2020	2021	20.06	
ALD protective coatings	2020	2022	20.86	
<b>Total</b>			<b>1,712.12</b>	<b>445.33</b>

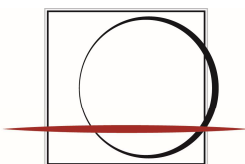
*Other intangible fixed assets*

The total capitalized cost, equal to 1.6 million euros and amortized for 1.3 million euros, refers to the works carried out on the leased buildings (Verrès plant and commercial premises in Piazza Verdi).

The amortization for the year, 84 thousand euros, was calculated considering the duration of the related lease contracts.

**B. II Tangible fixed assets**

Tangible fixed assets are recorded at purchase or production cost, increased by directly attributable charges and modified, for some of them, by the amounts of revaluations and / or write-downs carried out in accordance with the law, including those made pursuant to art. 15, Law 333/92 in the definitive determination of the share capital of the Poligrafico. The cost of the



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assets, as determined above, is systematically depreciated according to the residual possibility of use. The consistency of the item tangible fixed assets is as follows:

values in thousands of euros	01.01.2020		Handling		31.12.2020	01.01.2020	Handling		31.12.2020	Total
	Historical cost	Rival.	Come in	Go out	Historical cost	Amortization fund	Depreciation for the year	Amortization expenses reclassif	Depreciation fund	Net value
Lands and buildings	198,945	61,664	3,796	(1)	264,404	(192,588)	(4,665)		(197,253)	67,151
Plants and Machinery	327,566	497	50,410	(718)	377,755	(261,174)	(17,229)	677	(277,726)	100,029
Industrial and commercial facilities	470		39		509	(209)	(87)		(296)	213
Other Assets	102,520	57	5,409	(284)	107,702	(72,744)	(10,494)	291	(82,947)	24,755
Fixed assets in progress	30,020		14,723	(24,999)	19,744					19,744
<b>Total</b>	<b>659,521</b>	<b>62,218</b>	<b>74,377</b>	<b>(26,002)</b>	<b>770,114</b>	<b>(526,715)</b>	<b>(32,475)</b>	<b>968</b>	<b>(558,222)</b>	<b>211,892</b>
<b>Advances</b>	10,515		13,949	(14,438)	10,026					10,026
<b>Total</b>	<b>670,036</b>	<b>62,218</b>	<b>88,326</b>	<b>(40,440)</b>	<b>780,140</b>	<b>(526,715)</b>	<b>(32,475)</b>	<b>968</b>	<b>(558,222)</b>	<b>221,918</b>
										* of which rev./deval. as at 31.12.2020
										<b>62,218</b>

values in thousands of euros	01.01.2019		Company Branch	Handling		31.12.2019	01.01.2019	Company Branch	Handling		31.12.2019	Total
	Historical cost	Rival.		Come in	Go out	Historical cost	Amortization fund		Depreciation for the year	Expenses Amortization Fund	Amortization fund	Net value
Lands and buildings	192,482	61,663		6,630	(167)	260,608	(187,571)		(5,137)	120	(192,588)	68,020
Plants and Machinery	321,660	505	(33,632)	46,182	(6,653)	328,062	(256,623)	667	(11,764)	6,546	(261,174)	66,888
Industrial and commercial facilities	203		(2)	269		470	(128)		(81)		(209)	261
Other Assets	90,889	59	(515)	12,751	(606)	102,578	(64,127)	14	(9,234)	603	(72,744)	29,834
Fixed assets in progress	23,031			21,882	(14,893)	30,020						30,020
<b>Total</b>	<b>628,265</b>	<b>62,227</b>	<b>(34,149)</b>	<b>87,714</b>	<b>(22,319)</b>	<b>721,738</b>	<b>(508,449)</b>	<b>681</b>	<b>(26,216)</b>	<b>7,269</b>	<b>(526,715)</b>	<b>195,023</b>
<b>Advances</b>	12,003			21,005	(22,493)	10,515						10,515
<b>Total</b>	<b>640,268</b>	<b>62,227</b>	<b>(34,149)</b>	<b>108,719</b>	<b>(44,812)</b>	<b>732,253</b>	<b>(508,449)</b>	<b>681</b>	<b>(26,216)</b>	<b>7,269</b>	<b>(526,715)</b>	<b>205,538</b>
										* of which rival /deval as at 31.12.2019		
										<b>62,227</b>		

### Lands and buildings

The historical cost of € 264.4 million refers to the production buildings and related land on which they stand. The accumulated depreciation as at 31.12.2020 is equal to 197.3 million euro, of which 4.7 million euro amortization for the year, and refers only to industrial buildings as the land is not subject to depreciation.

### Plants and Machinery

The historical cost is equal to 377.8 million euros, amortized for 277.7 million euros, of which 17.2 million euros depreciation for the year. Purchases made during the year were aimed at improving processes and products, including the upgrade of the passport production facilities, the completion of the Holography department through the revamping of the Jagenberg cutter, the completion of the production and customization of CIE 3.0 at the Foggia plant.

### Industrial and commercial facilities



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The historical cost at 31.12.2020 is equal to 509 thousand euros, amortized overall by 296 thousand euros of which 87 thousand euros amortization for the year.

*Other Assets*

The historical cost is equal to 107.7 million euros, amortized for 83 million euros, of which 10.5 million euros for the year. The item mainly concerns the equipment necessary for carrying out work activities at the central structures, such as hardware devices and furniture.

*Fixed assets in progress and advances*

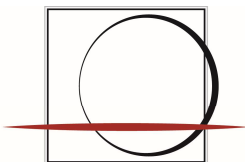
The item Fixed assets in progress reflects the trend of uncompleted investments at the end of the financial year.

Advances as of 31 December are equal to 10.0 million euros, confirming the trend of strong investments to be started, but with contractual obligations assumed. The advances disbursed for:

- the initialization and creation system of electronic passport booklets, line upgrades and INLAY production and cutting systems (2,9 million euros), the purchase of two massive shredders for the destruction of processing waste on paper and plastic support (1.1 million euros), supply of lamination plates for the new PSE (0.1 million euros) at the Officina Carte Valori;
- the CHP cogeneration and waste treatment plant (2.3 million euros), and the upgrading of the production building systems (0.3 million euros) at the Foggia plant;
- the nanometric deposition system (ALD) (€ 0.7 million), a laser engraving and finishing system (€ 0.7 million), a coin and blanks control system (€ 0.2 million), a packaging line for uncirculated or proof coins (0.2 million euros), at the Zecca plant.

Purchases broken down by production sites and referring to homogeneous groupings of goods are shown in the following table:

<i>values in thousands of euros</i>	Values Cards and Traditional Productions Workshop	Zecca and Verrès	Foggia	Central Functions	Total
Development costs				445	445
Industrial patent rights and intellectual property rights	34		15	3,628	3,677
Concessions, licenses and trademarks				58	58
Fixed assets in progress				921	921
Others		149		78	227
<i>Intangible assets</i>	34	149	15	5,130	5,328
Lands and buildings	35		2,145	1,451	3,632
Plants and machinery	17,276	5,687	25,697	1,839	50,498



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Industrial and commercial facilities			21	18	39
Other assets	338	636	661	3,773	5,408
<i>Tangible fixed assets</i>	17,649	6,323	28,524	7,081	59,577
<i>Fixed assets in progress</i>	6,981	1,563	3,576	3,015	15,135
<b>Total</b>	<b>24,664</b>	<b>8,035</b>	<b>32,115</b>	<b>15,226</b>	<b>80,040</b>

For a more detailed comment on the main investments made during the year, please refer to what is illustrated in the Management Report.

### B. III Financial fixed assets

Financial fixed assets are entered at cost, determined based on the purchase or subscription price and adjusted in the event of lasting losses in value.

The consistency of the item, taking into account their purchase cost and variations, is represented as follows:

<i>values in thousands of euros</i>	31.12.2019				31.12.2020		
	Cost	Revaluations Increases	Write-downs Decreases	Balance	Revaluations Increases	Write-downs Decreases	Balance
Equity investments	24,578	35,700		60,278	959	(20,478)	40,759
Credits	2,399		(637)	1,762	66		1,828
Other titles	15,000		(15,000)	0			0
<b>Total</b>	<b>41,977</b>	<b>35,700</b>	<b>(15,637)</b>	<b>62,040</b>	<b>1,025</b>	<b>(20,478)</b>	<b>42,587</b>

#### *Equity investments*

<i>values in thousands of euros</i>	31.12.2019				31.12.2020		
	Cost	Revaluations Increases	Write-downs Decreases	Balance	Revaluations Increases	Write-downs Decreases	Balance
In subsidiaries	20,578	35,700		56,278	8	(20,478)	35,808
In affiliated companies	3,999			3,999	951		4,950
In other businesses	1			1			1
<b>Total</b>	<b>24,578</b>	<b>35,700</b>	<b>0</b>	<b>60,278</b>	<b>959</b>	<b>(20,478)</b>	<b>40,759</b>

<i>values in thousands of euros</i>						
	Headquarters	Share capital	Result	Net assets	% participation	Balance
Valoridicarta SpA	Rome Via Salaria, 691	43,800	461	43,250	81.74	35,800



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Futuro & Conoscenza Srl	Rome Via Salaria, 691	10	1	11	80.00	8
<b>Total</b>						<b>35,808</b>

### *Investments in subsidiaries*

The following transactions were recorded during the year:

- *Valoridicarta SpA*: Poligrafico owns 81.74%, represented by n. 35,800,000 shares with a par value of 1.00 euro each. As of 31 December 2020, the equity investment amounted to € 35.8 million. The company closed the year with a result of 461 thousand euros.
- *Innovazione e Progetti Scpa in liquidazione*: with the conclusion of the dispute with the shareholder Selex, the Liquidator carried out the final liquidation operations. The Shareholders' Meeting of March 16, 2020 resolved to close the liquidation. The liquidator has carried out all the necessary formalities for the cancellation of the Company from the register of companies, freeing the Poligrafico from the payment of the residual tenths.
- *Futuro & Conoscenza Srl*: The company, established on 29 July 2020, according to the in-house organizational model providing joint control of Poligrafico and Fondazione Bruno Kessler - FBK.

The company has as its exclusive corporate purpose the research activity in the following sectors: a) Materials technologies for the development of paper and plastic substrates with innovative characteristics; b) Materials technologies for the development of anti-counterfeiting elements relating to all levels of security (overt, covert and forensic); c) Development of security printing materials and production techniques for the creation of innovative digital security elements; d) Development of software solutions and digital services for security, anti-counterfeiting and identification. Poligrafico owns 80%, represented by a share with a nominal value of 8 thousand euros. As of 31 December, the company essentially closed in balance with a profit of 760 euros.

### *Investments in associated companies*

- *Istituto dell'Enciclopedia Italiana SpA.*, of which Poligrafico owns no. 6,758,944 shares with a par value of 1.00 euro each, representing 9.557% of the share capital. During the year, Poligrafico subscribed to a share capital increase. The value entered in the financial statements is equal to 4 million euros and corresponds to the historical cost.

### *Investments in other companies*

- *Meccano SpA.*, of which Poligrafico owns no. 3 shares with a par value of € 266.22 each





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representing 0.10% of the share capital. The book value of this investment corresponds to the historical cost and is equal to 0.7 thousand euros.

### *Credits*

*Receivables from others*, falling due within one year, amounted to 295 thousand euros (153 thousand euros at 31.12.2019), while those falling due beyond the following year amounted to 1.5 million euros (1.6 million euros at 31.12.2019).

The overall sum refers to:

- *the premiums paid for the collective capitalization policy*, to guarantee payment of the severance indemnity, entered with an insurance company for 657 thousand euros. The policy ensures the coverage of the severance indemnity for the staff of the categories of clerks, already included, on 31 December 1985, in the policy stipulated pursuant to the Royal Decree of 8 January 1942, no. 5, converted into Law 2 October 1942, n. 1251. With reference to this relationship, there are further entries in the balance sheet, in the liabilities:
  - *employee severance indemnity* the amount of which includes the corporate debt to all personnel in the clerical categories, accrued on 31 December 1985, to which the above coverage refers;
  - *accruals* which show substitute taxes relating to the yields accrued at the end of 2020, equal to 382 thousand euros;while in the assets:
  - *current assets - receivables from others* which include the portion of the premiums paid for the collective capitalization policy that will become available in the following year for a total of 2.0 million euro;
  - *accruals* which include the return of the policy accrued over the years and which at the end of 2020 amounted to a total of € 1.4 million.
- *Receivables from employees* to a total of 160 thousand euros (241 thousand euros at 31.12.2019), which arose because of the measures adopted following the earthquake of 31 October 2002 in favor of the population of the Molise region and the province of Foggia (decree law no. November 2002 converted into law no.286 of December 27, 2002 and subsequent amendments and additions). These measures suspended the payment of social security and welfare contributions for the period November 2002 - November 2005, providing for the reimbursement, in monthly installments, starting from February 2006, both for the share to be paid by the company and by the workers. The amount indicated therefore represents the credit of the Company, as a substitute, towards the workers for the share to



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be paid by them and its reduction,

- *receivables from employees* pending the settlement of pending for a total of 62 thousand euros;
- *loans to employees* for a total of 240 thousand euros;
- *to security deposits* for fees of 670 thousand euros.



## C. Current assets

### CI Inventories

The value of inventories amounted, at the end of the year, to 62.3 million euros (64.1 million euros at 31.12.2019). Based on the provisions of the ministerial resolution of 11 August 1977, n. 9/995, the value of editorial publications is annually adjusted with a write-down fund, which as of 31 December 2020 was equal to € 16.4 million. In addition to this, there is an additional provision, to consider, as a precaution, the limited possibility of producing these products. The value of inventories is net of value adjustments that are made to consider the level of obsolescence and to address the uncertainties regarding their use, also based on their movements. As of December 31<sup>st</sup>, the warehouse is composed as follows:

values in thousands of euros	31.12.2020			31.12.2019			Variation
	historical value	f.do sval.ne	Remnant	historical value	f.do sval.ne	Remnant	
Raw materials, subsidiaries, consumables and goods	41,279	(15,928)	25,351	39,869	(15,531)	24,338	1.013
Work in progress and semi-finished products	30,934	(5,787)	25,147	28,554	(5,530)	23,024	2,123
Finished products and goods	32,911	(21,067)	11,844	43,555	(26,782)	16,773	(4,929)
<b>Total inventories</b>	<b>105.124</b>	<b>(42,782)</b>	<b>62,342</b>	<b>111.978</b>	<b>(47,843)</b>	<b>64.135</b>	<b>(1,793)</b>

Closing inventories are made up of

- *raw materials, consumables and goods* amounted to 41.3 million euros, (39.9 million euros at 31.12.2019) gross of write-downs of 15.9 million euros. They are represented by production materials such as, inlay, cellulose, purchased paper, precious metals and polycarbonate. Prudentially, write-downs were made based on the slow turnover principle;
- *work in progress and semi-finished products* amounted to 30.9 million euros (28.6 million euros at 31.12.2019), with a write-down of 5.8 million euros. At the end of the year there are semi-finished products relating to wine labels, ordinary coinage and security documents;
- *finished products and goods* amounted to 32.9 million euros (43.6 million euros at 31.12.2019), gross of the write-down of 21.0 million euros, down mainly due to the disposal / pulping of publishing products. These are products relating to numismatics produced and not delivered at the end of the year, (Italy and the Vatican), labels for wines, spirits, as well as goods intended for resale, or those left out of the production cycle and reclassified from fixed assets to working capital to be destined for sale. or divestment.



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## C. II Credits

*Credits* amount to a total of 236.9 million euros (246.7 million euros at 31.12.2019). The breakdown of receivables by homogeneous groupings is as follows:

<b>Credits values in thousands of euros</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>Variations</b>
Towards customers	39,516	37,063	2,453
To subsidiaries	1,740	5,788	(4,048)
Towards associated companies	767	407	361
Towards parent companies	153,638	165,657	(12,019)
Towards companies controlled by the parent companies	2,199	3,054	(856)
<b>Total sub</b>	<b>197,860</b>	<b>211,969</b>	<b>(14,109)</b>
Tax	13,822	11,956	1,866
Prepaid taxes	21,495	21,495	0
Towards others	3,738	1,302	2,436
<b>Total sub</b>	<b>39,055</b>	<b>34,752</b>	<b>4,302</b>
<b>Total</b>	<b>236.915</b>	<b>246.722</b>	<b>(9,807)</b>

<b>Credits by maturity values in thousands of euros</b>	<b>31.12.2020</b>			<b>31.12.2019</b>			<b>Variation</b>
	Within the exercise	Beyond the exercise	<b>Total</b>	Within the exercise	Beyond the exercise	<b>Total</b>	
<b>Receivables recorded in fixed assets</b>							
Towards others	295	1,533	1,828	153	1,608	1,761	67
<b>Total sub</b>	<b>295</b>	<b>1,533</b>	<b>1,828</b>	<b>153</b>	<b>1,608</b>	<b>1,761</b>	<b>67</b>
<b>Receivables from current assets</b>							
Towards customers	39,516		39,516	37,063		37,063	2,453
Towards check	1,740		1,740	5,788		5,788	(4,048)
Towards connected	767		767	407		407	360
From parent company	153,638		153,638	165,657		165,657	(12,019)
Towards companies subject to the control of the parent companies	2,199		2,199	3,054		3,054	(855)
Tax	13,822		13,822	11,956		11,956	1,866
Prepaid taxes	21,495		21,495	21,495		21,495	0
Towards others	3,738		3,738	1,302		1,302	2,436
<b>Total sub</b>	<b>236.915</b>	<b>0</b>	<b>236.915</b>	<b>246.722</b>	<b>0</b>	<b>246.722</b>	<b>(9,807)</b>
<b>Total</b>	<b>237.210</b>	<b>1,533</b>	<b>238.743</b>	<b>246.875</b>	<b>1,608</b>	<b>248.483</b>	<b>(9,740)</b>



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*Receivables from customers* they amount to a total of 39.5 million euros (37.1 million euros at 31.12.2019) and refer to relations of a commercial nature with customers for the sale of goods and provision of services. In particular:

- *towards public customers* amount to 12.1 million euros compared to 12.6 million euros in 2019. These receivables are mainly composed of the receivable accrued from the Ministry of the Interior (6.8 million euros) as part of the Carta d'Electronic Identity, for the supply of peripheral infrastructures; receivables from ministries and other public administrations for the supply of forms, publications and advertisements (1.8 million euros); and receivables from Regions and Local Health Authorities for the supply of prescription books (0.5 million euros).
- *towards private customers* they amount to 27.4 million euros against 24.5 million euros in the previous year. The sum is mainly composed of receivables from pharmaceutical companies (5.8 million euros) for the supply of stamps, towards agri-food companies for the supply of labels (food products and DOC and DOCG wines) (10.7 million euros), towards Lotto Italia (3.3 million euros) for the supply of Lotto game receipts, towards concessionaires (approximately 1.7 million euros) as part of the contractual relationship for the collection of advertisements in the Official Gazette, towards the Vatican State and San Marino (0.7 million euros) as part of the supply of coins and medals for the year 2020.

