



2022 Q1
Results Presentation

May 2022

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Overview of Almoviva



	Almoviva			
Business Area	IT Services	CRM		New Technology
		CRM Europe	CRM International	
Brand				
LTM ⁽¹⁾ Revenue (% of Total)	€ 668 m 68%	€ 82 m 8%	€ 201 m 20%	€ 35 m 4%
Countries				
Products & Services Offering	<ul style="list-style-type: none"> Cloud Computing & Consulting Digital Change Knowledge of Everything System Integration Cyber Security PIS solutions & devices Virtual & Augmented Reality Real Time CGI 	<ul style="list-style-type: none"> In- and outbound services Multi-channel solutions Back-office document management Consulting and process reengineering Advanced analytics Process automation 	<ul style="list-style-type: none"> AI and NLU AI Core Technologies Speech and text (>30 languages) Knowledge Management and Link Analysis Customer Experience Platforms (front end) Conversational Platforms (voice and text) 	
Business Areas	<ul style="list-style-type: none"> Transportation Public administration Finance Utilities Industry Others 	<ul style="list-style-type: none"> Telco & Media Transportation Utilities Government Finance Others 	<ul style="list-style-type: none"> Telco & Media Automotive & Transportation Government Finance Utilities Energy 	

Source: Company Information and financials.

⁽¹⁾ As of March 31st, 2022, excluding €15.7m of intragroup eliminations.

Key Financial Highlights

Q1 2022

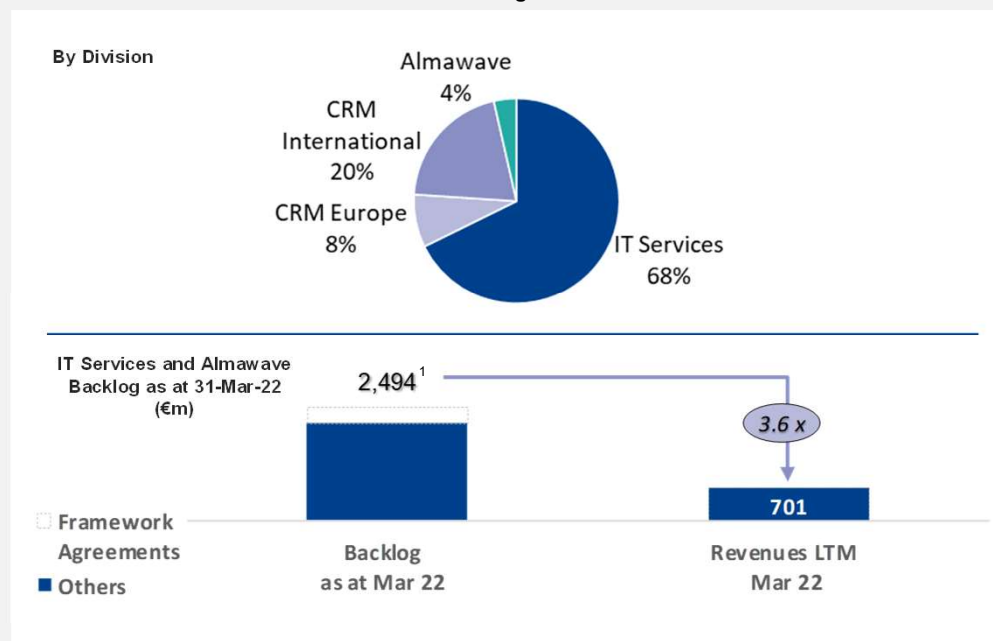
Key Highlights

- Group Revenue at €251.7m, better than Q1 2021 (+€24.5m, +10.8%)
- Group Adjusted Ebitda at €42.0m (+€6.5m vs Q1 2021 Ebitda)
- Group Reported Ebitda at €39.7m, increased by €4.1m (+11.6%) vs Q1 2021
- Q1 2022 Ebitda margin at 15.8% (+20 bps vs Q1 2021)
- Capex at €8.6m, slightly increasing vs Q1 2021 (€6.9m)
- Positive Net Result at €15.3m (+€1.9m, +14.5% vs Q1 2021)

Key Statistics

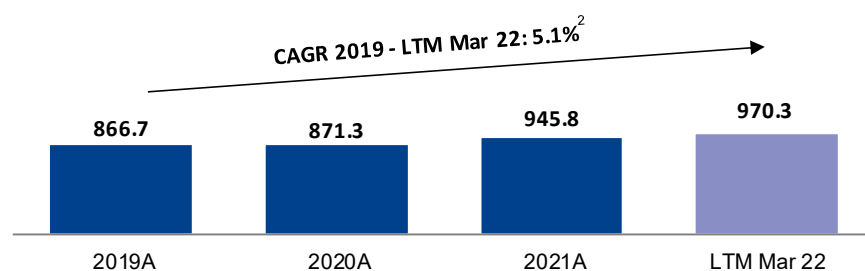
- IT backlog covers 3.6 times the LTM Mar-22 IT Services and Almawave Revenue
- Continuous Revenue growth (CAGR 2019-LTM Mar-22: 5.1%)
- Net Debt at €246.4m; €236.2 not considering the acquisition of CRC
- Leverage at 1.6x, 0.1x better than 1.7x as at March 31st 2021
- Adjusted Leverage at 1.5x
- Outstanding cash position at €175.1m

Q1 2022 Revenue Breakdown and Current Backlog

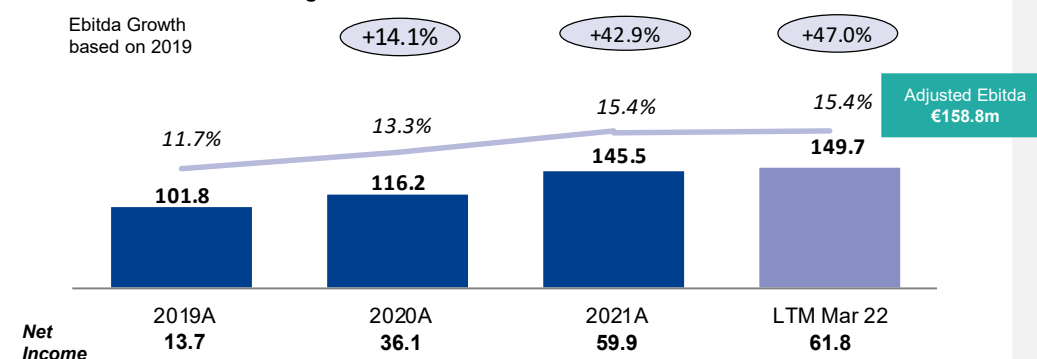


Key Financials (€m)

Revenue



EBITDA and EBITDA Margin



Since 2019, figures consider the adoption of the new accounting principles IFRS 16 that came into effect on January 1st 2019.

(1) Backlog at €2.8b including the extension of the SPC L3 and L4 Framework Agreement in May 2022.

(2) At current currency.

Key Operating Performance Highlights

Q1 2022



ITC Services

- Extension in May 2022 of SPC L3 and L4 framework agreements (€425m, 75.1% Almaviva share), not included in Backlog as of March 31st
- Awarding of three tenders with Gruppo Ferrovie dello Stato (total value €1,848m; 7 years; Almaviva share over €1.1b). Further tenders are expected to be issued within 2022
- Around €325m new contracts signed in Q1 2022 in the IT division, of which around 18% under the SPC framework agreements, 10% transportation (including FS Group tenders), 3% finance, 66% PA and 2% other sectors
- Increased penetration in public central and local administration; as of March 2022, contracts for a total amount of €260m signed with PA in Q1 2022 on the back of the SPC framework agreements. New clients acquired both in central (27) and local PA (126, mainly Regions), 2 in Q1 2022
- Around €6.9b new tenders in public administration already issued or awaited in 2022. The positive effect of the EU Recovery Fund is starting to impact the market
- Expected strong and progressive increase of investments in PA deriving from the recourse to EU Recovery Fund (PNRR), that allocates €50b in digitalization, innovation and competitiveness, €20b on Healthcare with a focus on technology, €31b on infrastructures and transportation, all sectors that represent Almaviva's core business

- Successful awarding of tenders in cloud services for PA (€150m Almaviva share, 2-3y), digital health (€87m Almaviva share, 5y), digital transformation in Local PA (€70m Almaviva share, 5y), Ministry of Economics and National Anticorruption Authority (€25m Almaviva share, 2y)
- The new company Reactive, established in Jan 2022, is up and running. 100% Almaviva, the new company derived from the former Financial Division and will enable Almaviva to strengthen its recognized leadership in the reference market
- International expansion: tenders awarded in IT business in USA (Metro of Washington, \$70m value, 7y) and new contracts with the Ministry of Foreign Affairs and Italian Embassy concerning visa outsourced services in Egypt and Dominican Republic
- Intense M&A activities in order to finalize acquisitions focused on enhancing the offering and presence in some specific verticals (transportation, finance, healthcare and cybersecurity)

Almawave

- Significant growth in Revenue (+30.8% vs Q1 2021) and Ebitda (+51.6% vs Q1 2021)
- Adjusted Ebitda +66.7% vs Q1 2021
- As of today, more than 100 clients among Government, Enterprise & Transportation
- Acquisition in April of the company The Data Appeal (vertical AI analytics solutions company, active in tourism, fintech and location intelligence). Investment agreement for the acquisition Sistemi Territoriali (Data Science, Spatial intelligence and decision support platforms company, active in multi-services and PA sectors), closing expected during H1 2022
- Launch on the market of AIWave, a completely new Cloud AI Platform providing Models-as-a-Service for infusing AI into existing business solutions, new components to build AI-based applications (AI Bricks) and a catalog of pre-packaged vertical AI applications, purpose built to fulfill specific business needs (AIEasy).
- New release of Iride® Text Analytics and Iride® KM based on microservices architecture; new product releases of Audioma® IVR 2.3, Flyscribe® 2.6, Verbatim® 2.0; acquired new major release of Monolith, OBDA's Semantic Enterprise Knowledge Graph platform
- Percentage of direct/third party Revenues in line with Q1 2021

Key Operating Performance Highlights

Q1 2022

CRM

CRM EUROPE

- In Q1 2022 positive Ebitda (+€0.8m), thanks to the continuous rightsizing actions focused on pursuing only healthful and positive margin services/products and client portfolio optimization. If not considering the impact of the dismissal of non profitable activities, Adjusted Ebitda at €1.5m
- Ongoing partnership with the Italian Government in the management of Green Pass, that led to a marked increase in volume, as well as the service connected to the covid-19 emergency number 1500
- Extension of government support: social buffers connected to covid-19, such as Fondo Integrazione Salariale (FIS) and CIGS, guaranteed until year-end 2022
- Workforce in constant reduction in Italy: 2,648 employees in March 2022 vs 7,906 in December 2015 (-5,258 employees, -66.5%) and vs 3,312 in December 2021 (-664 employees, -20.0%, in Q1 2022)
- Following the optimization process meant to avoid unprofitable contracts, and according to social clauses, employees on Wind3 activities have been transferred to the new provider Network Contracts and employees on TIM activities will be transferred to the new provider Comdata in 2022 (respectively 650 and 415 employees)

CRM INTERNATIONAL

- In March 2022, the company completed the acquisition of CRC Cobrança and its subsidiary CRC Digital, a company specialized in the extrajudicial collection sector; with this acquisition Almaviva do Brasil becomes one of the largest companies in Brazil in the extrajudicial collection sector
- With the new acquisition, the company further expands its presence in the financial sector, implementing a strategy that began in 2020 with the acquisition of Chain
- CRC is a company located in the city of Fortaleza (State of Ceara) with approximately 2,600 positions and 4,000 employees with annual revenue of around 200 million reais
- Compared to Q4 2021, in Q1 2022 the company grew significantly on new operations on 4 clients of multisector clients that were newly implemented in H2 2021
- Inauguration of the company's first smart office with 500 positions in the city of Nossa Senhora do Socorro in the state of Sergipe, replacing the old site in the city of Aracaju with 2,600 positions also in the state of Sergipe
- Because of the reorganization activities mentioned above, in Q1 2022 extraordinary costs (€850k)
- In order to contain the increase in inflation, the Central Bank of Brazil (BACEN) increased its base interest rate (SELIC) to 12.75% (in May), an increase of 350bps vs December 2021