*Receivables from subsidiaries* amount to 1.7 million euros (5.8 million euros at 31.12.2019): referring to the subsidiary Valoricarta for the supply of raw materials necessary to produce high-value watermarked papers and special security papers, for the lease, for the service contract including, the charges for utilities functional to the performance of the production activity, and the secondment of personnel. During the year, the Company repaid the non-interest-bearing loan disbursed to start the production process to meet the initial liquidity needs.

*Receivables from associated companies* they amount to 0.8 million euros (0.4 million euros at 31.12.2019), referring to the company Treccani Reti SpA for the supply of publications and medals.

*Receivables from parent company* represent the receivables accrued for the supply of goods and services to the parent company, the Ministry of Economy and Finance. These receivables amount to a total of 153.6 million euros net of the write-downs made (165.6 million euros at 31.12.2019). Considering the uncertainty relating to the recognition of the transport costs incurred by the Poligrafico on behalf of the Ministry of Economy and Finance for the years 2002-2006, also considering the ongoing criminal proceedings, during the previous years the Company has prudently set aside specific funds that take this situation into account (104 million euros).

As reported in the Management Report, the civil proceeding between Poligrafico and Unicredit



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Factoring concerning the transfer of invoices relating to transport costs is still pending. In June, Unicredit filed an appeal before the Court of Cassation to challenge the appeal sentence and Poligrafico appeared in court through the State Attorney General. At the moment, the hearing for the discussion of the appeal has not been set.

As for the following years, given the IT procedure implemented at the time, for the transfer of information between the Ministry of Economy and Finance and the Poligrafico, the same Dicastery believes that the data recorded in its archives are substantially in line with those of the company. The amount of the advances received is exclusively attributable to the 2006-2018 common printed reports still suspended. Credits accrued in subsequent years (from 2019) fall under the ordinary electronic invoicing and split payment regime.

The details of the receivables from the parent company are as follows:

<b>Credit position with the MEF at 31 December 2020</b>				
values in thousands of euros	net amount	deliveries	advances	of which VAT
Values	11,054	11,054		
Electronic documents	31,324	31,324		
Postal values	54	54		
Common printed matter	152,400	612.665	(460,265)	93.945
<i>of which transport costs</i>	<i>124,602</i>	<i>0</i>	<i>0</i>	<i>20,688</i>
<i>of which residual cap. 1340 Municipalities</i>	<i>27,798</i>	<i>612.665</i>	<i>(460,265)</i>	<i>73,257</i>
Monetation	5,200	14,791	(9,591)	
<b>Net total</b>	<b>200,032</b>	<b>669.888</b>	<b>(469,856)</b>	<b>93.945</b>
higher advances received:				
<i>Common</i>	<i>72.102</i>			
<b>Total gross</b>	<b>272.134</b>			
Devaluation:				
transportation fee	104.747			
Other	13,749			
<b>Net total</b>	<b>153,638</b>			



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The following table shows the formation and movements of the bad debt provision.

<i>values in thousands of euros</i>	MEF	Other	Total
<b>Fund as of 01 January 2020</b>	117,034	5,721	122,755
Uses		(20)	(20)
Reclassifications	1,462	(1,462)	0
<b>Fund as of December 31, 2020</b>	<b>118.496</b>	<b>4,239</b>	<b>122,735</b>

*Receivables from companies subject to the control of the parent company* amounted to 2.2 million euros (3.1 million euros at 31.12.2019). These are receivables from Rai for 1.5 million euros as part of the service contract for the supply and delivery of gold tokens relating to prize games, and from other related parties following the service of advertisements in the Gazzetta Ufficiale for the publication of tenders.

The movements in trade receivables gross of the bad debt provision are shown below:

<i>values in thousands of euros</i>	Receivables as at 31.12.2019	Credits of the year	Collections	Credits as at 31.12.2020
Towards customers	42,295	170,211	(169,047)	43,459
Towards check	5,788	3,038	(7,086)	1,740
Towards connected	464	1,746	(1,366)	844
From parent company	282,691	253,400	(263,957)	272,134
Towards companies subject to the control of the parent companies	3,486	7,135	(8,203)	2,418
<b>Sub Total</b>	<b>334.724</b>	<b>435.530</b>	<b>(449,659)</b>	<b>320,595</b>
Allowance for doubtful accounts	(122,755)	20		(122,735)
<b>Total</b>	<b>211.969</b>	<b>435.550</b>	<b>(449,659)</b>	<b>197,860</b>

Overdue receivables were managed with the relative credit recovery procedure; those in distress were entrusted to the Legal Department.

The bad debt provision considers, on a prudential basis, non-performing loans and the risk relating to the recognition of transport costs made on behalf of the Ministry of Economy and Finance.

*Tax credits* they amount to a total of 13.8 million euros and are mainly composed of IRES and IRAP credits, of the taxes requested for reimbursement, of IRAP as a credit on the component relating to labor costs and of the VAT advance paid in December 2020. For a better representation, the greater advance paid as a substitute tax on the revaluation of the employee leaving indemnity for 2019 was reclassified.



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*Receivables for prepaid taxes* they amount to a total of 21.5 million euros. Deferred tax assets were recognized to consider future tax charges attributable to the temporary differences between the book values recorded in the financial statements and the corresponding values considered for tax purposes.

*The other credits* they amount to a total of 3.7 million euros (1.3 million euros at 31.12.2019). The item other receivables include the receivables accrued from the insurance company Generali for premiums paid in relation to the collective capitalization policy and which will be collected in the course of 2021, the advances to suppliers, the advances on severance indemnities paid to workers but to charge to the INPS treasury fund and finally, advances paid to employees but charged to INAIL.

#### **C. IV Cash and cash equivalents**

*Cash and cash equivalents* amount to 484.5 million euros (524.7 million euros at 31.12.2019). During the year, the ordinary dividend of 79.9 million euros was paid, direct taxes were paid as advances for 30.8 million euros, and VAT for 20.8 million euros, plus social security contributions and withholding taxes.

#### **D. Prepayments and accrued income**

In this item, according to the principles of temporal competence:

- *accrued income*, which amounted to € 1.4 million (€ 2.9 million at 31.12.2019), relating to the returns accrued throughout 2020 on the insurance policy;
- *prepaid expenses*, which amount to 2.8 million euros (3.3 million euros at 31.12.2019), attributable, in Street main, to purchase of WMware, Telecom and Converge licenses. In such voice I'm included Furthermore the costs for insurance policies, software assistance contracts, various fees and editorial subscriptions activated during 2020, but of competence of exercises subsequent.





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## Balance Sheet

### Passive

#### A. Net assets

The financial statements as of 31 December 2020 closed with a profit of 54.1 million euros. As required by art. 2427 of the Civil Code, paragraph 7-bis, an analytical table of all the items of the Shareholders' Equity is indicated below with an indication of their origin, possibility of use and distribution, as well as their use in previous years.

For further details on the number and par value of the shares, please refer to the section “Other Information”.

<i>values in thousands of euros</i>	<b>Amounts at 31 December 2020</b>	<b>Possibility of use</b>	<b>Quote available</b>	<b>Summary of the uses made in the three previous years</b>
Share capital	340,000			
Capital reserves:				
-Capital contribution	551	B.		
-Other reserves				
Profit reserves:				
- Legal reserve	48.310	B.	48.310 (1)	
- Reserve available	30.940	A, B, C	30.940 (2)	102.723
- Contribution reserve	932	B.	(1)	
- Retained earnings		A, B, C	(2)	47,277
Operating result	<b>54,050</b>			

**Legend:**

**TO** share capital increase

**B.** loss coverage

**C.** distribution to shareholders

(1) Non-distributable portion

(2) Distributable portion



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The following table shows the movements in the shareholders' equity items:

<i>values in thousands of euros</i>	Share capital	Legal reserve	Reserve available	Contribution reserve	Contributions pursuant to Law 64/86	Result for the year	Total
<b>01-Jan-19</b>	<b>340,000</b>	<b>41,236</b>	<b>30.940</b>	<b>0</b>	<b>551</b>	<b>57,358</b>	<b>470.085</b>
Allocation of the result for the year							
- Other destinations	0	2,868	0	932	0	(2,868)	<b>932</b>
- Dividend distribution	0	0	0	0	0	(54,490)	<b>(54,490)</b>
Result for the year	0	0	0	0	0	84.129	<b>84.129</b>
<b>31-Dec-19</b>	<b>340,000</b>	<b>44.104</b>	<b>30.940</b>	<b>932</b>	<b>551</b>	<b>84.129</b>	<b>500,656</b>
Allocation of the result for the year							
- Other destinations	0	4,206			0	(4,206)	<b>0</b>
- Dividend distribution	0	0	0	0	0	(79,923)	<b>(79,923)</b>
Result for the year	0	0	0	0	0	54,050	<b>54,050</b>
<b>31-Dec-20</b>	<b>340,000</b>	<b>48.310</b>	<b>30.940</b>	<b>932</b>	<b>551</b>	<b>54,050</b>	<b>474.783</b>

The Shareholders' Meeting, in the session of 28 September 2020, with the approval of the financial statements as of 31 December 2019, it resolved to allocate the profit for the year, equal to 84.1 million euros, as follows:

- Legal reserve of 4.2 million euros;
- Dividend of € 79.9 million.

## **B. Provisions for risks and charges**

The change in the consistency, formation and use of provisions for risks and charges pursuant to article 2427 no. 4 of the Civil Code is set out below.

The provision for other risks and charges is intended to face risks and charges of certain or probable existence, whose amount or date of occurrence could not be determined at the end of the year. The provisions reflect the best and prudent estimates based on elements to layout to date for the preparation of the financial statements. The total amount of these funds is 203.9 million euros (202.8 million euros at 31.12.2019) after accounting for uses, to cover charges incurred and previously allocated, for 27.2 million euros and provisions for 28.3 million euros. The other provisions for risks and charges include:

- *The provision for litigation risks*, is equal to 47.8 million euros, is intended to cover, according to prudential criteria, the potential liabilities that could derive from legal disputes in progress and possible settlement agreements, against which, during the year, uses for 19.1 million euros and provisions and reclassifications were recorded for 8.2 million euros.
- *The provision for risks associated with investee companies*, is equal to 183 thousand euros, it



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is intended to cover liabilities that could arise from the commitments undertaken in the liquidation of some subsidiaries.

- *The provision for industrial risks*, is equal to 156 million euros, is determined by evaluating, according to prudential criteria, the potential liabilities that could derive from the definition of commercial and industrial items as well as from possible non-existent assets. Against these positions, 8.1 were used during the year million euros, provisions and reclassifications for 20.1 million euros. It refers to: returns on orders relating to the supply of safety documents, license plates and pharmaceutical labels; restructuring charges against the estimate of the costs to be incurred in view of the planned rationalization of the production sites and for the modernization and safety of the various plants.

### C. Employee severance indemnity

The employee severance indemnity is equal to 11.4 million euros (14.9 million euros at 31.12.2019). The change, equal to 3.5 million euros, is determined by the algebraic sum of the provisions, the revaluation, the indemnities paid to staff who have left the service and the advances paid. During the year, a total of 235 resources left and 19 were hired.

The details of the changes that took place during the year are shown below:

<b>Severance Pay</b> <i>values in thousands of euros</i>	
<b>Amount on 31 December 2019</b>	<b>14,922</b>
<b>Movements in the year</b>	
Allocation to the income statement	5,097
Indemnity paid to retired or resigned staff	(3,501)
Advances pursuant to law 297/1982	(166)
Transfers to Pension Funds	(1,752)
Transfers to the Treasury Fund at INPS	(2,821)
Solidarity contribution 0.5%	(357)
Substitute tax on revaluations	(24)
<b>Amount as of December 31, 2020</b>	<b>11,398</b>

The portions of severance indemnities accrued during the year (€ 5.1 million, of which € 142 thousand for revaluation of the pre-existing provision), gross of uses, in favor of personnel in force on 31 December 2020, are made up as follows:

- income statement 5.1 million euros (of which 142 thousand euros for revaluation of the pre-existing provision);
- pension funds 1.7 million euros;
- indemnity to resigned or retired personnel 3.5 million euro;



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- treasury fund set up at INPS 2.8 million euro;
- solidarity contribution 357 thousand euros;
- substitute tax on revaluations for the year 24 thousand euros.

## D. Debts

*Debts* they amount to a total of 368.0 million euros (395.6 million euros at 31.12.2019).

Their breakdown by homogeneous groupings and maturity is as follows:

<i>(values in euro / 000)</i>	31.12.2020			31.12.2019			Variation
	Within the year	Beyond exercise	Total	Within the year	Beyond exercise	Total	
to banks			0	60		60	(60)
towards other lenders	218	4,676	4,894	207	4,894	5.101	(207)
Advances	55		55	54		54	1
towards suppliers	124,659		124,659	135.716		135.716	(11,057)
towards subsidiaries	1,078		1,078	15,873		15,873	(14,795)
towards affiliates			0		17	17	(17)
towards parent companies	108.210		108.210	102,686		102,686	5,524
towards companies subject to the control of the parent companies	9,800		9,800	14,481		14,481	(4,681)
Tax	98,051		98,051	98.781		98.781	(730)
towards welfare and social security institutions	5,328		5,328	5,060	720	5,780	(452)
towards others	15,926		15,926	17,021		17,021	(1,095)
<b>Total</b>	<b>363.325</b>	<b>4,676</b>	<b>368.001</b>	<b>389.939</b>	<b>5,631</b>	<b>395.570</b>	<b>(27,569)</b>

*Payables to banks* during the year, with the payment of the last installment, the loan contract for the construction of the photovoltaic system at the Rome Viale Gottardo plant was extinguished.

*Payables to other lenders* amounted to € 4.9 million (€ 5.1 million at 31.12.2019). Payables still outstanding on 31 December refer to loans granted by the Cassa Depositi e Prestiti between 1978 and 1980 and falling due, by virtue of a renegotiation, which took place on 31 December 2035.

*Advances* they amount to a total of 55 thousand euros (54 thousand euros at 31.12.2019). The item consists of advances received from customers for the issues of numismatic products, referring to the year 2021.



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*THE* trade payables amount to a total of 243.7 million euros. The movement is shown in the table below:

<i>(values in euro / 000)</i>	<b>31.12.2019</b>	<b>Debts of the year</b>	<b>Payments of the year</b>	<b>Other variations</b>	<b>31.12.2020</b>
towards suppliers	135.716	202,662	(213,719)		124,659
towards subsidiaries	15,873	3,944	(2,989)	(15,750) *	1,078
towards affiliates	17			(17)	0
towards parent companies	102,686	7,725	(2,201)		108.210
towards related	14,481	26,088	(30,769)		9,800
<b>Total</b>	<b>268.773</b>	<b>240.419</b>	<b>(249,678)</b>	<b>(15,767)</b>	<b>243.747</b>
* following the closure of the liquidation of the subsidiary Innovazione e Progetti, the parent company Poligrafico was released from the payment of the residual tenths					

*Payables to suppliers* amount to 124.7 million euros (135.7 million euros at 31.12.2019) and refer to the supply of goods and services.

*Payables to subsidiaries* equal to 1.1 million euros (15.9 million euros at 31.12.2019), relate to trade payables to the subsidiary Valoridicarta SpA. The reduction is attributable to the closure of the liquidation of the company Innovazione e Progetti and the consequent release of Poligrafico from the payment of the residual tenths.

*Payables to parent company* they amount to a total of 108.2 million euros (102.7 million euros at 31.12.2019). This item includes the advances received on "per chapter" supplies that exceed the deliveries made (72.1 million euros) and the payable to be recognized to the parent company as part of the demonetization of metal coins (3.6 million of Euro). Furthermore, the funding disbursed by the Ministry of Economy and Finance, equal to 31.4 million euros, was recorded in this item, to allow for the payment of the injunctive decrees promoted by Unicredit Factoring and relating to the transport costs carried out by Omnia Logistic on behalf of the same Ministry of Economy and Finance.