Summary P&L

€m

€ million	YTD Dec 21	LTM Mar 21	LTM Mar 22	YTD Mar 21	YTD Mar 22
	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Revenues	945.8	874.4	970.3	227.1	251.7
% Growth			11.0%		10.8%
Total of Revenues and Other Income	973.9	893.6	999.6	231.6	257.3
% Growth	9.8%		11.9%		11.1%
Operating Costs	(822.5)	(768.2)	(850.0)	(196.1)	(217.7)
% Revenues	87.0%	87.9%	87.6%	86.3%	86.5%
Adjusted EBITDA	151.4	125.4	158.8	35.5	42.0
% Margin	16.0%	14.3%	16.4%	15.6%	16.7%
Non-Recurring Items	(6.8)	-	(9.1)	-	(2.3)
% Revenues	0.7%	0%	0.9%	0%	0.9%
EBITDA	145.5	125.4	149.7	35.5	39.7
% Margin	15.4%	14.3%	15.4%	15.6%	15.8%
D&A	(37.1)	(37.8)	(39.2)	(8.5)	(10.6)
% Revenues	3.9%	4.3%	4.0%	3.7%	4.2%
EBIT	107.5	88.5	109.4	27.2	29.1
% Margin ⁽¹⁾	11.4%	10.1%	11.3%	12.0%	11.6%
Interest Expense	(33.6)	(31.5)	(32.9)	(7.5)	(6.9)
% Revenues	3.5%	3.6%	3.4%	3.3%	2.7%
EBT	73.9	57.0	76.5	19.7	22.2
% Margin	7.8%	6.5%	7.9%	8.7%	8.8%
Taxes	(14.0)	(17.8)	(14.7)	(6.3)	(7.0)
Group Net Income	59.9	39.3	61.8	13.3	15.3

Key comments

- Q1 2022 Revenues better than Q1 2021 (+€24.5m, +10.8%)
- Q1 2022 Ebitda increased by €4.1m, +11.6% vs Q1 2021
- Q1 2022 Ebitda includes €2.3m extraordinary costs related to provisions for personnel early retirement (*Quota 100*) in IT Services (€0.3m), stock grant (€0.4m) in IT Services and Almagora, rightsizing one-off costs (€0.7m) in CRM Europe, sites reorganization in CRM International (€0.9m). Adjusted Ebitda at €42.0m (+18.3% vs Q1 2021)
- Q1 2022 Ebitda margin increased by 110 bps (16.7% vs 15.6% in Q1 2021) on adjusted base
- Q1 2022 Operating costs as a percentage of Revenue in line with Q1 2021
- Q1 2022 EBIT increased vs Q1 2021 (€29.1m vs €27.7m, +7.2%)
- D&A, mainly related to fixed assets in IT Division and Brazil. Increase related to new products and investments in 2021 in CRM International
- Q1 2022 EBT at €22.2m (+13.1% vs Q1 2021)
- Interest expense better than Q1 2021, consistent with the new bond
- Taxes increase due to positive results in every division
- Q1 2022 Net Income at €15.3m (+14.5% vs Q1 2021)

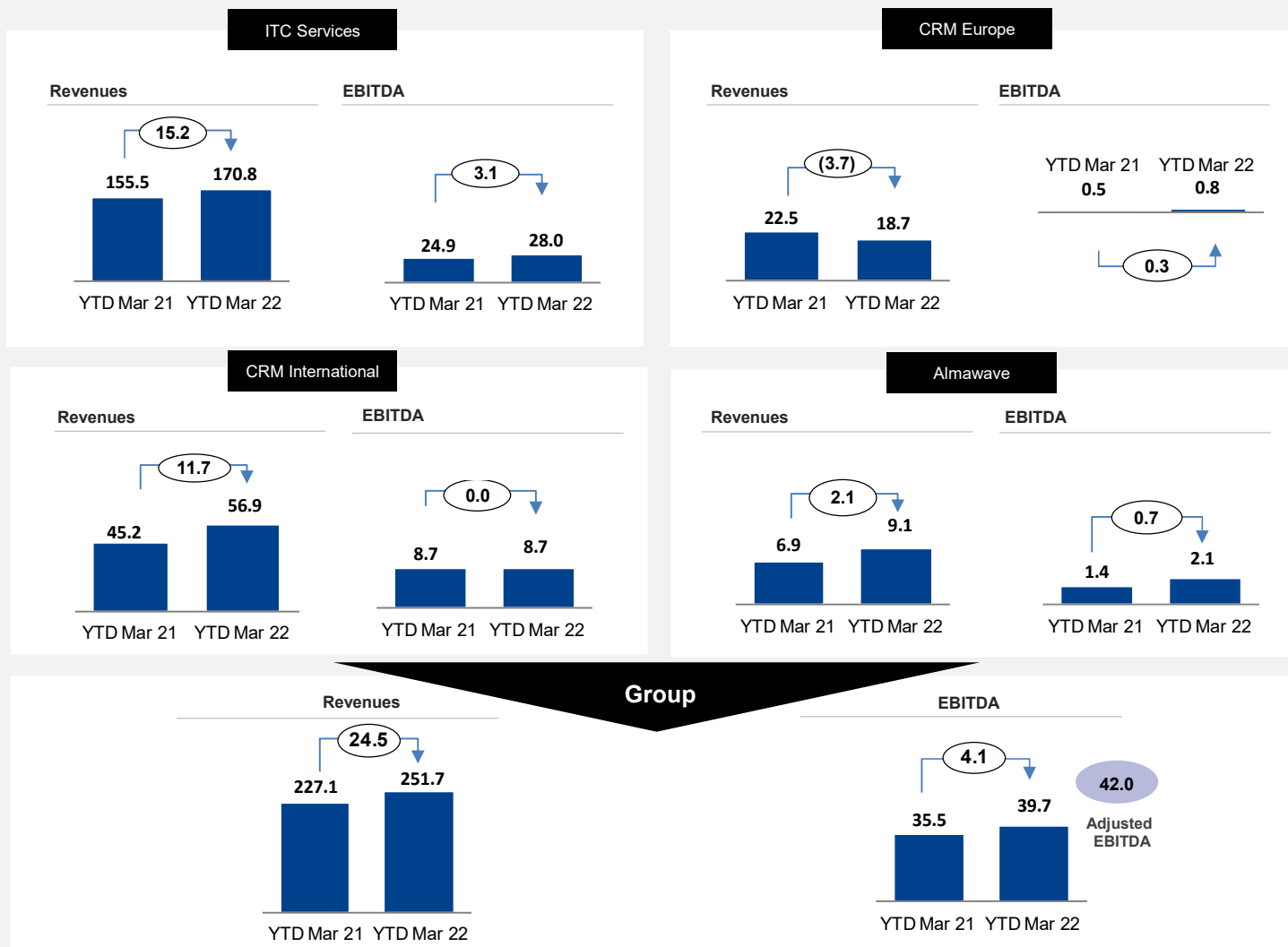
⁽¹⁾ Interest Expense includes FX change effect of €0.5m in Q1 2022.

Key Financials By Division



€m

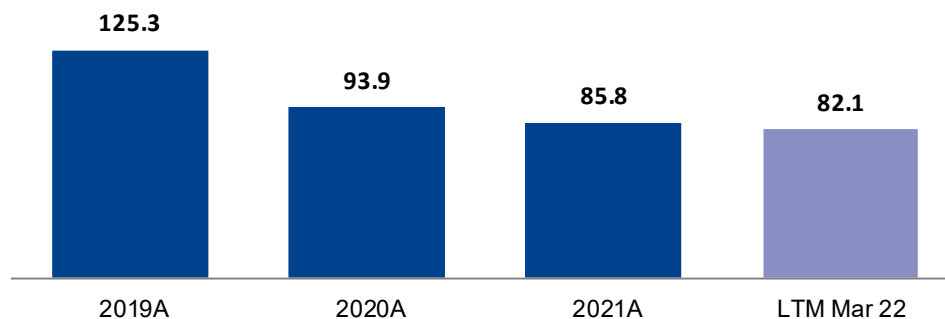
Mar-2022 Year To Date Performance



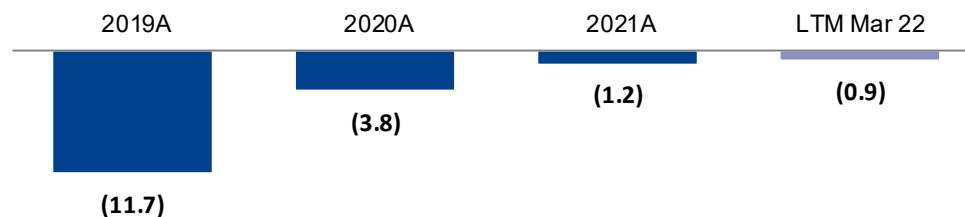
Key comments

- In Q1 2022 growth in Group Revenues (+€24.5m, +10.8%) and Group Ebitda (+€4.1m, +11.6%) compared to Q1 2021, with higher marginality
- Group Adjusted Ebitda margin increased by 110 bps (16.7% vs 15.6% in Q1 2021)
- IT Services keeps growing in Q1 2022 both in Revenues (+€15.2m, +9.8%) and Ebitda (+€3.1m, +12.4%) compared to Q1 2021
- CRM Europe shows Revenues impacted by right-sizing but reached a positive Ebitda, also improving vs Q1 2021 (+€0.3m, from €0.5m to €0.8m)
- CRM International significant increase in Revenues; impact on EBITDA related to the launch of the activities on 3 new clients, that will lead to a consistent revenue and margin increase in the next quarters
- Almawave growth in Revenues (+€2.1m, +30.8% vs Q1 2021) and Ebitda (+€0.7m, +51.6% vs Q1 2021)
- Q1 2022 Ebitda includes €1.4m extraordinary costs related to provisions for personnel early retirement (Quota 100) in IT Services (€0.3m), stock grant (€0.4m) in IT Services and Almawave, rightsizing one-off costs (€0.7m) in CRM Europe and sites reorganization in CRM International (€0.9m). Adjusted Ebitda at €42.0m

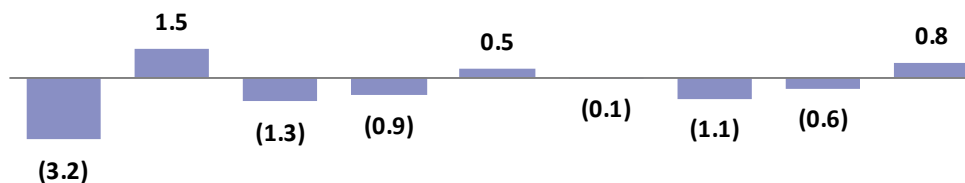
Revenue (€m)



EBITDA (€m)