*Payables to companies subject to the control of the parent company* for 9.8 million euros (14.5 million euros at 31.12.2019) mainly refer to the payable to Vitrociset, for the supply of management software for the Primary Site and Business Continuity, and to the Poste group for services provided for transport and delivery of the CIE.



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*Tax debts* amount to 98.0 million euros (98.8 million euros at 31.12.2019), are mainly made up of the debt for deferred VAT whose payment is linked to the approval of the reports for the supply of common printed matter for the years 2006-2018. In addition, this item includes payables for withholding taxes paid to employees (€ 2.5 million) and paid to the tax authorities in January 2021. For a better representation, the greater advance paid by way of substitute tax on the revaluation of the 2019 severance pay.

*Payables to welfare and social security institutions* they amount to a total of 5.3 million euros (5.8 million euros at 31.12.2019). They refer, for the part due within the following year, to the contributions accrued on the wages for the month of December, paid to the social security institutions in 2021, to the TFR accrued in the month of December, paid in 2021 to the Pension and Treasury Funds at the INPS, and to the part, to be paid again in 2021, of the social security contributions to be paid by the company and employees whose payment, as part of the aforementioned measures adopted following the 2002 earthquakes, has been suspended.

*The other debts* amount to 15.9 million euros (17.0 million euros at 31.12.2019). This item includes payables to personnel for ascertained accruals.

#### E. Accrued liabilities and deferred income

The following have been accounted for in the item in question, according to the principle of temporal competence:

- *Accrued liabilities*, 383 thousand euros (465 thousand euros as at 31.12.2019) mainly referring to the substitute tax on income accruing on the collective policy as of 31 December 2020;
- *deferred income*, relating to subscriptions and evolutionary maintenance fees invoiced in advance (10 thousand euros).



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## INCOME STATEMENT

### A. Value of production

*The Value of production* amounts to 405.5 million euros (511.2 million euros at 31.12.2019).

#### A.1 Revenues from sales and services

*Revenues from sales and services* amounted to 401.9 million euros (503.5 million euros at 31.12.2019), recording a decrease of approximately 101.6 million euros. The pandemic crisis has had significant impacts on company turnover, as well as on the production organization. In addition, there have been many requests from customers for order changes, even substantial ones, both in terms of quantity and delivery times. The Poligrafico, despite the effect of Covid-19, has guaranteed the expected production levels for the main product lines, adapting to the needs of the client and guaranteeing the required service levels, without significant impact from the point of view of costs. management.

The turnover, divided by type of product, is made up as follows:

- *Identification documents*: 152, 9million euros (215.6 million euros at 31.12.2019). During 2020, the deployment plan of the new electronic identity card (CIE 3.0) slowed down due to government measures which, given the health emergency, extended the validity of expired documents. The contribution in terms of turnover was 67.0 million euros. The electronic passport, with a turnover of 55.0 million euros, recorded a negative trend due to the fewer requests from the MAECI customer. The reduction in requests also affects the turnover of the residence permit (PSE 380) which stands at 21.2 million euros.
- *Security print*: 102.8 million euros (103.6 million euros at 31.12.2019). The driving turnover is still that of pharmaceutical labels, equal to 56.0 million euros, despite the anomalous trend due to the pandemic crisis. Turnover from wine labels (15.8 million euros), tobacco tiles, equal to 11.0 million euros, and alcoholic labels, with a turnover of 6.8 million euros, grew. In line with the previous year, the turnover of prescription books of 4.0 million euros.
- *Plaques*: 47.3million euros (62.9 million euros at 31.12.2019). The2020 marks a significant drop in registrations mainly due to the health emergency.
- *Electoral Chart*: 18.8 million euros (34.4 million euros at 31.12.2019), a sharp decline compared to the previous year due to fewer electoral rounds.
- *Legal-Administrative*: € 35.8 million (€ 38.8 million at 31.12.2019). The turnover has undergone a decrease of 3 million euros, in relation to the fewer advertisements, due to the blocking of production activities. The remuneration recognized by the Ministry of Economy and Finance for the management of the on-line Gazzetta Ufficiale is equal to 4 million euros, an amount set



in previous years.

- *Coinage, numismatics, medals and philatelics*: 43.3 million euros (45.8 million euros at 31.12.2019), a decrease compared to that of 2019. The 2020 quota requested by the Ministry of Economy and Finance amounted to 156 million pieces, gradually decreasing, compared to last year's quota in terms of number of pieces to be produced, due to the greater diffusion of electronic money. The turnover generated by ordinary coinage amounted to 29.0 million euros, thanks also to the carry-over effect of the 2019 requirements delivered in 2020. The remaining part of the turnover is attributable to foreign coinage and numismatics (3.2 million euros), numismatics and medals (5.9 million euros), the RAI order (3,
- *Others*: € 1.0 million mainly attributable to the management of portal access services.

## **A.2 Change in inventories of work in progress, semi-finished and finished products**

The change in inventories of work in progress, semi-finished and finished products is negative for 2.8 million euros (+2.6 million euros at 31.12.2019). The change is due to a lower inventory of work in progress and finished products.

## **A.5 Other income**

*The Other income* amounted to 6.4 million euros (5.1 million euros at 31.12.2019).

This item includes operating grants, penalties to suppliers, rents for premises, various reimbursements, capital gains on the sale of assets, insurance indemnities and differences on assessments.

## **B. Costs of production**

*The costs of production*, down compared to the previous year, amounted to 330.8 million euros (390.1 million euros at 31.12.2019) and reflect the reduction in production volumes, as well as the cost control, internalization of processes, public tender award procedures and warehouse rationalization.

## **B.6 Costs for raw materials, ancillary materials, consumables and goods**

*Costs for raw materials, ancillary materials, consumables and goods* amounted to 61.2 million euros (75.8 million euros at 31.12.2019). The decrease, equal to 14.6 million euros, is mainly attributable to the lower costs incurred for the purchase of raw materials, in addition to the rationalization policy in warehouse management.

## **B.7 Costs for services**





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*Costs for services* amounted to 101.4 million euros (133.3 million euros at 31.12.2019), with a decrease compared to the previous year of 31.9 million euros.

In particular:

- *external graphic processing and other performances*, 20.0 million euros (25.6 million euros at 31.12.2019). These are services whose performance depends on the electoral order; therefore, the decrease is attributable to the lower number of electoral rounds carried out during the year;
- *security and portering services*, for 8.7 million euros (8.6 million euros at 31.12.2019); these are the expenses incurred for the surveillance of the production sites and the premises used for the deposit of valuables;
- *utilities electricity, gas, water and telephones*, for 10.4 million euros (12.4 million euros at 31.12.2019), the decrease is due to lower consumption both in production and in the staff offices due to the massive use of smart working;
- *maintenance and repair of assets, assistance contracts and others*, for 30.4 million euros (41.0 million euros at 31.12.2019). These are ordinary maintenance costs to which all capital goods have been subjected and accessory costs to real estate investments. The space rationalization policy continued, with the reallocation of some productions in the production sites, subjecting the assets to complete overhaul. This item includes the maintenance of equipment relating to safety document projects;
- *cleaning*, for 5.4 million euros (3.5 million euros at 31.12.2019), the increase of 1.9 million euros is attributable to the higher costs incurred for the sanitation of the environments in line with the containment measures for the spread of the coronavirus;
- *transport*, for 4.2 million euros (4.1 million euros at 31.12.2019);
- *professional services*, for 1.3 million euros (1.4 million euros at 31.12.2019). This item includes commercial, administrative, legal services and collaboration contracts;
- *travel, business trips, professional refresher courses, insurance, health checks and advertising*, for 2.7 million euros (3.5 million euros at 31.12.2019). Consistently with the “spending review” regulations, the Poligrafico respected the ceilings set for the management of company cars as well as for the purchase of taxi vouchers. The change is attributable to the lower costs incurred for personnel missions;
- *postage*, for 18.3 million euros (33.0 million euros at 31.12.2019). These are the costs incurred for the shipment of the Electronic Identity Cards.

### **B.8 Costs for the use of third-party assets**

*THE costs for the use of third-party assets* amounted to 3.6 million euros (2.7 million euros at 31.12.2019). These are mainly expenses relating to software license fees, costs incurred for the



rental of the production site in Verrès and the commercial premises in Piazza Verdi. This item also includes the rental of office machines and other production plants.

### **B.9 Personnel costs**

*THE* personnel costs amounted to 99.1 million euros (108.6 million euros at 31.12.2019), the decrease is consistent with the decrease in the average resources present in the company. In line with the Business Plan, the incentivized redundancy plan continued to favor generational turnover, which led to the departure of 235 employees, while 19 resources were hired. During the year, recourse was made to temporary staff whose cost at the end of the year was equal to 1.6 million euros.

For further details on average occupancy, please refer to the “Other Information” chapter.

### **B.10 Depreciation and write-downs**

*The depreciation and write-downs* they amount to a total of 36.7 million euros (31.3 million euros at 31.12.2019). This item includes:

- amortization of intangible fixed assets for 4.5 million euros (4.2 million euros at 31.12.2019);
- depreciation of property, plant and equipment for 32.2 million euros (25.8 million euros at 31.12.2019).

### **B.11 Change in inventories of raw, ancillary and consumable materials and goods**

*The change in inventories of raw, ancillary and consumable materials and goods* it is positive for 1.0 million euros (- 918 thousand euros at 31.12.2019). The effect is attributable to the increased inventories of production material.

### **B.12 Provisions for risks**

*The provisions for risks* amount to 25 million euros, in relation to risks and charges potentially burdening the Company.

### **B.14 Various management charges**

*The various management charges* amounted to 4.7 million euros (7.5 million euros at 31.12.2019). These are mainly indirect taxes and other taxes (3.8 million euros), differences on assessments, membership contributions and various management charges for the residual part.

## **C. Financial income and expenses**

*There* net financial management generated a positive balance of 1.8 million euros (2.4 million euros at 31.12.2019) with a decrease of 0.6 million euros, attributable to a decrease in the average



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stock and credit interest on both current accounts and time deposits, also due to the sharp increase in bank liquidity and the application of negative interest rates on deposits by the ECB.

In detail, the other financial income consists of:

*Financial income from receivables recorded in fixed assets* for 8 thousand euros (149 thousand euros in 2019).

*Financial income other than the above* for 2.1 million euros (3.3 million euros at 31.12.2019) and refer to:

- interest income on bank deposits amounting to € 1.9 million (€ 3.2 million at 31.12.2019). The change is attributable to the reduction in interest rates charged by credit institutions in line with market values;
- default interest income of 28 thousand euros;
- interest income on other receivables for 68 thousand euros following the interest collected on taxes refunded;
- commission income on prize games equal to 43 thousand euros (36 thousand euros at 31.12.2019).

*Interest and other financial charges* for 275 thousand euros (1.1 million euros at 31.12.2019). The decrease of 783 thousand euros is attributable to the reduction in interest expense on loans following the conclusion of the structured loan facility transaction carried out in 2003 with Deutsche Pfandbriefbank Ag, against the annuities collected by the MEF.

The item gains and losses on exchange rates is positive for 891 euros (-185 euros at 31.12.2019) and is made up as follows:

- *profits on foreign exchange* for 2 thousand euros (one thousand euros at 31.12.2019), these are profits made during the year;
- *foreign exchange losses* for one thousand euros (one thousand euros at 31.12.2019), these are losses incurred during the year.

### **Income taxes**

The Company has provided for the allocation of taxes for the year based on the application of the tax laws in force.

*The Current taxes*, equal to 22.5 million euros, refer to corporate income tax (IRES) for the year 17.9 million euros, equal to 24% of taxable income, and the regional tax on production activities (Irap) for approximately € 4.6 million (4.82% for Lazio and Puglia and 3.1% for Valle d'Aosta).



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No provision was made for deferred taxes and there were no changes that led to the adjustment of what has already been set aside.

Below is a summary table with the main tax changes (up and down) made to the result for the year and the value of production respectively.

<b>IRES (values in thousands of euro)</b>		<b>IRAP (values in thousands of euro)</b>	
<b>Statutory profit before taxes</b>	<b>76,527</b>	Value of production	198,853
<b>Variations on the rise</b>		Variations on the rise	2,796
- Inventory write-down	8,990	Decreasing changes	7,867
- Non-deductible depreciation	2,990	Other deductions (tax wedge)	97,576
- Non-deductible taxes	2,353		
- Provisions for risks	28,276		
- Contingent liabilities	85		
- Others	1,078		
<i>Subtotal variations on the rise</i>	<i>43,772</i>		
<b>Decreasing changes</b>			
- Use of inventory write-down	9,431		
- Use of provisions for risks	27,231		
- Recovery of tax depreciation	1,124		
- Super depreciation	4,854		
- Hyper-amortization	1,506		
- Imu (50%)	1,395		
- Deductible IRAP	86		
- Others	189		
<i>Subtotal decreasing variations</i>	<i>45,816</i>		
<b>Taxable income</b>	<b>74,483</b>	<b>Net Value of production</b>	<b>96,206</b>
<b>IRES pertaining to 24%</b>	<b>17,876</b>	<b>IRAP of competence</b>	<b>4,601</b>



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The most significant increases for IRES purposes are the provision for risks, which is not tax deductible. These are provisions for sums intended to meet potential liabilities associated with existing situations, the values of which are estimated (including extraordinary maintenance work, early retirement and corporate restructuring).

The decreases reflect the positive impact generated using the provisions for risks to materialize the expenses against which the provisions had been allocated.

The Company continues to benefit from the tax concessions introduced for investments in new capital goods "Super-depreciation" and in assets functional to the technological / digital transformation according to the "Industry 4.0" "Hyper-depreciation" model: concessions that allow you to enjoy increased depreciation for tax.

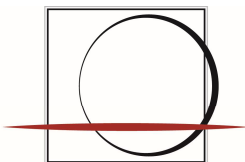
Therefore, the hyper-amortization on investments made in 2018 continues, for which the certificate of compliance with the Industry 4.0 Plan was issued by the certification company.

Specifically, these are the following assets:

- n. 3 CIE bagging systems, for a total investment of approximately 1.2 million euros;
- n. 1 Automatic register for the Lotto game, for an amount of 44 thousand euros.

The 2019 Budget Law also confirmed the facilitation of hyper-amortization also for the investments completed in 2019 but reshaped the measure of the "staggered" increase.

Since in 2020 the interconnection to the company system of the registration plate production plant was made (total investment value approximately 6 million euros) located at the Verrès (AO) plant, the Company was able to obtain the " certification of compliance with the Industry 4.0 Plan also for this further investment.



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*Reconciliation between applicable tax rate and effective tax rate*

<i>IRES values in thousands of euros</i>	<b>Amounts</b>	<b>%</b>
<b>Statutory profit before taxes</b>	76,527	24.00
<i>Increasing variations:</i>		
Inventory write-downs	8,990	2.82
Provision for risks	28,276	8.87
Non-deductible depreciation	2,990	0.94
Others	3,516	1.10
<i>Decreases:</i>		
Warehouse	(9,431)	(2.96)
Use of provisions for risks	(27,731)	(8.54)
Super-depreciation / Hyper-depreciation	(6,360)	(1.99)
Recovery of tax depreciation	(1,124)	(0.35)
Others	(1,670)	(0.52)
<b>Total tax burden</b>	<b>74,483</b>	<b>23.37</b>

<i>IRAP values in thousands of euros</i>	<b>Amounts</b>	<b>%</b>
Value of production	198,853	4.82
Variations on the rise	2,796	0.07
Decreasing changes	7,867	(0.19)
<b>Net Value of production</b>	<b>193,783</b>	<b>4.70</b>
Other deductions (tax wedge)	97,576	(2.37)
<b>Total tax burden</b>	<b>96.206</b>	<b>2.33</b>



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## Other Information

*The details of the contributions received pursuant to art. 1 paragraphs 125-129 law 124/2017*

<b>Providing body</b>	<b>nature</b>	<b>Amount</b> <i>(values in thousands of euro)</i>	<b>collection date</b>
GSE	photovoltaic	5,683	30.04.2020
GSE	photovoltaic	17.945	12.05.2020
EU	Emergency Travel Document	109,823	20.05.2020
Fondimpresa	Formative plan	149.318	06.05.2020
GSE	photovoltaic	5,683	30.06.2020
GSE	photovoltaic	5,561	30.06.2020
GSE	photovoltaic	5,723	31.07.2020
GSE	photovoltaic	5,723	31.08.2020
GSE	photovoltaic	5,526	30.09.2020
GSE	photovoltaic	5,457	12.11.2020
GSE	photovoltaic	5,526	09.12.2020
GSE	photovoltaic	5,006	31.12.2020
<b>Total contributions received</b>		<b>326.974</b>	

*The amount of credits and debts with a residual duration of more than five years and debts secured by guarantees (Article 2427, point 6) of the Italian Civil Code)*

The debt and credit positions which, based on the respective contractual relationships, have a residual duration of more than five years, are the following:

- *financial fixed assets* - Receivables from others for security deposits paid amount to 67 thousand euros;
- *debts to other lenders* equal to 3.7 million euros.

*The amount of financial charges recognized under assets (Article 2427, point 8) of the Italian Civil Code)*

There are no financial charges attributed to the values recognized in the assets of the balance sheet.