Q1 2020 Q2 2020 Q3 2020 Q4 2020 Q1 2021 Q2 2021 Q3 2021 Q4 2021 Q1 2022

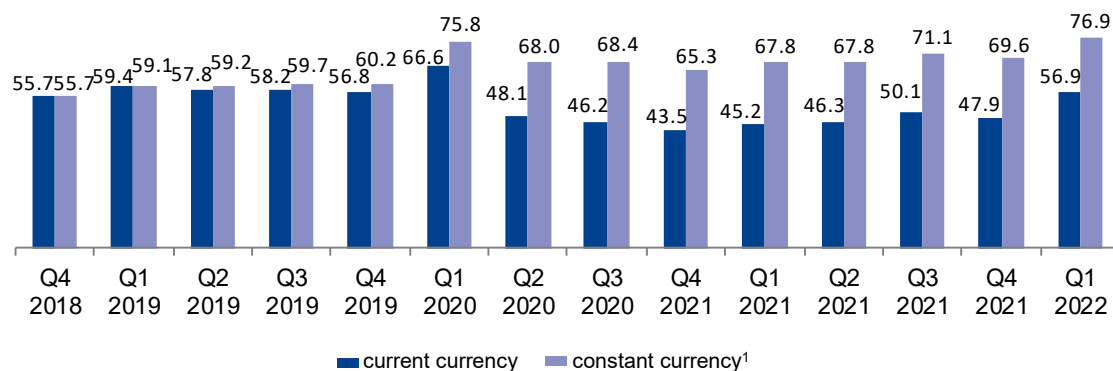


Key comments

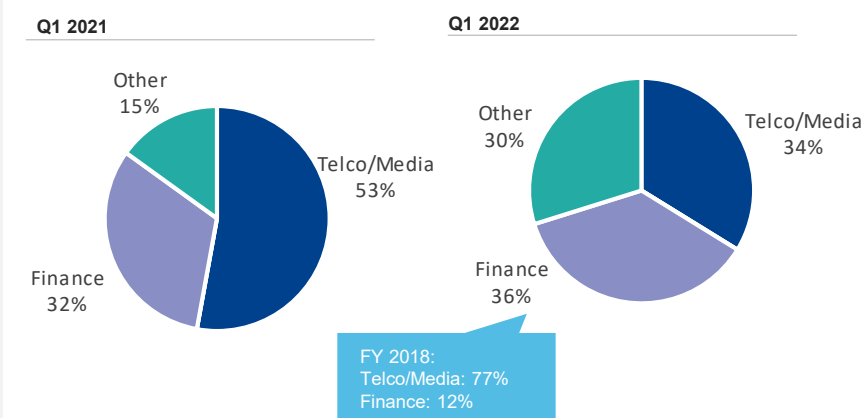
- Q1 2022 positive Ebitda at €0.8m, thanks to efficiency and rightsizing operations and client portfolio optimization. Costs includes around €0.3m related to phase-off activities on unprofitable contracts
- Continuous efficiency actions to improve the sites overall operational structure efficiency and to promote costs containment
- >90% of the workforce delivering services in smart-working (including the dedicated information service number 1500 and the management of Green Pass)
- Since 2015, CRM Europe's workforce has been consistently reduced in line with "rightsizing" of business operations and selectively focus only on profitable relations and products. As of March 2022, workforce reduction of 664 (-20.0%) vs December 2021 and of 5,258 vs December 2015 (-66.5%)

Key Financials

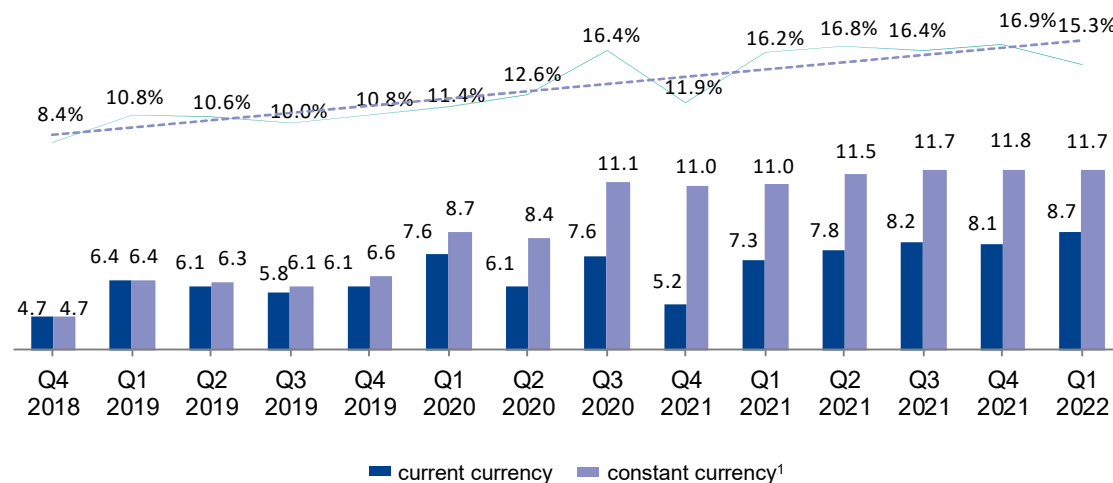
Revenue (€m)



Revenue Breakdown



EBITDA (€m)