*Commitments, guarantees and potential liabilities not resulting from the Balance Sheet (Article 2427, point 9) of the Italian Civil Code)*

Own guarantees given:

- *sureties, endorsements and non-real guarantees* amounted to 10.6 million euros for



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participations and / or the award of tenders (2.7 million euros in 2019).

Others:

- *third party securities as surety / guarantee* amount to 500 euro and refer to securities paid by suppliers to guarantee the obligations undertaken;
- *third party assets in process* they amount to 1.7 million euros (5.4 million euros at 31.12.2019);
- *third party assets on deposit* amounted to 3.2 million euros (3.4 million euros at 31.12.2019).

*Breakdown of receivables, payables and revenues from sales and services according to business categories and geographic areas (Article 2427, point 10) of the Civil Code)*

*Revenues from sales and services* amount to 401 million euros. The breakdown by geographical area is shown in the following table:

<i>(values in thousands of euro)</i>	2020			2019			Variation
	Italy	Abroad	Total	Italy	Abroad	Total	
Identification documents	152.908	13	152.921	215,556	22	215,578	(62,657)
Security print	99.448	3,351	102,799	100,679	2,873	103,552	(753)
Plaques	47,300		47,300	62.952		62.952	(15,652)
Election chart	18,789		18,789	34,443		34,443	(15,654)
Administrative Legal	35,682	85	35,767	38,755	77	38,832	(3,065)
Numismatic coinage, medals and philatelics	36.122	7,157	43,297	38,214	7,631	45.845	(2,566)
Other activities	1.003	7	1.010	1,939	314	2,253	(1,243)
<b>Total</b>	<b>391.244</b>	<b>10,613</b>	<b>401.857</b>	<b>492.538</b>	<b>10.917</b>	<b>503.455</b>	<b>(101,590)</b>





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*Credits by geographical area*

The credits in their territorial distribution are shown below:

<i>(values in thousands of euro)</i>	31.12.2020			31.12.2019			Variations
	Italy	Abroad	Total	Italy	Abroad	Total	
<b>Receivables recorded in fixed assets</b>							
Towards others	1,828		1,828	1,761		1,761	67
<b>Total sub</b>	<b>1,828</b>	<b>0</b>	<b>1,828</b>	<b>1,761</b>	<b>0</b>	<b>1,761</b>	<b>67</b>
<b>Receivables from current assets</b>							
Towards customers	38,277	1,239	39,516	35,404	1,659	37,063	2,453
To subsidiaries	1,740		1,740	5,788		5,788	(4,048)
Towards associated companies	767		767	407		407	360
From parent company	153,638		153,638	165,657		165,657	(12,019)
Towards companies subject to the control of the parent companies	2,199		2,199	3,054		3,054	(855)
Tax	13,822		13,822	11,956		11,956	1,866
Prepaid taxes	21,495		21,495	21,495		21,495	0
Towards others	3,738		3,738	1,302		1,302	2,436
<b>Total sub</b>	<b>235,676</b>	<b>1,239</b>	<b>236,915</b>	<b>245,063</b>	<b>1,659</b>	<b>246,722</b>	<b>(9,807)</b>
<b>Total</b>	<b>237,504</b>	<b>1,239</b>	<b>238,743</b>	<b>246,824</b>	<b>1,659</b>	<b>248,483</b>	<b>(9,740)</b>

*Payables by geographical area*

The employees in their territorial distribution are set out below:

<i>(values in thousands of euro)</i>	31.12.2020			31.12.2019			Variation
	Italy	Abroad	Total	Italy	Abroad	Total	
Towards banks			0	60		60	(60)
Towards other lenders	4,894		4,894	5,101		5,101	(207)
Advances	55		55	54		54	1
Towards suppliers	119,169	5,490	124,659	130,813	4,903	135,716	(11,057)
Towards check	1,078		1,078	15,873		15,873	(14,795)
Towards connected			0	17		17	(17)
From parent company	108,210		108,210	102,686		102,686	5,524
Towards companies subject to the control of the parent companies	9,800		9,800	14,481		14,481	(4,681)
Tax	98,051		98,051	98,781		98,781	(730)
Towards social security and welfare institutions	5,328		5,328	5,780		5,780	(452)
Towards others	15,926		15,926	17,021		17,021	(1,095)
<b>Total</b>	<b>362,511</b>	<b>5,490</b>	<b>368,001</b>	<b>390,667</b>	<b>4,903</b>	<b>395,570</b>	<b>(27,569)</b>



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*Income or cost elements of exceptional size or incidence (Article 2427 point 13) of the Italian Civil Code)*

No revenue or cost elements of exceptional size or incidence were recorded.

*Employment data (Article 2427 point 15) of the Civil Code)*

The number of employees, as of 31 December 2020, broken down by categories, is shown in the following table, which highlights the average workforce and similar data for 2019.

A total of 235 employees left the service during the year and 19 resources were hired. At the end of the year, supply contracts amounted to 35 units.

	31.12.2020	31.12.2019	Variation	average	
				2020	2019
Senior executives	29	29	0	28	28
Employees	905	1.016	(111)	968	1.009
Workers	661	766	(105)	713	753
<b>Total</b>	<b>1,595</b>	<b>1,811</b>	<b>(216)</b>	<b>1,709</b>	<b>1,790</b>
Staff in administration	35	39	(4)	34	78

*Remuneration due to Directors, Statutory Auditors and Statutory Auditors (Article 2427, points 16) and 16-bis) of the Italian Civil Code)*

The fees payable to the Directors, Statutory Auditors and the company appointed to carry out the statutory audit amount to 109 thousand euros, 67 thousand euros and 40 thousand euros respectively. The latter are entirely related to the statutory auditing of accounts. Part of the remuneration due to the Directors and Statutory Auditors was paid to the Administration Fund of the Ministry to which they belong. It should also be noted that the Company has not granted advances and credits to directors and statutory auditors.

*Number and nominal value of each category of company shares and number and nominal value of the new shares of the company subscribed during the year (Article 2427, point 17) of the Italian Civil Code)*

The share capital is made up of n. 340,000,000 ordinary shares with a par value of € 1.00 each. No new shares were subscribed during the year.

There are no other types of shares or ordinary and convertible bonds or other securities issued by the company.



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### *Financial instruments (Article 2427, point 19) of the Italian Civil Code)*

The Company has not issued any financial instruments.

### *Assets and loans intended for specific business (art.2427 points 20) and 21) of the Civil Code)*

The Company has not set up any assets intended for a specific business, it has not taken out loans for a specific business; there is therefore no information to be provided in this regard.

### *Financial leasing transactions (Article 2427 point 22) of the Italian Civil Code)*

The Company does not have any financial leasing transactions in place, therefore there is no information to be provided pursuant to point 22) of art. 2427 of the Civil Code.

### *Transactions with related parties (Article 2427 point 22-bis) of the Italian Civil Code)*

Transactions with related parties were of a commercial and financial nature (mortgages), regulated according to normal market conditions and are indicated in the detailed tables below.

### *Economic relations*

In 2020, the economic relations of Poligrafico with subsidiaries, associates, parent companies, other investee companies and companies subject to the control of the parent company, are summarized in the following tables.

#### *Check it out*

<i>(values in thousands of euro)</i>	<b>31.12.2020</b>		<b>31.12.2019</b>	
	Value of production	Costs of production	Value of production	Costs of production
Innovazione e Progetti Scpa in liquidazione	0	0	12	0
Valoridicarta SpA	1,697	(2,536)	1,865	(595)
Futuro & Conoscenza Srl	5	0		
<b>Total</b>	<b>1,702</b>	<b>(2,536)</b>	<b>1,877</b>	<b>(595)</b>

#### *Connect*

<i>(values in thousands of euro)</i>	<b>31.12.2020</b>		<b>31.12.2019</b>	
	Value of production	Costs of production	Value of production	Costs of production
Treccani networks (formerly Editalia) SpA	1,429	0	1,527	0
<b>Total</b>	<b>1,429</b>	<b>0</b>	<b>1,527</b>	<b>0</b>

### *Parent companies*



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<i>(values in thousands of euro)</i>	31.12.2020		31.12.2019	
	Value of production	Costs of production	Value of production	Costs of production
Ministry of Economy and Finance	222,755	1.391	314.651	1.165
<b>Total</b>	<b>222,755</b>	<b>1.391</b>	<b>314.651</b>	<b>1.165</b>

*Other investee companies*

<i>(values in thousands of euro)</i>	31.12.2020		31.12.2019	
	Value of production	Costs of production	Value of production	Costs of production
Meccano SpA		32		62
<b>Total</b>	<b>0</b>	<b>32</b>	<b>0</b>	<b>62</b>

*Other related parties*

<i>(values in thousands of euro)</i>	31.12.2020		31.12.2019	
	Value of production	Costs of production	Value of production	Costs of production
Arexpo SpA	10		10	
Conai		70	0	19
Consap SpA			4	
Consip SpA	315	54	331	10
Cassa Depositi e Prestiti Group	99	53	156	
ENAV Group	41		32	
Enel Group	4	3,489	2	5,635
Eni Group	87	57	332	59
Equitalia Justice	5		3	2
Railways Group	1,574	45	1,728	114
Gse Group	5		71	
Invitalia Group			50	
Leonardo Group	115	3,409	8	195
Poste Group	753	9.852	536	20,931
Rai Group	3,637	1	5,061	1
Sogesid Group	7		6	
Sogin Group	13		19	
Invimit Sgr	44		11	
Istituto Luce Cinecittà Srl		1		
Mefop SpA			1	
Stmicroelectronics Srl	2	960	17	
<b>a) Sub Total</b>	<b>6,711</b>	<b>17.991</b>	<b>8,378</b>	<b>26.966</b>
Byblos National Pension Fund		1,555		1,599
I anticipated		197		263
<b>b) Sub Total</b>	<b>0</b>	<b>1,752</b>	<b>0</b>	<b>1,862</b>
<b>Total</b>	<b>6,711</b>	<b>19.743</b>	<b>8,378</b>	<b>28,828</b>

Commercial relations with related parties are mainly attributable to the contract for the distribution



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of Electronic Identity Cards throughout the country with Poste Italiane SpA. The value of production considers the volume of turnover developed towards RAI, against the contract for the service of production and distribution of gold tokens relating to prize programs.

*Asset reports*

In the 2020 financial year, the equity relations of Poligrafico with subsidiaries, associates, parent companies, other investee companies and companies subject to the control of the parent company, are summarized in the following tables, without considering the effects of the bad debt provision.

*Check it out*

<i>(values in thousands of euro)</i>	31.12.2020				31.12.2019			
	Commercial		Financial		Commercial		Financial	
	Credits	Debts	Credits	Debts	Credits	Debts	Credits	Debts
Innovazione e Progetti Scpa in liquidazione								15,750
Futuro & Conoscenza Srl	5	43						
Valoridicarta SpA	1,735	1,035			2,788	123	3,000	
<b>Total</b>	<b>1,740</b>	<b>1,078</b>	<b>0</b>	<b>0</b>	<b>2,788</b>	<b>123</b>	<b>3,000</b>	<b>15,750</b>

*Connect*

<i>(values in thousands of euro)</i>	31.12.2020				31.12.2019			
	Commercial		Financial		Commercial		Financial	
	Credits	Debts	Credits	Debts	Credits	Debts	Credits	Debts
Treccani Reti (formerly Editalia) SpA	844				464	6		11
<b>Total</b>	<b>844</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>464</b>	<b>6</b>	<b>0</b>	<b>11</b>

*Parent companies*

<i>(values in thousands of euro)</i>	31.12.2020				31.12.2019			
	Commercial		Financial		Commercial		Financial	
	Credits	Debts	Credits	Debts	Credits	Debts	Credits	Debts
Ministry of Economy and Finance	272.134	108.210			282.691	102,686		0
<b>Total</b>	<b>272.134</b>	<b>108.210</b>	<b>0</b>	<b>0</b>	<b>282.691</b>	<b>102,686</b>	<b>0</b>	<b>0</b>

*Other investee companies*

<i>(values in thousands of euro)</i>	31.12.2020	31.12.2019



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	Commercial		Financial		Commercial		Financial	
	Credits	Debts	Credits	Debts	Credits	Debts	Credits	Debts
Meccano SpA		5				24		
<b>Total</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>0</b>

*Other related parties*

<i>(values in thousands of euro)</i>	31.12.2020				31.12.2019			
	Commercial		Financial		Commercial		Financial	
	Credits	Debts	Credits	Debts	Credits	Debts	Credits	Debts
Arexpo SpA					1			
Consip SpA	22	2			61			
Equitalia Giustizia SpA	3			4,894				
Cassa Depositi e Prestiti Group	69	4			35			5.101
ENAV Group	6				6			
Enel Group	13	271			13	435		
Eni Group	3	3			66	9		
Railways Group	494				477	20		
Gse Group	2							
Invitalia Group	12				16			
Leonardo Group	53	4,677				9,704		
Poste Group	245	4,838			232	4,285		
Rai Group	1,493				2,572			
Sogin Group	2				3			
Monte dei Paschi SpA								60
Sogesid	1							
Stmicroelectronics Srl					4	4		
<b>a) Sub Total</b>	<b>2,418</b>	<b>9,795</b>	<b>0</b>	<b>4,894</b>	<b>3,485</b>	<b>14,457</b>	<b>0</b>	<b>5,161</b>
Byblos National Pension Fund		683				702		
Allianz SpA		1						
Amundi Sgr SpA		2						
BG Vita Generali Group		1						
Previnet SpA		2						
Poste Vita SpA		1						
Aviva Life SpA		1						
Assicurazioni Generali SpA		1						
Alleanza Assicurazioni SpA		7						
Unipol Sai Assicurazioni SpA		1						
Fata Life Insurance SpA		1						
Fopadiva		15						
Mediolanum life		2						
Axa MPS Life Insurance SpA		3						
I anticipated		112				102		
<b>b) Sub Total</b>	<b>0</b>	<b>833</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>804</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>2,418</b>	<b>10,628</b>	<b>0</b>	<b>4,894</b>	<b>3,486</b>	<b>15,261</b>	<b>0</b>	<b>5,161</b>

*Agreements not resulting from the Balance Sheet (Article 2427 point 22-ter of the Civil Code)*



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There are no agreements not resulting from the balance sheet, which could significantly influence the equity and financial situation and the economic result of the company.

*Name and registered office of the company that draws up the consolidated financial statements (Article 2427 points 22-quinquies and sexies of the Civil Code)*

The Company has drawn up the consolidated financial statements as the Parent Company.

*Derivative financial instruments*

Pursuant to art. 2427-bis, first paragraph, n. 1, of the Italian Civil Code, it is acknowledged that the Company has not subscribed derivative financial instruments.

*Application of amortized cost*

Legislative Decree 139/15 introduces the criterion for evaluating the amortized cost to be used for the representation of receivables, payables and fixed assets represented by securities. The rule provides for the optional derogation which allows not to apply the amortized cost criterion for receivables, payables and fixed assets represented by securities recorded in the 2015 financial statements.

*Significant events occurring after the close of the financial year and foreseeable evolution of management (Article 2427, point 22-quater of the Civil Code)*

For information relating to the equity, financial and economic effects of subsequent events, significant events occurring after the end of the financial year, the foreseeable evolution of operations and the allocation of the operating result, please refer to the contents of the Management Report.