Key comments

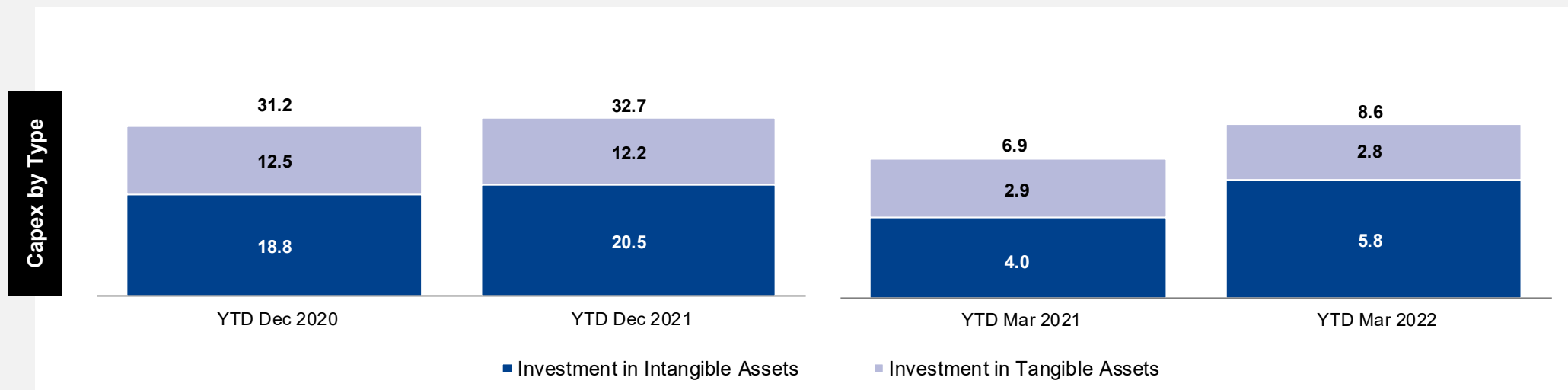
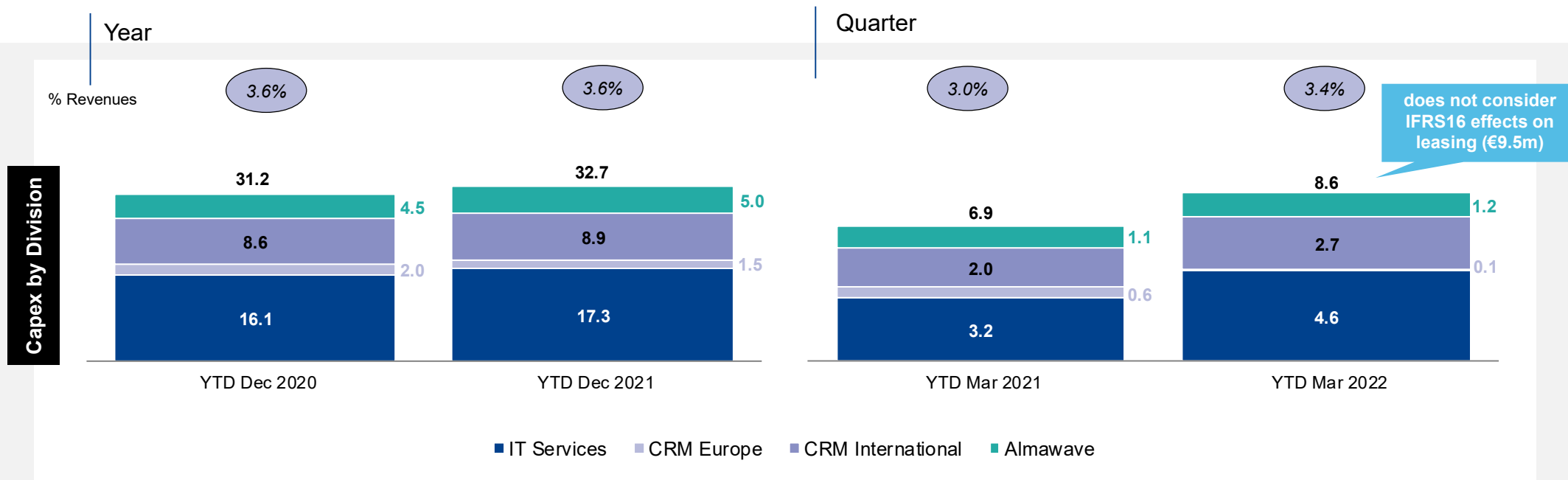
- Q1 2022 Ebitda better than Q1 2021 at current currency (+€11.7m, +25.8%)
- Investments in new clients: in Q1 2022 implementation of operations on 3 new non-telco clients, with related impact on Q1 marginality, that will lead to a consistent increase in revenues in the next quarters
- Optimization in revenue allocation starting from 2018 (telco/media from 77% to 42%)
- Ebitda margin higher than 15% starting from Q3 2020
- Customers and industries diversification: following the acquisition of Chain, in Q1 2022 completion of the acquisition of CRC, a collection company, meant to contribute to the Company's effort to further reduce the telco/media weight on the overall portfolio; telco-media 42% in Q1 2022 vs 53% in Q1 2021 (-1100 bps)

Since 2019, figures consider the adoption of the new accounting principles IFRS 16 that came into effect on January 1st 2019.

¹ Constant currency Q4 2018.

Capex Overview

€m



Capex do not consider the adoption of the new accounting principle IFRS 16 that came into effect on 1st January 2019. Total value including IFRS 16 effect is €18.1m.

Q1 2022 Capex do not include the goodwill of CRC (~€15.0m).

Summary Cash Flows

€m

€ million	YTD Mar 21	YTD Mar 22	
Adjusted EBITDA	35.5	42.0	
Capex	(6.9)	(8.6)	
(Increase) / Decrease in Normalised Working Capital	(20.3)	(14.9)	+€17.3m after VAT credits
Adjusted Operating Cash Flow	8.4	18.5	
% Adjusted EBITDA	23.5%	44.0%	
Non-Recurring Items	-	(2.3)	
Taxes	(1.2)	(1.6)	
Free Cash Flow for Debt Service ante Dividend Payments and Other Items	7.2	14.5	
Dividend Payments	-	-	
Other Items ⁽¹⁾	26.2	(10.2)	
Free Cash Flow for Debt Service	33.3	4.3	€46.7m after VAT and acquisition of CRC

Key comments

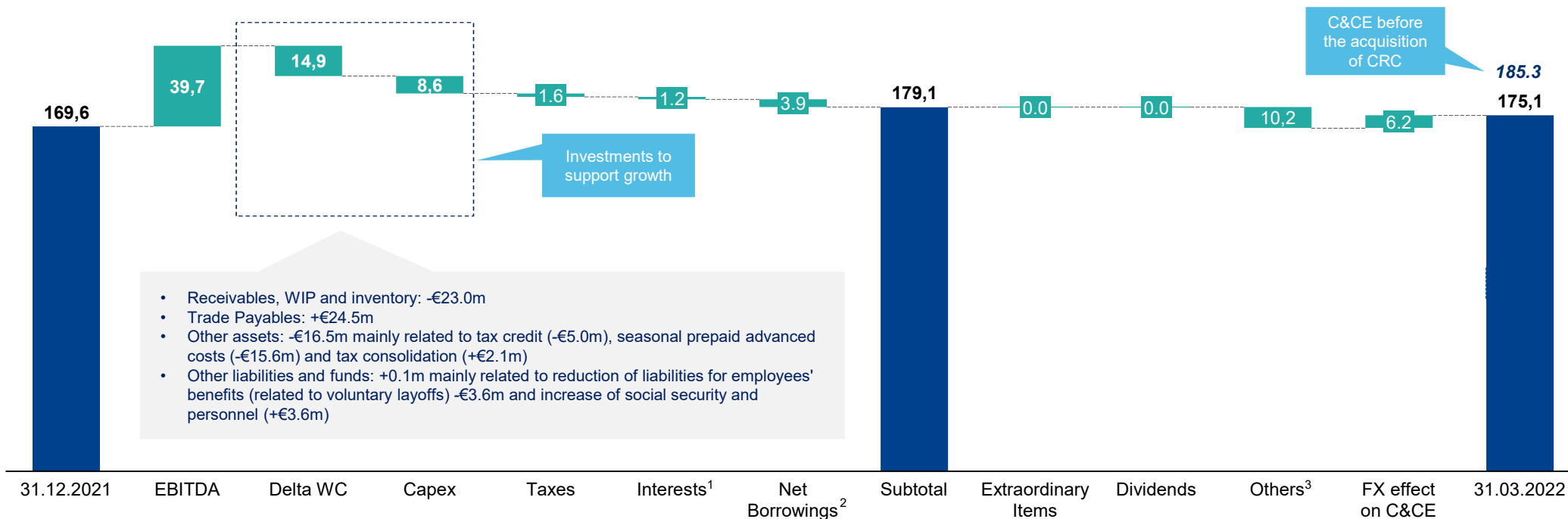
- Positive Free Cash Flow for Debt Service
- Q1 2022 Capex at €8.6m increasing vs Q1 2021 Capex at €6.9m; Q1 2022 Capex are mainly related to specific projects in IT, activities to integrate the acquired companies CRC and Chain in CRM International and space rationalization connected to smart-working in every site in Italy and abroad
- Change in working capital is mainly driven by receivables, WIP, social security, prepaid expenses, taxes and VAT credits. Total VAT credits €32.2m; €8.3m will be collected by year-end 2022
- Free Cash Flow for Debt Service ante extraordinary Items has more than doubled vs Mar-21
- Other Items in Q1 2022 include the acquisition of CRC LTDA and CRC Digital LTDA; Q1 2021 values include Almaxwave IPO

⁽¹⁾ Includes equity investments, proceeds from non-controlling interests, change in assets held for sale and disinvestments.

Cash Flow

Strong operative performance and outstanding cash position

Cash Balance (€m)



Key comments

- Strong operative performance with EBITDA increase (+4.1m, +11.6% at Group level vs Q1 2021)
- Impact on working capital due to growth (Receivables, VAT credits) and voluntary layoffs
- Cash & Cash Equivalents at €175.1m, better than December 2021, notwithstanding the acquisition of CRC

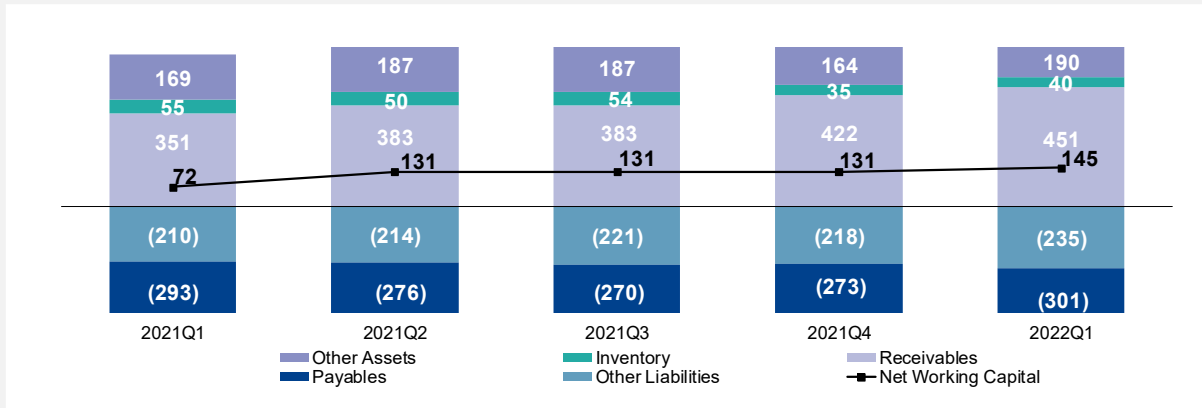
⁽¹⁾⁽²⁾ Include leases repayment.

⁽³⁾ Includes consideration for the acquisition of CRC LTDA and CRC Digital LTDA.

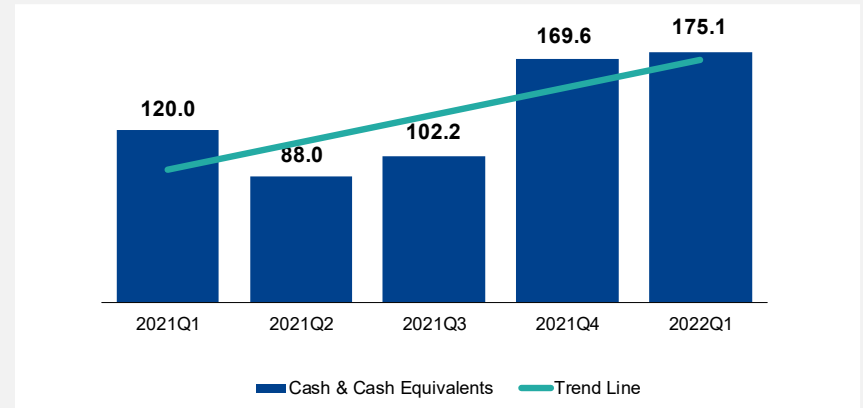
Financial Highlights

Solid liquidity position with several undrawn resources available

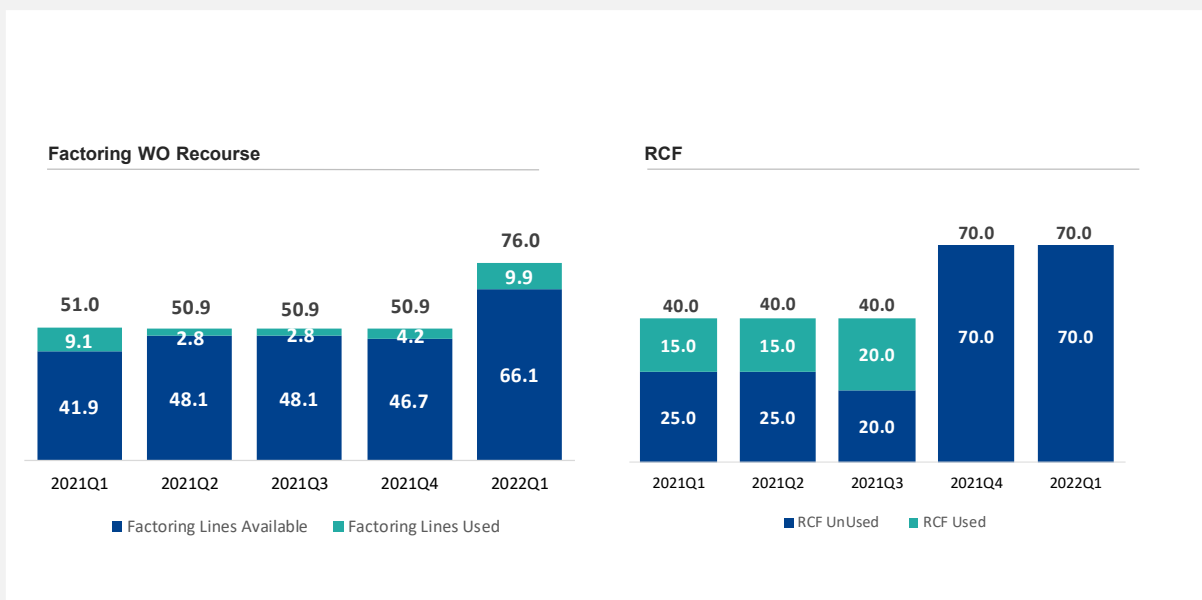
Working Capital (€m)