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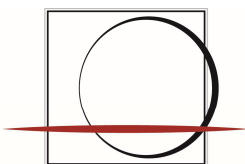
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# **Balance Sheet**



POLIGRAFICO E ZECCA DELLO STATO ITALIANO

ACTIVE	31.12.2020	31.12.2019	Variations
<b>B) Fixed assets</b>			
I Intangible fixed assets			
1) Start-up and expansion costs	5,460	6,311	(851)
2) Research, development and advertising costs	441.401	113.516	327,885
3) Industrial patent rights and intellectual property rights	3,415,926	3,970,391	(554,465)
4) Concessions, licenses, trademarks and similar rights	47,543	9.598	37.945
6) Fixed assets in progress	1,712,127	883.076	829.051
7) Others	315.964	222,560	93.404
<b>Total</b>	<b>5,938,421</b>	<b>5,205,452</b>	<b>732.969</b>
II Tangible fixed assets			
1) land and buildings	67.151.152	68.020.151	(868,999)
2) plants and machinery	132,368,919	99.227.149	33.141.770
3) industrial equipment	288.563	347.118	(58,555)
4) other assets	25,313,027	30,327,655	(5,014,628)
5) assets in progress and advances	30,377,795	40,663,693	(10,285,898)
<b>Total</b>	<b>255.499.456</b>	<b>238.585.766</b>	<b>16.913.690</b>
III- Financial fixed assets			
1) equity investments			
a) subsidiaries	0	20,478,385	(20,478,385)
a) associated companies	4,950,957	3,999,492	951.465
d) other companies	799	799	0
2) credits			
d) towards others			
within the year	294.714	152,644	142,070
beyond exercise	1,535,585	1,611,919	(76,334)
3) other titles	0	0	0
<b>Total</b>	<b>6,782,055</b>	<b>26.243.239</b>	<b>(19,461,184)</b>
<b>Total assets</b>	<b>268.219.932</b>	<b>270,034,457</b>	<b>(1,814,525)</b>



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<b>ACTIVE</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>Variations</b>
<b>C) Current assets</b>			
I Inventories			
1) raw, ancillary and consumable materials	29,219,599	31,655,817	(2,436,218)
2) work in progress and semi-finished products	26.430.152	24.216.210	2,213,942
4) finished products and goods	11.742.200	16,633,854	(4,891,654)
5) fixed assets held for sale	100,952	138,472	(37,520)
<b>Total</b>	<b>67.492.903</b>	<b>72,644,353</b>	<b>(5,151,450)</b>
II Credits			
1) towards customers	39.715.904	37.063.095	2,652,809
3) towards associated companies	767.347	406.716	360.631
4) towards parent companies	158,378,887	169.210.311	(10,831,424)
5) towards companies subject to the control of the parent companies	2,198,620	3,054,410	(855,790)
5 bis) tax credits	14.237.902	12.334.567	1,903,335
5 ter) prepaid taxes	21,814,559	21,820,779	(6,220)
5 quater) towards others	3,739,577	1,606,489	2,133,088
<b>Total</b>	<b>240.852.796</b>	<b>245.496.367</b>	<b>(4,643,571)</b>
<b>III-Financial assets that are not fixed assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
IV) - Cash and cash equivalents			
1) bank and postal deposits	485.004.826	528.709.584	(43,704,758)
3) cash and cash equivalents	25,317	36,699	(11,382)
<b>Total</b>	<b>485.030.143</b>	<b>528.746.283</b>	<b>(43,716,140)</b>
<b>Total current assets</b>	<b>793.375.842</b>	<b>846.887.003</b>	<b>(53,511,161)</b>
<b>D) Accruals and deferrals</b>	4,258,594	6,180,137	<b>(1,921,543)</b>
<b>TOTAL</b>	<b>1,065,854,368</b>	<b>1,123,101,597</b>	<b>(57,247,229)</b>



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<b>PASSIVE</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>Variations</b>
<b>A) Shareholders' equity</b>			
I Capital	340,000,000	340,000,000	0
IV Legal reserve	48.310.245	44.103.786	4,206,459
VII Other reserves			
Reserve available	30.939.490	30.939.490	0
Capital grants	551.081	551.081	0
Results of previous years	(790,837)	0	(790,837)
IX Result for the year	54,454,357	83.338.342	(28,883,985)
<b>Group equity</b>	<b>473.464.336</b>	<b>498.932.699</b>	<b>(25,468,363)</b>
<i>Third party assets</i>			
Third party capital	8.002.000	8,000,000	2,000
Third party reserves	(184,531)	0	(184,531)
Third party result	84,319	(184,531)	268.850
<b>Third party equity</b>	<b>7.901.788</b>	<b>7,815,469</b>	<b>86.319</b>
<b>Total equity</b>	<b>481.366.124</b>	<b>506.748.168</b>	<b>(25,382,044)</b>
<b>B) Provisions for risks and charges</b>			
3) other provisions for risks and charges			
others	203,889,574	202.844.212	1,045,362
<b>Total provisions for risks and charges</b>	<b>203,889,574</b>	<b>202.844.212</b>	<b>1,045,362</b>
<b>C) Employee severance indemnity</b>	<b>11.398.462</b>	<b>14,921,532</b>	<b>(3,523,070)</b>



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<b>PASSIVE</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>Variations</b>
<b>D) Debts</b>			
4) payables to banks	0	60,270	(60,270)
5) payables to other lenders			
within the year	218.194	206.797	11,397
beyond exercise	4,675,816	4,894,010	(218,194)
6) advances	55,647	54.156	1,491
7) trade payables	126.322.201	138.218.202	(11,896,001)
9) payables to subsidiaries			
beyond exercise	0	15,750,000	(15,750,000)
10) payables to associated companies			
beyond exercise	0	17,356	(17,356)
11) payables to parent companies	108.217.348	102,686,037	5,531,311
11-bis) payables to companies subject to the control of the parent companies	9,800,139	14,480,981	(4,680,842)
12) tax payables	98.104.890	98.803.117	(698,227)
13) payables to welfare and social security institutions			
within the year	5,348,089	5,086,463	261.626
beyond exercise	0	720,000	(720,000)
14) other debts	16.064.255	17.125.104	(1,060,849)
<b>Total debts</b>	<b>368,806,579</b>	<b>398.102.493</b>	<b>(29,295,914)</b>
<b>E) Accruals and deferrals</b>	393.629	485.192	(91,563)
<b>TOTAL</b>	<b>1,065,854,368</b>	<b>1,123,101,597</b>	<b>(57,247,229)</b>



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# **Income statement**



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	31.12.2020	31.12.2019	Variations
<b>A) Value of production</b>			
1) revenues from sales and services	421.923.161	508.314.501	(86,391,340)
2) change in inventories of work in progress, semi-finished and finished products	(2,663,639)	3,673,888	(6,337,527)
5) other revenues and income:			
a) operating grants	326.973	65,977	260,996
b) various	5,024,623	4,280,802	743.821
<i>Other income</i>	<i>5,351,596</i>	<i>4,346,779</i>	<i>1,004,817</i>
<b>Total Value of production</b>	<b>424.611.118</b>	<b>516.335.168</b>	<b>(91,724,050)</b>
<b>B) Costs of production</b>			
6) for raw materials, consumables and goods	(72,821,996)	(86,157,615)	13,335,619
7) for services	(101,936,953)	(133,191,530)	31,254,577
8) for use of third-party assets	(3,647,332)	(2,713,673)	(933,659)
9) for personnel:			
a) wages and salaries	(71,440,577)	(76,304,045)	4,863,468
b) social security contributions	(20,579,564)	(21,738,404)	1,158,840
c) severance indemnity	(5,113,454)	(5,400,594)	287.140
e) other costs	(3,742,023)	(6,173,207)	2,431,184
f) recovery of seconded personnel	51,897	114.750	(62,853)
<i>Staff costs</i>	<i>(100,823,721)</i>	<i>(109,501,500)</i>	<i>8,677,779</i>
10) depreciation and write-downs			
a) amortization of intangible fixed assets	(4,468,556)	(4,247,855)	(220,701)
b) depreciation of tangible fixed assets	(33,487,751)	(27.105.218)	(6,382,533)
c) write-down of tangible fixed assets	0	(1,250,000)	1,250,000
d) write-down of receivables included in current assets	(37,956,307)	(32,603,073)	(5,353,234)
<i>Depreciation and write-downs</i>	<i>(2,436,218)</i>	<i>5,100,284</i>	<i>(7,536,502)</i>
11) change in inventories of raw, ancillary and consumable materials and goods	(25,000,000)	(30,000,000)	5,000,000
12) provisions for risks	(4,713,368)	(7,488,839)	2,775,471
14) various management charges			
<b>Total production costs</b>	<b>(349,335,895)</b>	<b>(396,555,946)</b>	<b>47,220,051</b>
<b>Difference between value and cost of production</b>	<b>75.275.223</b>	<b>119.779.222</b>	<b>(44,503,999)</b>

	31.12.2020	31.12.2019	Variations
<b>C) Financial income and expenses</b>			



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16) other financial income			
a) from receivables recorded in fixed assets			
from others	8,013	144,769	(136,756)
b) from securities held as fixed assets	0	4,375	(4,375)
d) income other than the above			
from others	2,056,589	3,291,700	(1,235,111)
17) interest and other financial charges			
from others	(275,592)	(1,058,535)	782.943
17bis) profit and losses on exchange rates	(470)	(3,618)	3.148
<b>Total financial income and expenses</b>	<b>1,788,540</b>	<b>2,378,691</b>	<b>(590,151)</b>
<b>D) Value adjustments of financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Result before the taxes</b>	<b>77,063,763</b>	<b>122.157.913</b>	<b>(45,094,150)</b>
22) income taxes for the year			
currents	(22,518,867)	(39,329,909)	16,811,042
anticipated	(6,220)	325,807	(332,027)
<b>23) Result for the year</b>	<b>54,538,676</b>	<b>83.153.811</b>	<b>(28,615,135)</b>
of which: Group result	54,454,357	83.338.342	(28,883,985)
result of third parties	84,319	(184,531)	268.850
	<b>54,538,676</b>	<b>83.153.811</b>	<b>(28,615,135)</b>





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# Cash Flow statement



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<b>Indirect method</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
<b>Total net cash at the beginning of the year</b>	<b>528.746.283</b>	<b>586.379.089</b>
Operating result	54,538,676	83.153.811
Income taxes	22,525,087	39.004.102
Passive interests	275,288	1,058,512
Capital gains / losses from assets	97.354	68.953
<b>Result for the year adjusted by non-monetary elements</b>	<b>77.436.405</b>	<b>123,285,378</b>
Depreciation and write-downs	37.956.307	31,353,073
Severance indemnity provision	5,113,454	5,400,595
Allocation to the Funds	28.302.919	33.723.681
<b>Adjustments to non-monetary items that have no CCN counterpart</b>	<b>71.372.680</b>	<b>70.477.349</b>
<b>Cash flow before changes in the BCC</b>	<b>148,809,085</b>	<b>193,762,727</b>
<i>Changes in the CCN</i>		
Inventories	5,151,450	(8,717,044)
Commercial credits	11.767.030	(21,934,021)
Commercial debts	(14,154,658)	(1,806,706)
Payables Tax and social security receivables	26.070.384	20,152,537
Indirect taxes paid	(20,788,907)	(43,034,574)
Accruals and deferrals	1,832,936	(698,696)
Other assets and liabilities	(3,264,872)	1,844,183
Advances	489.079	1,488,014
<b>Total changes in net working capital</b>	<b>7.102.442</b>	<b>(52,706,307)</b>
<b>Cash flow after changes in the BCC</b>	<b>155.911.527</b>	<b>141.056.420</b>
<i>Other adjustments</i>		
Interest paid	(275,287)	(1,058,512)
Income taxes paid	(30,808,451)	(57,256,240)
Use of the severance indemnity fund	(8,620,376)	(9,048,073)
Use of funds	(27,026,617)	(24,431,932)
<b>Total other adjustments</b>	<b>(66,730,731)</b>	<b>(91,794,757)</b>
<b>Financial flow of income management</b>	<b>89.180.796</b>	<b>49.261.663</b>
Investments in fixed assets:		
Intangible	(5,201,525)	(3,576,252)
Materials	(51,121,580)	(73,759,689)
Sale of fixed assets	(97,353)	(68,953)
Goods intended for resale	120	157.741
Financial	3,768,920	
Credits and other securities	(65,736)	15,734,364
<b>Cash flow from investment activities in fixed assets</b>	<b>(52,717,154)</b>	<b>(61,512,789)</b>
Capital contributions Ministry of Economy and Finance		32,817,000
Dividends paid	(79,922,715)	(54,489,909)
Reimbursement of loans	(267,067)	(31,708,771)
Third party capital	10,000	8,000,000
<b>Cash flow from financing activities</b>	<b>(80,179,782)</b>	<b>(45,381,680)</b>
<b>Increase in cash and cash equivalents</b>	<b>(43,716,140)</b>	<b>(57,632,806)</b>
<b>Total net cash at the end of the year</b>	<b>485.030.143</b>	<b>528.746.283</b>



POLIGRAFICO E ZECCA DELLO STATO ITALIANO

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# **Explanatory Notes**



POLIGRAFICO E ZECCA DELLO STATO ITALIANO

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## **Structure and content of the financial statements**

The Poligrafico, pursuant to Legislative Decree 127/91 and subsequent amendments and additions, is required to draw up the consolidated financial statements, which were therefore drawn up pursuant to art. 25, paragraph 2, of the legislative decree 9 April 1991, n. 127.

The financial statements consist of the balance sheet, income statement, cash flow statement and explanatory note, in accordance with the provisions of art 29 and 38 of Legislative Decree 127/91, in line with the regulatory changes introduced by Legislative Decree no. 139/15 and with the accounting principles issued by the Organismo Italiano di Contabilità.

The purpose of these Explanatory Notes is to provide an illustration, analysis and, in some cases, an integration of the financial statement data with the additional information deemed necessary for a true and correct representation of the illustrated data, considering that they are not exceptions have been made pursuant to art. 29 of the decree.

The Explanatory Notes are accompanied by the statement of reconciliation between the Parent Company's result for the year and the consolidated result for the year, between the Parent Company's shareholders' equity and consolidated shareholders' equity, by the statement of changes in the consolidated shareholders' equity accounts and by the " list of companies included in the consolidation area.

In application of the provisions of Legislative Decree 127/91, as amended by Legislative Decree 32/2007 transposing Directive 51/2003 / EC, the Poligrafico made use of the option provided for by art. 40, paragraph 2 bis. Therefore, the additional information on the economic and financial situation of the Group, as a whole and in the various sectors, about costs, revenues and investments, as well as for a description of the main risks and uncertainties of the Group, please refer to what is indicated in the Report on the management of the Parent Company Poligrafico.

There were no situations of incompatibility with the truthful and correct representation of the facts and of the company situation and, therefore, no derogation from the provisions themselves was necessary pursuant to art. 2423, paragraph 4 of the Civil Code. Moreover, all the additional information deemed necessary to achieve this representation is provided, even if not required by specific regulations.

There have also been no exceptional cases that made it necessary to resort to the derogation provided for by art. 2423 bis, 2nd paragraph of the Civil Code.

In compliance with the provisions of art. 29 of Legislative Decree 127/91, the postulates of clarity and truthful and correct representation of the Group's equity and financial situation and of the economic result for the year are observed in the preparation of the financial statements.



For a better representation, some tax payables and receivables from the previous year were reclassified.

Finally, the principles established by art. 2423-bis of the Civil Code, and the provisions of the Organismo Italiano di Contabilità.

The Financial Statements have been drawn up in units of Euro, while all the values in the comments and prospectuses of these Explanatory Notes are expressed in thousands of Euro.

### **Consolidation principles**

The full consolidation method was applied to the companies included in the consolidation area.

The criteria used were the following:

1. elimination of the book value of the equity investments with the corresponding fraction of net equity resulting on the date of incorporation, purchase, or at the time when control was acquired.

The difference between the values is analyzed to allocate it to the assets and liabilities of the investee, according to the actual accounting nature. In principle, this difference is made to adjust the assets and / or liabilities in the balance sheet according to the effective value that was recognized at the time of constitution / purchase. Part of the purchase price is recognized as goodwill if the requirements for such registration of goodwill are met as envisaged by OIC 24 "Intangible assets". The residual difference from consolidation that cannot be allocated to assets and liabilities and to goodwill is recognized in the income statement under item B14 "other operating expenses".

Any negative difference from cancellation is charged, where possible, as an adjustment to the assets recorded for values higher than their recoverable value and to the liabilities recorded at a value lower than their settlement value. Any negative surplus, if it is not attributable to the forecast of unfavorable economic results, it is allocated among the provisions for risks, under the item "Provision for consolidation risks and charges" and amortized according to the period within which the losses in question should be extinguished.

2. elimination from the balance sheet and consolidated income statement of receivables and payables as well as income and charges relating to transactions carried out between companies included in the consolidation area;
3. elimination of significant profits and losses resulting from transactions carried out between consolidated companies;
4. posting of the shares of shareholders' equity and the results for the year corresponding to third party investments in a specific item of shareholders' equity.



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## **Accounting principles**

Below are the main valuation criteria adopted for the preparation of the consolidated financial statements, criteria dictated by the Parent Company Poligrafico, which substantially coincide with those used by the companies included in the consolidation area, in accordance with the provisions of Legislative Decree 127/91 and subsequent ones. changes.

The principles adopted comply with the provisions of the Italian legal system in implementation of the European Directive 2013/34, with the publication in the Gazzetta Ufficiale of Legislative Decree no. 139/15, which integrates and amends the Civil Code in the general rules for the preparation of the financial statements relating to the layouts, the valuation criteria, the content of the explanatory notes and the management report, changes and additions entered into force from the first January 2016.

The valuation criteria adopted for the preparation of the financial statements as of 31 December 2020 are set out below.

### *Intangible assets*

They represent costs for which a multi-year utility can be identified and are accounted for based on the cost actually incurred, a cost that is systematically amortized in each year based on the relative economic useful life, which is on average three years, considering the speed of renewal of goods. Capitalized research and development costs are normally amortized on a straight-line basis, based on an amortization plan, over a period not exceeding 5 years. In cases where the values determined above are permanently lower, a corresponding reduction has been made. For costs incurred on third party assets, for which a utility attributable to several financial years is identifiable, amortization was carried out based on the duration of the respective lease contracts.

### *Tangible fixed assets*

They are entered at acquisition or production cost, increased by directly attributable accessory charges and, for some of them, by the share of revaluations and / or write-downs carried out in accordance with the law in previous years. The cost of the assets, as determined above, is systematically depreciated based on the residual possibility of use. Fixed assets which, at the closing date of the financial year, are permanently of a lower value than that determined in accordance with the above are recorded at this lower value. This lower value is not maintained in subsequent years if the reasons for the adjustment no longer apply.

The estimated useful economic life is indicated below by type of asset:



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Type of asset	Estimated useful life expressed in years	
	from	to
Manufactured	18	33
Lightweight constructions	10	10
Plants and Machinery	5	20
Photocomposition systems	4	4
Rotary	5	5
Industrial and commercial facilities	3	4
Other assets	4	8
Electronic document workstations	Duration of the contract	

The value of fixed assets also includes expenses of an incremental nature, where these have led to an increase in the useful life of the asset to which they refer and are amortized in relation to the new residual possibility of use of the same. The book value of the replaced parts is eliminated, and the maintenance and repair costs are recognized in the income statement in the period in which they are incurred.

Land is not depreciated, even if purchased together with a building, as well as tangible assets intended for sale, the depreciation of which ceases on the date in which the asset is reclassified in current assets among assets intended for sale valued at the lower of the net book value and the realization value inferable from the market trend, in accordance with OIC 16.

#### *Financial fixed assets*

Equity investments are recognized at cost, determined based on the purchase or subscription price. The book value of the equity investments is adjusted to take account of permanent losses in value based on the corresponding fraction of shareholders' equity. This lower value is not maintained in subsequent years if the reasons that led to the adjustment no longer apply.

Securities that do not constitute equity investments are recognized based on the purchase cost, which is adjusted in the event of permanent losses in value. This lower value, where recorded, is not maintained in subsequent years if the reasons that led to the recognition no longer exist.

#### *Inventories*

Inventories consist of assets intended for sale, stocks of raw materials, various materials, paper and spare parts, to be used for operating or maintenance activities, and products in progress.

- **Raw, ancillary and consumable materials and goods:** they are valued at the lower of the purchase cost, calculated using the "weighted average purchase cost" method, and the realizable value inferable from the market trend.
- **Work in progress, semi-finished and finished products:** they are valued at the lower of market value and standard operating cost. At the end of the year, an analysis of the existing



orders is carried out to identify any final losses. Assets intended for resale are reclassified under this item.

Obsolete or slow-moving assets have been written down in relation to their residual possibility of use or considering their possible realizable value.

#### *Credits*

Receivables are recognized in the financial statements according to the amortized cost criterion, unless otherwise indicated, taking into consideration the time factor and the estimated realizable value. In particular, the initial book value is represented by the nominal value of the credit, net of all premiums, discounts and allowances, and inclusive of any costs directly attributable to the transaction that generated the credit. The transaction costs, any commission income and expense and any difference between the initial value and the nominal value at maturity are included in the calculation of the amortized cost using the effective interest criterion. A specific bad debt provision has been set up to cover possible insolvency risks, whose congruity with respect to doubtful positions is checked periodically. In any case, at the end of each financial year, further assessments are made taking into consideration both the situations of bad debt that have already occurred or considered probable, and the general economic conditions, sector and country risk.

#### *Accruals and deferrals*

They are determined based on the principle of temporal competence. This item includes the revenues and costs pertaining to the year that will be earned or incurred in subsequent years and those earned or incurred by the end of the year but pertaining to subsequent years.

#### *Employee severance indemnity*

It is determined based on the provisions of the laws in force and of the National Collective Labor Agreements.

It represents, for employees in force on 31 December 2020, the liability relating to the severance indemnity accrued and remaining in the company, in addition to what accrued from the beginning of 2007 until the time of the choice by the employees who opted for pension funds, net of the advances paid and including the revaluation at 31 December 2020 pursuant to Legislative Decree no. 252 and subsequent amendments introduced with Law no. 296 (2007 Finance Law).

#### *Debts*

Payables are recognized in the financial statements according to the amortized cost criterion, unless otherwise indicated, considering the time factor. In particular, the initial book value is represented by the nominal value of the debt, net of transaction costs and all premiums, discounts and rebates directly deriving from the transaction that generated the debt. The transaction costs, any commission income and expense and any difference between the initial value and the





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nominal value at maturity are included in the calculation of the amortized cost using the effective interest criterion.

#### *Provisions for risks and charges*

The allocations to the provisions for risks and charges mainly regard allocations made to cover charges or debts, of certain or probable existence, the amount or date of occurrence of which, however, could not be determined at the end of the year. In the assessment of risks and charges, those related to events that became known after the closing date of the financial year and up to the date of preparation of the financial statements are also considered.

The potential charges that could derive from the commitments undertaken in the liquidation phase of some investee companies were also considered.

#### *Operations and items in foreign currency*

Receivables and payables in foreign currencies outstanding at the end of the year, recorded at the exchange rate in effect at the time the transaction is carried out, are converted at the exchange rate in effect at the end of the year. Exchange gains and losses are recognized in the income statement as income components of a financial nature. Any net profit from conversion is set aside in a special non-distributable reserve until it is realized.

#### *Costs and revenues*

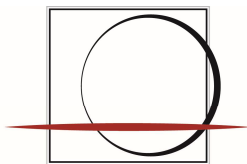
Revenues and income, costs and charges are recognized net of returns, discounts, allowances and bonuses, as well as taxes directly related to the sale of products and the provision of services and recognized at the time of transfer of risks benefits associated with ownership, which normally coincides with the shipment or delivery of goods or provision of services. Revenues and income, costs and charges relating to foreign currency transactions are determined at the current exchange rate on the date on which the related transaction was completed.

#### *Taxes for the year*

Income taxes are calculated based on an estimate of taxable income, in compliance with the provisions in force and in compliance with the principle of competence, considering the tax situations of the Group. Deferred or prepaid taxes have been calculated in application of accounting principle no. 25.

### **Consolidation area**

The consolidated financial statements as of 31 December 2020 include the financial statements of the Parent Company, Istituto Poligrafico and Zecca dello Stato SpA, and all the companies over which the Institute permanently exercises control, and which have been consolidated using the line-by-line method (Article 26 of the decree legislative 127/91). The companies included in the



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consolidation area are listed below (Article 38 paragraph 2 letters a) and c) of Legislative Decree 127/91:

*companies consolidated on a line-by-line basis*

Business name	currency	Share capital	participation fee		Headquarters	other information	
			direct	group		PI / CF	
Valoridicarta SpA	EUR	43,800,000	81.74%	81.74%	Rome	PI / CF	14994081009
Futuro & Conoscenza Srl	EUR	10,000	80.00%	80.00%	Rome	PI / CF	15812281002

*companies consolidated using the cost method or not consolidated*

Business name	currency	Share capital	participation fee		Headquarters	other information	
			direct	group		CF	
Istituto dell'Enciclopedia Italiana SpA	EUR	76.521.204	9.56%	9.56%	Rome	CF	00437160583
Treccani Reti SpA	EUR	16,027,000		9.56%	Rome	CF	00396050585
Meccano SpA	EUR	798.660	0.10%	0.10%	Fabriano	PI / CF	01146570427

For the consolidation, the financial statements of the individual companies were used, for which it was not necessary to resort to reclassifications and adjustments to bring them into line with the accounting principles and presentation criteria adopted by the Group, as they were drawn up with the same principles.

It should be noted that the companies included in the consolidation area have the same closing date of the financial year and therefore it was not necessary to prepare specific interim annual financial statements.

The accounting situations of the companies included in the consolidation area have been approved by the respective Shareholders' Meetings or by the Administrative Bodies.



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## Group activities

The Group's activity was aggregated following a production and commodity logic:

*institutional*: production and supply of security papers, special security papers, security and / or anti-counterfeiting elements / products, paper for banknotes and identification documents, printed matter and publications, including on computer media, paper products for the state administrations; printing and management, also with telematic tools, of the Gazzetta Ufficiale and the Collection of legislative acts of the Italian Republic; printing of state publications; printing and management of legislative publications, collections, extracts from laws, official documents and similar publications; production of state coins, foreign coins, legal tender coins, artistic medals and castings and commemorative or celebratory coins; manufacture of official seals and metal marks bearing the state emblem, plates, metal badges and other art products; promotion of the activity of the School of the Art of the Medal and the Zecca Museum; execution of tests on coins and metals on behalf of the State; expertise of counterfeit coins; promotion and participation in studies, surveys and experimental tests in matters relating to the institutional functions of the charter;

*graphics*: support to the institutional typographical activity, also from the point of view of distribution and sale of the products made;

*paper and paper converting* production of common papers and watermarked papers;

*marketing of artistic and book products*: publishing and marketing of editorial products and works of high artistic and cultural value;

*production and marketing of raw materials, semi-finished and finished products for coinage*: production of Zecca and non-Zecca rounds to produce metal coins and medals;

*research and innovation*: materials technologies for the development of paper and plastic substrates with innovative features; materials technologies for the development of anti-counterfeiting elements to ensure high levels of security; development of security printing materials and production techniques for the creation of innovative digital security elements; development of software solutions and digital services for security and anti-counterfeiting.



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## Balance Sheet

### Active

#### B. Fixed assets

##### BI Intangible assets

The composition of the item and the changes that took place during the year were as follows:

Intangible (values in thousands of euro)	Historical cost	Shopping	Sales / Reclass	Total 31.12	Amortization fund	Depreciation for the year	Sales / Reclass	Total 31.12	31.12. 2020
Plant and expansion costs	8	1	0	9	(2)	(2)	0	(4)	5
Research, development and advertising costs	182	445	0	627	(68)	(118)	0	(186)	441
Industrial patent rights using intellectual property	57,556	3,691	(607)	60,640	(53,586)	(4,240)	602	(57,224)	3,416
Concessions, licenses, trademarks and similar rights	10,841	58	0	10,899	(10,832)	(20)	0	(10,852)	48
Fixed assets in progress and advances	883	1,335	(506)	1,712	0	0	0	0	1,712
Other intangible assets	1,451	155	29	1,635	(1,228)	(88)	(2)	(1,319)	316
<b>Total</b>	<b>70,921</b>	<b>5,685</b>	<b>(1,084)</b>	<b>75,522</b>	<b>(65,716)</b>	<b>(4,469)</b>	<b>600</b>	<b>(69,584)</b>	<b>5,938</b>

Intangible fixed assets amount to a total of 5.9 million euros. In particular:

*Start-up and expansion costs*, they relate to the costs incurred by the subsidiaries Valoricarta and Futuro & Conoscenza at the time of incorporation.

*Research, development and advertising costs* the historical cost of 627 thousand euros amortized for 186 thousand euros is attributable to research costs. During the year, development costs were incurred on industrial research projects, which are believed to create added value for the Group.

*Industrial patent rights and use of intellectual property rights* the historical cost of 60.6 million euros, amortized overall for 57.2 million euros, relates to the investments of the Parent Company for the purchase of industrial patent rights and rights to use software programs.

##### *Grants, licenses, trademarks and similar rights*

The historical cost of 10.9 million euros amortized overall for 10.9 million euros relates to user licenses for software programs.

##### *Fixed assets in progress and advances*



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They indicate the internal and external costs incurred for the launch of research and development projects relating to clearly defined products and processes, the completion of which will lead to the improvement of existing assets, to new products / processes, or to new industrial patents by the Group.

*Other intangible fixed assets*

The overall capitalized cost refers to the work carried out on the properties leased by the Parent Company. Depreciation was calculated considering the duration of the lease.

**B.II Tangible fixed assets**

Tangible fixed assets are recorded at purchase or production cost, increased by directly attributable charges and modified, for some of them, by the amounts of revaluations and / or write-downs carried out in accordance with the law, including those made pursuant to art. 15, Law 333/92 in the definitive determination of the share capital of the Poligrafico. The cost of the assets, as determined above, is systematically depreciated according to the residual possibility of use. The book value of some assets of the subsidiary Valoricarta has undergone a change in the useful life of 30 years, based on an internal appraisal carried out by qualified technical personnel who have assessed the factors of technical obsolescence and the operation of these assets.

The composition of the item and the changes that took place during the year were as follows:

<b>Materials</b> <i>values in thousands of euros</i>	<b>Historical cost</b>	<b>Shopping</b>	<b>Sales / Reclass.</b>	<b>Total 31.12</b>	<b>Amortization fund</b>	<b>Depreciation for the year</b>	<b>Sales / Reclass.</b>	<b>Total 31.12</b>	<b>31.12. 2020</b>
Lands and buildings	260,609	3,796	(1)	264.404	(192,589)	(4,664)	0	(197,253)	67.151
Plants and machinery	362.314	51,574	(718)	413.171	(263,087)	(18,391)	677	(280,801)	132,370
Industrial Equipment	569	56	0	625	(222)	(114)	0	(336)	288
Other intangible assets	103.126	5,529	(286)	108,370	(72,798)	(10,549)	291	(83,056)	25,314
Investments in progress	30.121	15,052	(25,096)	20,078					20,078
<b>Total</b>	<b>756.739</b>	<b>76.007</b>	<b>(26,101)</b>	<b>806.645</b>	<b>(528,696)</b>	<b>(33,718)</b>	<b>968</b>	<b>(561,446)</b>	<b>245.199</b>
Advances	10,543	14,223	(14,466)	10,300					10,300
<b>Total</b>	<b>767.282</b>	<b>90.230</b>	<b>(40,567)</b>	<b>816.945</b>	<b>(528,696)</b>	<b>(33,718)</b>	<b>968</b>	<b>(561,446)</b>	<b>255.499</b>

*Lands and buildings*

The historical cost of 264.4 million euros, amortized for 197.3 million euros refers to the production buildings and related land on which the Parent Company's assets stand.



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### *Plants and machinery*

The historical cost of € 413.2 million and amortized for a total of € 280.8 million, includes the plant and machinery for the Group's production activity, including the branch transferred by the parent company to Valordicarta S.p.A.

### *Industrial and commercial facilities*

The historical cost of € 0.6 million is amortized for a total of € 0.3 million.

### *Other assets*

These amount to a total of 108.4 million euros amortized overall for 83.1 million euros. The item mainly concerns the equipment necessary for carrying out work activities. "Other assets" include office machines, electronic equipment and, in general, tangible fixed assets that cannot be placed in the previous items.

### *Fixed assets in progress and advances*

The item in question includes the costs incurred for plants not yet operational, together with the advances paid to suppliers.

## **B.III Financial fixed assets**

The item amounts to € 6.8 million. The information required by art. 38, paragraph 2, letters c) and d) of Legislative Decree 127/91 are listed below:

<b>Financial</b> <i>values in thousands of euros</i>	Values at the beginning of the year	Increases and revaluations	Decreases and write- downs	<b>31.12.2020</b>
Equity investments	24,479	952	(20,479)	4,952
Credits	1,764	66		1,830
<b>Total</b>	<b>26,243</b>	<b>1.018</b>	<b>(20,479)</b>	<b>6,782</b>

### *Equity investments*

<i>values in thousands of euros</i>	Values at the beginning of the year	Increases and revaluations	Decreases and write-downs	<b>31.12.2020</b>
Subsidiaries consolidated using the equity method	20,479		(20,479)	0



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Other companies consolidated using the cost method or not consolidated	4,000	952		4,952
<b>Total</b>	<b>24,479</b>	<b>952</b>	<b>(20,479)</b>	<b>4,952</b>

*Investments in subsidiaries consolidated using the equity method*

<i>values in thousands of euros</i>	Values at the beginning of the year	Increases and revaluations	Decreases and write-downs	<b>31.12.2020</b>
Innovazione e Progetti Scpa in liquidazione	20,479		(20,479)	
<b>Total</b>	<b>20,479</b>	<b>0</b>	<b>(20,479)</b>	<b>0</b>

*Innovazione e Progetti Scpa in liquidazione* with the conclusion of the dispute with the shareholder Selex, the Liquidator carried out the liquidation operations. The Shareholders' Meeting of 16 March 2020 with the approval of the allotment plan approved the closure of the liquidation. The liquidator has carried out all the necessary formalities for the cancellation of the Company from the register of companies, freeing the Poligrafico from the payment of the residual tenths.

*Investments in other companies valued with the cost method or not consolidated*

<i>values in thousands of euros</i>	Values at the beginning of the year	Increases and revaluations	Decreases and write-downs	<b>31.12.2020</b>
Istituto dell'Enciclopedia Italiana Spa	3,999	952		4,951
Meccano Spa	1			1
<b>Total</b>	<b>4,000</b>	<b>952</b>	<b>0</b>	<b>4,952</b>

During the year, Poligrafico underwrote a share capital increase in the company *Istituto dell'Enciclopedia Italiana SpA*.

*Credits towards others* entered under fixed assets amount to a total of 1.8 million euros, and refer to:

*the premiums paid for the collective capitalization policy*, 657 thousand euros to guarantee the payment of the severance indemnity, entered with the insurance company Generali by the Parent Company. The policy ensures the coverage of the severance indemnity for the staff of the categories of clerks, already included, on 31 December 1985, in the policy stipulated pursuant to the Royal Decree of 8 January 1942, no. 5, converted into Law 2 October 1942, n. 1251; receivables from employees, 160 thousand euros, following the earthquakes of 2002 in favor of



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the population of the Molise region and the province of Foggia. These measures suspended the payment of social security and welfare contributions (November 2002 - November 2005), providing for the reimbursement, in monthly installments, starting from February 2006, both for the share to be paid by the company and by the workers; receivables from employees, 62 thousand euros, pending the settlement of pending; loans to employees for a total of 240 thousand euros; to guarantee deposits for rent for 670 thousand euros.

### C. Current assets

#### CI Inventories

The value of inventories amounted, at the end of the year, to 67.5 million euros. The value of inventories is net of value adjustments that are made to consider the level of obsolescence and to address the uncertainties regarding their use, also based on their movements. As of December 31st, the warehouse is made up as follows:

<b>Inventories</b> <i>values in thousands of euros</i>	<b>31.12.2020</b>		
	historical value	bad debt provision	Remnant
Raw materials, subsidiaries, consumables and goods	45.147	(15,928)	29,219
Work in progress and semi-finished products	32,216	(5,786)	26,430
Finished products and goods	32.912	(21,068)	11,844
<b>Total</b>	<b>110.275</b>	<b>(42,782)</b>	<b>67,493</b>

*raw, ancillary and consumable materials*, they are equal to 29.2 million euros. They are represented by production materials such as inlays for security documents, cellulose, cotton and security thread for special papers, purchased paper, precious metals and spare parts. Write-downs were prudently made based on the slow turnover principle;

*work in progress and semi-finished products*, they are equal to 26.4 million euros. This item includes production semi-finished products on orders in progress, such as wine labels, CIE semi-finished products, Schengen Visa and 2020 coinage semi-finished products;

*finished products and goods* amount to 11.8 million euros. These are products relating to numismatics produced and not delivered at the end of the year, wine and alcohol labels, as well as goods intended for resale, reclassified from fixed assets to working capital to be destined for sale or disposal.





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## C. II Credits

THE receivables entered in current assets amount to 240.9 million euros. The breakdown of credits by maturity is shown below:

Credits values in thousands of euros	31.12.2020	31.12.2019	Variation
Towards customers	39,716	37,063	2,653
Towards associated companies	767	407	360
Towards parent companies	158,379	169,210	(10,831)
Towards companies controlled by the parent companies	2,199	3,055	(856)
<i>Total sub</i>	<i>201,061</i>	<i>209,735</i>	<i>(8,674)</i>
Tax	14,238	12,334	1,904
Prepaid taxes	21,815	21,821	(6)
Towards others	3,739	1,606	2,133
<i>Total sub</i>	<i>39,792</i>	<i>35,761</i>	<i>4,031</i>
<b>Total</b>	<b>240.853</b>	<b>245,496</b>	<b>(4,643)</b>

Credits by maturity values in thousands of euros	31.12.2020			31.12.2019			Variation
	Within the exercise	Beyond the exercise	Total	Within the exercise	Beyond the exercise	Total	
<b>Receivables recorded in fixed assets</b>							
Towards others	295	1,533	1,828	153	1,608	1,761	67
<i>Total sub</i>	<i>295</i>	<i>1,533</i>	<i>1,828</i>	<i>153</i>	<i>1,608</i>	<i>1,761</i>	<i>67</i>
<b>Receivables from current assets</b>							
Towards customers	39,716		39,716	37,063		37,063	2,653
Towards associated companies	767		767	407		407	360
Towards parent companies	158,379		158,379	169,210		169,210	(10,831)
Towards companies controlled by the parent companies	2,199		2,199	3,055		3,055	(856)
Tax	14,238		14,238	12,334		12,334	1,904
Prepaid taxes	21,815		21,815	21,821		21,821	(6)
Towards others	3,739		3,739	1,606		1,606	2,133
<i>Total sub</i>	<i>240.853</i>	<i>0</i>	<i>240.853</i>	<i>245,496</i>	<i>0</i>	<i>245,496</i>	<i>(4,643)</i>
<b>Total</b>	<b>241.148</b>	<b>1,533</b>	<b>242.681</b>	<b>245,649</b>	<b>1,608</b>	<b>247.257</b>	<b>(4,576)</b>

Receivables from customers they amount to a total of 39.7 million euros and refer to relations of a commercial nature with customers for the sale of goods and the provision of services.



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*Receivables from associated companies consolidated using the equity, cost or unconsolidated method* amount to a total of 767 thousand euros and refer to relations of a commercial nature with the company Treccani Reti, a subsidiary of the Istituto della Enciclopedia Italiana.

*Receivables from parent companies* represent the receivables accrued for the supply of goods and services to the unconsolidated parent companies, the Ministry of Economy and Finance and the Bank of Italy. These receivables amount to a total of € 158.4 million net of the write-downs made that consider the uncertainty relating to the recognition of the transport costs incurred by the Poligrafico as amply illustrated in the Notes to the Parent Company's Management Report.

*Receivables from companies subject to the control of the parent companies* amount to 2.2 million euros. These mainly relate to the Parent Company's receivables from Rai as part of the service contract for the supply and delivery of the gold tokens of prize games, and from other related parties following the service of advertisements in the Gazzetta Ufficiale for the publication of tenders of procurement.

Tax credits amount to a total of 14.2 million euros and are mainly composed of the IRES and IRAP receivables and the taxes requested for reimbursement by the parent company Poligrafico. For a better representation, the higher advance payment paid as a substitute tax on the revaluation of the employee leaving indemnity for 2019 was reclassified.

<b>Tax credits</b> values in thousands of euros	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>Variations</b>
VAT credit	1,262	870	392
IRAP credit	7,348	246	7,102
IRES credit	1,549	7,056	(5,507)
Credits for various taxes	4,079	4,162	(83)
<b>Total</b>	<b>14,238</b>	<b>12,334</b>	<b>1,904</b>

*Receivables for prepaid taxes* they amount to a total of 21.8 million euros and were recognized to consider future tax charges attributable to temporary differences between the book values recorded in the financial statements and the corresponding values considered for tax purposes by the subsidiary Valoridicarta and the Parent Company.



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*The other credits*, equal to a total of € 3.7 million and refer to the receivables accrued from the insurance company Generali for the premiums paid for the collective capitalization policy that will be collected in 2021, to the advances paid to suppliers, to receivables from employees and those to social security and insurance institutions.

<b>Other credits</b> <i>values in thousands of euros</i>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>Variation</b>
Advances to suppliers	1,576	715	861
Receivables from INPS Treasury Fund	47	361	(314)
Receivables from INA severance pay policy	2,038	299	1,739
Other credits	0	166	(166)
Receivables from personnel	9	30	(21)
Receivables from INAIL	69	35	34
<b>Total</b>	<b>3,739</b>	<b>1,606</b>	<b>2,133</b>

### C. IV Liquid availability

*Cash and cash equivalents* amount to 485 million euros. They refer to liquid funds on bank current accounts, money, checks and securities at the company coffers.

### D. Prepayments and accrued income

This item includes, according to the principles of temporal competence: accrued income which amount to 1.4 million euros and refer to the returns accrued throughout 2020 on the insurance policy; prepaid expenses amounting to 2.9 million euros relate to costs suspended on insurance policies, software assistance contracts, various fees and subscriptions.



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## BALANCE SHEET

### PASSIVE

#### TO. Net assets

The consolidated financial statements as of 31 December 2020, of the Istituto Poligrafico e Zecca dello Stato Group, closed with a total profit of 54.5 million euros, attributable to the Group.

Total shareholders' equity attributable to the Group, including the result for the year, is therefore equal to 473.5 million euros.

As required by article 2427 of the Civil Code, an analytical table of the items of the Shareholders' Equity is indicated below with an indication of their origin.

<i>values in thousands of euros</i>	Share capital	Legal reserve	Reserve available	Contributions pursuant to Law 64/86	Result for the year	Third party assets	Total
<b>Values at the beginning of the year</b>	<b>340,000</b>	<b>41,236</b>	<b>30.940</b>	<b>551</b>	<b>57,358</b>	<b>0</b>	<b>470.085</b>
Allocation of the result for the year							0
<i>Other destinations</i>		2,868			(2,868)		0
<i>Dividend distribution</i>					(54,490)		(54,490)
<i>Distribution of reserves</i>					0		0
Result for the year					83,338		83,338
<b>Group total 31-Dec-19</b>	<b>340,000</b>	<b>44.104</b>	<b>30.940</b>	<b>551</b>	<b>83,338</b>	<b>0</b>	<b>498.933</b>
Allocation of the result for the year							0
<i>Other destinations</i>		4,206			(4,206)		0
<i>Dividend distribution</i>					(79,923)		(79,923)
<i>Results of previous years</i>			(791)		791		0
Result for the year					54,454		54,454
<b>Group total 31-Dec-20</b>	<b>340,000</b>	<b>48.310</b>	<b>30.149</b>	<b>551</b>	<b>54,454</b>	<b>0</b>	<b>473.464</b>
Third party capital and reserve						8,000	8,000
Third party result					(184)		(184)
<b>Total minority interests 31-Dec-19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(184)</b>	<b>8,000</b>	<b>7,816</b>
Allocation of the result for the year					184	(184)	0
Third party capital						2	2
Result for the year					84		84
<b>Total minority interests 31-Dec-20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>84</b>	<b>7,818</b>	<b>7.902</b>
<b>Consolidated total 31-Dec-20</b>	<b>340,000</b>	<b>48.310</b>	<b>30.149</b>	<b>551</b>	<b>54,538</b>	<b>7,818</b>	<b>481.366</b>

As foreseen by n. 7 bis, art. 2427 of the Civil Code, an analytical table of all the items of the Shareholders' Equity is indicated below with an indication of their origin, possibility of use and distribution, as well as their use in previous years.



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<i>values in thousands of euros</i>	31-Dec-20	Possibility of use	Quote available		Summary of the uses made in the three previous years
Share capital	340,000				
Capital reserves:					
Capital contribution	551	B.			
Other reserves					
Profit reserves:					
<i>Legal reserve</i>	48.310	B.	44.104	(1)	
<i>Reserve available</i>	30.149	A, B, C	30.149	(2)	102.723
<i>Profits carried forward</i>	0	A, B, C	0	(2)	47,277
Operating result	54,454				
<b>Group net equity</b>	<b>473.464</b>				
Third party assets	7,818				
Third party result	84				
<b>Net equity of third parties</b>	<b>7.902</b>				

**Legend:**

TO share capital increase

B. loss coverage

C. distribution to shareholders

(1) Non-distributable portion

(2) Distributable portion

The following table shows the reconciliation, as of 31 December 2020, between the shareholders 'equity of the Parent Company and the consolidated shareholders' equity.

*Statement of reconciliation between Net Equity and Profit for the year of the Istituto Poligrafico and Zecca dello Stato SpA as of 31 December 2020 and the Net Equity and the Consolidated Result for the year*

<i>values in thousands of euros</i>	Group		Third parties		Consolidated	
	Heritage	Result	Heritage	Result	Heritage	Result
<b>Poligrafico financial statements</b>						
<b>31-Dec-20</b>	<b>420.733</b>	<b>54,050</b>			<b>420.733</b>	<b>54,050</b>
<i>Net equity of consolidated companies</i>						
Valoridicarta	34.974	377	7,816	84	42,789	461
Futuro & Conoscenza	8	0	2	0	10	0
<i>Elimination of the book value of equity investments</i>						
Valoridicarta	(35,800)				(35,800)	0
Futuro & Conoscenza	(8)				(8)	0
Intra-group profits	(897)	27			(897)	27
<b>Consolidated financial statements</b>						
<b>31-Dec-20</b>	<b>419.010</b>	<b>54,454</b>	<b>7,818</b>	<b>84</b>	<b>426.828</b>	<b>54,538</b>



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## **B. Provisions for risks and charges**

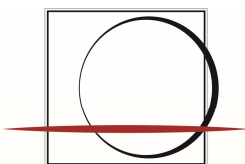
The change in the consistency, formation and use of the provision for risks and charges pursuant to article 2427 no. 4 of the Civil Code is represented below: the provision for other risks and charges is intended to face risks and charges of certain or probable existence, whose amount or date of occurrence could not be determined at the end of the year. The provisions reflect the best and prudent estimates based on elements to layout to date for the preparation of the financial statements. This provision includes: the provision for litigation risks, intended to cover, according to prudential criteria, the potential liabilities that could derive from legal disputes in progress and possible settlement agreements; the provision for risks associated with investee companies, intended to cover liabilities that could arise from the commitments undertaken in the liquidation process of some subsidiaries; the provision for industrial risks, determined by evaluating, according to prudential criteria, the potential liabilities that could derive from the definition of commercial and industrial items as well as from possible non-existence of assets.

For further information on the analysis of the funds, please refer to the information reported in the Parent Company's notes.

## **C. Employee severance indemnity**

The employee severance indemnity is equal to 11.4 million euros and represents, for the employees in force on 31 December 2020 of the Parent Company, the liability accrued and remained in the company pursuant to the legislative decree of 5 December 2005, no. 252 and subsequent amendments introduced with Law no. 296 (2007 Finance Law). The employees of the subsidiary Valoricarta, pursuant to the provisions of the law, paid the severance pay to the pension funds or treasury fund managed by INPS, while the subsidiary Futuro & Conoscenza has no employees.

A total of 236 left during the year resources and 19 were hired.



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Details of the changes that took place during the year are shown below:

<b>Severance Pay</b>	
<i>values in thousands of euros</i>	
<b>Consistency as of 01 January 2020</b>	<b>14,922</b>
<b>Movements in the year</b>	
Allocation to the income statement	5.113
Indemnity paid to retired or resigned staff	(3,501)
Advances pursuant to Legislative Decree no. 297/1982	(166)
Transfers to Pension Funds	(1,757)
Transfers to the Treasury Fund at IPNS	(2,832)
Solidarity contribution 0.5%	(357)
Substitute tax on revaluations	(24)
<b>Amount as of December 31, 2020</b>	<b>11,398</b>

## D. Debts

*Debts* amount to a total of 368.8 million euros, the breakdown of payables by due date is as follows:

<b>Debts</b> <i>values in thousands of euros</i>	<b>31.12.2020</b>			<b>31.12.2019</b>			<b>Variations</b>
	<b>Within the year</b>	<b>Beyond exercise</b>	<b>Total</b>	<b>Within the year</b>	<b>Beyond exercise</b>	<b>Total</b>	
to banks			0	60		60	(60)
towards other lenders	218	4,676	4,894	207	4,894	5,101	(207)
down payments	56		56	54		54	2
towards suppliers	126.322		126.322	138,218		138,218	(11,896)
towards subsidiaries consolidated using the equity method			0		15,750	15,750	(15,750)
from associates consolidated at cost or not consolidated			0		17	17	(17)
towards unconsolidated parent companies	108.217		108.217	102,686		102,686	5,531
towards companies subject to the control of the parent companies	9,800		9,800	14,481		14,481	(4,681)
tributaries	98.105		98.105	98,803		98,803	(698)
towards welfare and social security institutions	5,348		5,348	5,087	720	5,807	(459)
towards others	16,064		16,064	17.125		17.125	(1,061)
<b>Total</b>	<b>364.130</b>	<b>4,676</b>	<b>368,806</b>	<b>376.721</b>	<b>21,381</b>	<b>398.102</b>	<b>(29,296)</b>

*Payables to banks* with the payment of the last installment, the loan contract for the construction of the photovoltaic system was extinguished.

*Payables to other lenders* amount to 4.9 million euros and refer to the loans granted to the Parent Company by the Cassa Depositi e Prestiti between 1978 and 1980.



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*Advances* they amount to 56 thousand euros and refer to advances received from private customers for the purchase of the 2021 numismatic collection, for subscriptions to the Gazzetta Ufficiale and for editorial publications.

*Payables to suppliers* they amount to 126.3 million euros and refer to the supply of goods and services not yet paid at the end of the year.

*THE payables to subsidiaries consolidated using the equity method*, following the closure of the liquidation procedure of the subsidiary Innovazione e Progetti ScpA by the Parent Company, the parent company was released from the obligation to pay the residual tenths.

*Payables to parent companies* not consolidated amount to 108.2 million euros and include the advances received from the Ministry of Economy and Finance on supplies "per chapter" that exceed deliveries made up to 2018; the value to be paid to the counterparty for the demonetization of the Lira and the Euro; royalties for the sale of the 2020 numismatic collection. In addition, this item includes the funding disbursed by the Ministry of Economy and Finance, to the Poligrafico, to meet the payment of injunctions promoted by Unicredit Factoring, as amply illustrated in the Report on the Management of the Parent Company.

*Payables to companies subject to the control of the parent company* for 9.8 million euros, mainly refer to the Parent Company's debt to related parties, or entities controlled by the Ministry of the Economy and Finance.

*Tax debts* they amount to 98.1 million euros, of which the payable for deferred VAT is 95.3 million euros. The remainder represents the Group's debt relating to withholdings made to employees and paid to the tax authorities in January 2021. For a better representation, the greater advance paid as a substitute tax on the revaluation of the severance pay for the previous year was reclassified.

*Payables to welfare and social security institutions* amount to a total of 5.3 million euros and refer to payables accrued in December for contributions and severance indemnities and paid in 2021. Furthermore, this item includes the payable for social security contributions to be paid by the Parent Company and employees, paid in installments because of the earthquakes of 2002.

*The other debts* amount to 16.1 million euros and are mainly related to payables to personnel for accruals accrued.





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<b>Other payables values in thousands of euros</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>Variation</b>
Advances from customers	1	724	(723)
Payables to employees	15,246	15.808	(562)
Security deposits received	187	257	(70)
Other debts	630	336	294
<b>Total</b>	<b>16,064</b>	<b>17.125</b>	<b>(1,061)</b>

### IS. Accruals and deferrals Passive

Accrued liabilities, as substitute tax on accruing income on the collective policy as of 31 December 2020, and deferred income, relating to subscriptions and evolutionary maintenance fees invoiced in advance, were accounted for in the item in question, according to the accrual principle.



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## INCOME STATEMENT

### TO Value of production

The value of production, as shown in the consolidated income statement, amounts to 424.6 million euros.

#### A.1 Revenues from sales and services

*THE revenues from sales and services* amount to 421.9 million euros. The pandemic crisis had significant impacts on the Group's turnover as well as on the production organization, especially for the parent company Poligrafico. Despite the Covid-19 effect, the Group has guaranteed the expected production levels for the main product lines, adapting to the needs of the client and guaranteeing the required service levels, while maintaining full control of management costs. The identification documents are consolidated as the main products of the Group despite the slowdowns, due to measures governed by the health emergency, which have extended their validity. The contribution in terms of turnover of the electronic identity card was equal to 67.0 million euros; the electronic passport, with a turnover of 55.0 million euro, recorded a negative trend due to the fewer requests of the MAECI customer, the same trend for the residence permit (21.2 million euro in turnover).

The turnover of the supply chain *Security Print* (122.9 million euros) was driven by pharmaceutical labels (56.0 million euros), even if the product recorded an anomalous trend, due to the pandemic crisis. The production of paper for Euro banknotes generated, by the subsidiary Valoricarta, a turnover of over 20 million euros. The turnover of wine labels, tobacco tiles and alcohol labels are on the rise.

The turnover of the *Plaques*, of the order *Electoral*, of the *advertisements in the Gazzetta Ufficiale* and of *numismatics*.

The 2020 quota of ordinary money, requested by the Ministry of Economy and Finance, amounted to 156 million pieces, gradually decreasing compared to last year's quota in terms of number of pieces to be produced, due to the greater circulation of the coin. electronics. Despite this, the turnover, slightly increasing, is affected by the carry-over effect of the 2019 quota delivered in 2020.

The activity of the subsidiary Futuro & Conoscenza was limited and concentrated in the last month of the year.

#### A.2 Change in inventories of work in progress, semi-finished and finished products



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*The change in inventories of work in progress, semi-finished and finished products* it is negative by 2.7 million euros and is attributable to the lower values of the inventories of contracts in progress and finished products.

#### **A.5 Other income**

Other revenues and income totaled € 5.4 million. This item includes operating grants, lease payments for property and machinery, compensation for claims suffered, reimbursement of expenses, penalties and capital gains on the sale of assets.

#### **B. Costs of production**

*The costs of production* which appear in the consolidated income statement amount to 349.3 million euros; all purchases of goods and services are down compared to the final figures in 2019 and are related to the lower production volumes achieved. With a view to improving efficiency, the Group continued to control costs, internalization processes and rationalization of inventories.

#### **B.6 Costs for raw materials, consumables and goods**

*Costs for raw materials, consumables and goods* they amount to 72.8 million euros, and relate to the purchase of raw materials for the production needs of the Group, where there is no inventory.

#### **B.7 Costs for services**

*Costs for services* amount to 101.9 million euros. This item summarizes all the services supporting the production activity, including the work performed externally, the maintenance and supplies of energy, water and gas, transport costs, postal and shipping costs, as well as all technical consultancy, legal and notary public. For more details, please refer to what is indicated in the Notes to the Parent Company.

#### **B.8 Use of third-party assets**

*The costs for the use of third-party assets* amount to 3.6 million euros. This item includes the rental of the production site in Verrès and the commercial premises in Piazza Verdi, the fees paid for software licenses and the rental of office machines.

#### **B.9 Personnel costs**

*Personnel costs* they amount to a total of 100.8 million euros. The contraction is consistent with the decline in the average resources present in the company. In line with the provisions of the



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Business Plan, the parent company continued the incentive redundancy plan to encourage generational turnover. A total of 236 resources left and 19 were hired. Given its limited activity, the subsidiary Futuro & Conoscenza does not have staff directly employed but used seconded staff from the minority shareholder Fondazione Bruno Kessler.

This item also includes the cost incurred for the recourse to temporary staff equal to 1.6 million euros.

For further details on average occupancy, please refer to the “Other Information” chapter.

#### **B.10 Depreciation and write-downs**

*Depreciation and write-downs* amount to a total of 38 million euros, this item includes: amortization of intangible assets for 4.5 million euros and depreciation of tangible assets for 33.5 million euros.

#### **B.11 Change in inventories of raw, ancillary and consumable materials and goods**

*The change in inventories of raw, ancillary and consumable materials and goods* it is negative for 2.4 million euros and is mainly attributable to the raw materials of the subsidiary Valoricarta not yet used in the production process.

#### **B.12 Provisions for risks**

*Provisions for risks* they amount to 25 million euros, posted in relation to risks and charges potentially burdening the Group.

#### **B.14 Other operating expenses**

*The different management charges* amount to 4.7 million euros. The item is made up of indirect taxes and other taxes (3.9 million euros), differences on assessments, membership fees and various management charges.

### **C. Financial income and expenses**

*Net financial management* it is positive for 1.8 million euros. The trend in interbank interest rates, to which the remuneration of liquidity is substantially linked, generated a positive effect of € 2 million. Credit interest rates decreased both on current accounts and on term deposits, thanks to the liquidity of the banks as well as the application of negative interest on deposits by the European Central Bank. Interest expense refers to the loans taken out by the parent company.

#### **Income taxes**

The Group has determined and allocated the taxes for the year based on the application of the tax laws in force.



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The Current taxes, equal to 22.5 million euros, refer to corporate income tax (IRES) for the year, 17.9 million euros, 24% of taxable income, and the regional tax on activities production (Irap) for approximately € 4.6 million (4.82% for Lazio and Puglia and 3.1% for Valle d'Aosta).

The subsidiary Valoridicarta only recorded the tax on production activities (Irap), since because of the decrease in business income generated by the "Hyper-amortization" tax advantage, the Company closed with a tax loss, while the subsidiary Futuro& Conoscenza has only recorded income taxes.

### Other Information

*The details of the contributions received pursuant to art. 1 paragraphs 125-129 law 124/2017*

<b>Providing body</b>	<b>nature</b>	<b>Amount EUR</b>	<b>collection date</b>
GSE	photovoltaic	5,683	30.04.2020
GSE	photovoltaic	17,945	12.05.2020
EU	Emergency Travel Document	109,823	20.05.2020
Fondimpresa	Formative plan	149,318	06.05.2020
GSE	photovoltaic	5,683	30.06.2020
GSE	photovoltaic	5,561	30.06.2020
GSE	photovoltaic	5,723	31.07.2020
GSE	photovoltaic	5,723	31.08.2020
GSE	photovoltaic	5,526	30.09.2020
GSE	photovoltaic	5,457	12.11.2020
GSE	photovoltaic	5,526	09.12.2020
GSE	photovoltaic	5,006	31.12.2020
<b>Total contributions received</b>		<b>326.974</b>	

*The amount of credits and debts with a residual duration of more than five years and debts secured by guarantees (Article 2427, point 6) of the Italian Civil Code)*

The debt and credit positions which, based on the respective contractual relationships, have a residual duration of more than five years, are the following:

- *financial fixed assets* - Receivables from others for security deposits paid amount to 67 thousand euros;
- *debts to other lenders* equal to 3.7 million euros.

*The amount of financial charges recognized under assets (Article 2427, point 8) of the Civil Code)*



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There are no financial charges attributed to the values recognized in the assets of the balance sheet.

*Commitments, guarantees and potential liabilities not resulting from the Balance Sheet (Article 2427, point 9) of the Italian Civil Code)*

Own guarantees given:

- *sureties, endorsements and non-real guarantees* they amount to 10.6 million euros for participations and / or awarding of tenders.

Others:

- *third party securities as surety / guarantee* amount to 500 euro and refer to securities paid by suppliers to guarantee the obligations undertaken;
- *third party assets in process* they amount to 1.7 million euros;
- *third party assets on deposit* amount to 3.2 million euros.

*Breakdown of receivables, payables and revenues from sales and services according to business categories and geographic areas (Article 2427, point 10) of the Civil Code)*

*Revenues from sales and services* amount to 422 million euros. The breakdown by geographical area is shown in the following table:

<i>values in thousands of euros</i>	2020			2019			Variation
	Italy	Abroad	Total	Italy	Abroad	Total	
Identification documents	152.908	13	152.921	215,556	22	215,578	(62,657)
Security print	119.504	3,353	122,857	105,539	2,873	108.412	14,445
Plaques	47,300		47,300	62.952		62.952	(15,652)
Election chart	18,789		18,789	34,443		34,443	(15,654)
Administrative Legal	35,682	85	35,767	38,755	77	38,832	(3,065)
Numismatic and medal coins	36.122	7,157	43,279	38,214	7,631	45.845	(2,566)
Other activities	1.003	7	1.010	1,939	314	2,253	(1,243)
<b>Total</b>	<b>411.308</b>	<b>10,615</b>	<b>421.923</b>	<b>497.398</b>	<b>10.917</b>	<b>508.315</b>	<b>(86,392)</b>

*Credits by geographical area*

The receivables in their territorial distribution are shown at their nominal value

<i>values in thousands of euros</i>	31.12.2020			31.12.2019			Variation
	Italy	Abroad	Total	Italy	Abroad	Total	



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<b>Receivables recorded in fixed assets</b>							
Towards others	1,828	0	1,828	1,761	0	1,761	67
<i>Total sub</i>	<i>1,828</i>	<i>0</i>	<i>1,828</i>	<i>1,761</i>	<i>0</i>	<i>1,761</i>	<i>67</i>
<b>Receivables from current assets</b>							
Towards customers	38,477	1,239	39,716	35,404	1,659	37,063	2,653
Towards associated companies	767		767	407		407	360
Towards parent companies	158,379		158,379	169,210		169,210	(10,831)
Towards companies controlled by the parent companies	2,199		2,199	3,055		3,055	(856)
Tax	14,238		14,238	12,334		12,334	1,904
Prepaid taxes	21,815		21,815	21,821		21,821	(6)
Towards others	3,739		3,739	1,606		1,606	2,133
<i>Total sub</i>	<i>239,614</i>	<i>1,239</i>	<i>240,853</i>	<i>243,837</i>	<i>1,659</i>	<i>245,496</i>	<i>(4,643)</i>
<b>Total</b>	<b>241,442</b>	<b>1,239</b>	<b>242,681</b>	<b>245,598</b>	<b>1,659</b>	<b>247,257</b>	<b>(4,576)</b>

*Payables by geographical area*

The debts in their territorial distribution are set out below

<i>values in thousands of euros</i>	31.12.2020			31.12.2019			Variations
	Italy	Abroad	Total	Italy	Abroad	Total	
to banks			0	60		60	(60)
towards other lenders	4,894		4,894	5,101		5,101	(207)
down payments	56		56	54		54	2
towards suppliers	120,739	5,583	126,322	133,315	4,903	138,218	(11,896)
towards subsidiaries consolidated using the equity method	0		0	15,750		15,750	(15,750)
from associates consolidated at cost or not consolidated	0		0	17		17	(17)
towards unconsolidated parent companies	108,217		108,217	102,686		102,686	5,531
towards companies subject to the control of the parent companies	9,800		9,800	14,481		14,481	(4,681)
tributaries	98,105		98,105	98,803		98,803	(698)
towards welfare and social security institutions	5,348		5,348	5,807		5,807	(459)
towards others	16,064		16,064	17,119	6	17,125	(1,061)
<b>Total</b>	<b>363,223</b>	<b>5,583</b>	<b>368,806</b>	<b>393,193</b>	<b>4,909</b>	<b>398,102</b>	<b>(29,296)</b>

*Income or cost elements of exceptional size or incidence (Article 2427 point 13) of the Civil Code)*

No revenue or cost elements of exceptional size or incidence were recorded.

*Employment data (Article 2427 point 15) of the Civil Code)*

The number of Group employees on 31 December 2020, broken down by category, is shown in the following table.

	31.12.2020	31.12.2019	Variations	average
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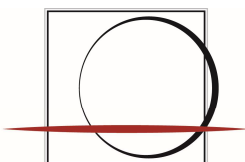


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				<b>2020</b>	<b>2019</b>
Senior executives	29	29	0	28	28
Employees	909	1.021	(112)	968	1.012
Workers	664	769	(105)	713	755
<b>Total</b>	<b>1,602</b>	<b>1,819</b>	<b>(217)</b>	<b>1,709</b>	<b>1,795</b>
Staff in administration	35	39	(4)	34	78
<b>Grand total</b>	<b>1,637</b>	<b>1,858</b>	<b>(221)</b>	<b>1,743</b>	<b>1,873</b>

During the year a total of 236 employees left the service and 19 were hired resources. At the end of the year, there were 35 supply contracts unit.





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*Economic, equity and financial statements*

In application of the provisions of Legislative Decree 127/91, as amended by Legislative Decree 32/2007 transposing Directive 51/2003 / EC, the Parent Company made use of the option provided for by art. 40, paragraph 2 bis; therefore, with reference to all the income, equity and financial analyzes, reference is made to what is indicated in the Report on Operations - Statutory Financial Statements at 31 December 2020 of the parent company, Istituto Poligrafico e Zecca dello Stato SpA The following tables show the main economic and equity aggregates of the Group appropriately reclassified:

*reclassified income statement*

<i>values in thousands of euros</i>	<b>2020</b>	<b>2019</b>	<b>Variation</b>
Revenues from sales and services	421.923	508.315	(86,392)
Change in inventories of products and semi-finished products	(2,664)	3,674	(6,338)
<b>Product of the exercise</b>	<b>419.259</b>	<b>511.989</b>	<b>(92,730)</b>
Purchase of materials	(72,822)	(86,158)	13,336
Change in inventories of raw materials	(2,436)	5,100	(7,536)
Services	(101,937)	(133,191)	31,254
Use of third-party assets	(3,647)	(2,714)	(933)
Various management charges	(4,713)	(7,489)	2,776
Other income	5,350	4,347	1.003
<b>Value added</b>	<b>239.054</b>	<b>291.884</b>	<b>(52,830)</b>
Personnel costs	(100,824)	(109,502)	8,678
<b>Gross operating profit (EBITDA)</b>	<b>138,230</b>	<b>182,382</b>	<b>(44,152)</b>
<i>Depreciation:</i>			
Intangible assets	(4,468)	(4,248)	(220)
Tangible fixed assets	(33,488)	(27,105)	(6,383)
Provisions and write-downs of receivables included in current assets	0	(1,250)	1,250
<b>Operating result before provisions</b>	<b>100,274</b>	<b>149,779</b>	<b>(49,505)</b>
Extraordinary provision for risks	(25,000)	(30,000)	5,000
<b>Operating result after provisions</b>	<b>75,274</b>	<b>119,779</b>	<b>(44,505)</b>
Financial income	2,065	3,441	(1,376)
Interest and other financial charges	(276)	(1,062)	786
<b>Result before taxes</b>	<b>77,063</b>	<b>122.158</b>	<b>(45,095)</b>
Taxes for the year	(22,525)	(39,004)	16,479
<b>Result for the year</b>	<b>54,538</b>	<b>83.154</b>	<b>(28,616)</b>
<i>of which</i>			
<b>Group result</b>	<b>54,454</b>	<b>83,338</b>	<b>(28,884)</b>
<b>Third Party Result</b>	<b>84</b>	<b>(184)</b>	<b>268</b>



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*analysis of the capital structure*

<i>values in thousands of euros</i>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>Variations</b>
<i>Fixed assets:</i>			
intangible	5,938	5,205	733
materials	255.499	238.586	16,913
financial:			
- participation	4,952	24,479	(19,527)
- participation in debts for payments to be made	0	(15,750)	15,750
- credits and other titles	1,830	1,765	65
<i>subtotal financial fixed assets</i>	<i>6,782</i>	<i>10,494</i>	<i>(3,712)</i>
<i>Total assets</i>	<i>268.219</i>	<i>254.285</i>	<i>13,934</i>
<i>Working capital:</i>			
Inventories	67,493	72,644	(5,151)
Commercial credits	39.716	42,295	(2,579)
Receivables from related parties	161.345	167,439	(6,094)
Tax credits	36,052	34.124	1,928
Other activities	3,740	1,606	2,134
Accruals and deferrals	3,865	5,695	(1,830)
Commercial debts	(126,378)	(135,360)	8,982
Payables to related parties	(118,017)	(120,096)	2,079
Tax and social security debts	(103,453)	(104,578)	1.125
Provisions for risks and charges	(203,890)	(202,844)	(1,046)
Other liabilities	(16,064)	(17,125)	1,061
<i>Total working capital</i>	<i>(255,591)</i>	<i>(256,200)</i>	<i>609</i>
<b>Capital invested (net of operating liabilities)</b>	<b>12,628</b>	<b>(1,915)</b>	<b>14,543</b>
Employee severance indemnity	(11,398)	(14,922)	3,524
<b>Capital invested (after deduction of TFR Liabilities)</b>	<b>1,230</b>	<b>(16,837)</b>	<b>18,067</b>
<i>Cover by:</i>			
<i>Own capital:</i>			
Capital	340,000	340,000	0
Reserves and results carried forward	79.010	75,594	3,416
Operating result	54,454	83,338	(28,884)
<i>Total equity</i>	<i>473.464</i>	<i>498.932</i>	<i>(25,468)</i>
Third party assets	7.902	7,816	86
<i>Total Net Equity</i>	<i>481.366</i>	<i>506.748</i>	<i>(25,382)</i>
<i>Medium and long-term financial debt</i>	<i>4,676</i>	<i>4,894</i>	<i>(218)</i>
<i>Short-term financial debt (net cash)</i>			
Net financial debt	218	267	(49)
Availability and short-term financial receivables	(485,030)	(528,746)	43.716
<i>Total net cash available</i>	<i>(484,812)</i>	<i>(528,479)</i>	<i>43,667</i>
<b>Total coverage</b>	<b>1,230</b>	<b>(16,837)</b>	<b>18,067</b>

Please refer to the contents of the Explanatory Notes and the Management Report of the Parent Company for further details and for the significant events which occurred after the close of the financial year.