Cash & Cash Equivalents (€m, current currency)

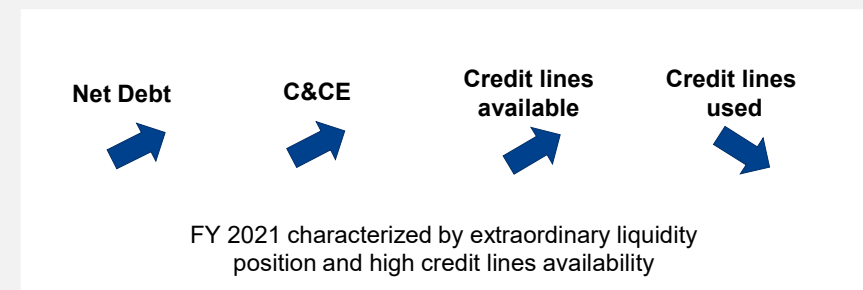


Factoring without Recourse & RCF (€m)



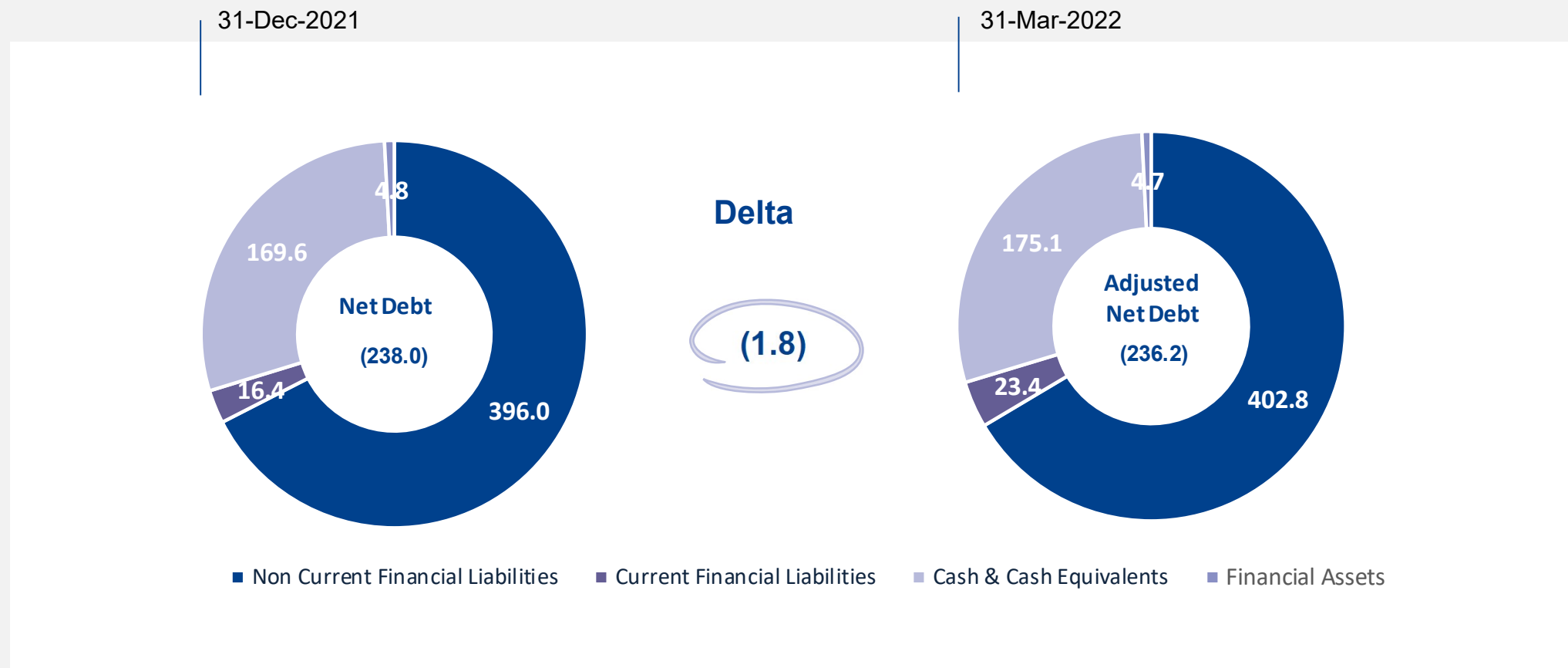
Net Debt (€m)

	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1
Net Debt	(216.2)	(244.7)	(243.8)	(238.0)	(246.4)
Delta vs Previous Q		(28.5)	0.9	5.9	(8.5)
Delta vs 2021Q1		(28.5)	(27.6)	(21.7)	(30.2)



Financial Debt

Stable Adjusted Net Debt ⁽¹⁾, considering the acquisition of CRC
(€m)



- Outstanding Cash Balance position
- Adjusted Leverage at 1.5x, better than December 2021 at 1.6x
- Adjusted Leverage at approximately 1.3x considering the overall VAT credit (€32.2m)

⁽¹⁾ Net Debt adjusted considering acquisition of CRC (€10.2m).

Capitalisation Structure as at 31-Mar-22

€m	Amount	LTM Mar 22 EBITDA	Pricing	Maturity
Cash and cash equivalents	(175.1)			
Total current and non-current financial assets ⁽¹⁾	(4.7)			
Senior Secured Notes	350.0		4.875%	Oct-2026
Super Senior RCF (Drawn)	-			
Other financial liabilities ⁽²⁾	76.2			
Total Gross Debt	426.2	2.8x		
Total Net Debt	246.4	1.6x		
LTM Mar 22 EBITDA		149.7		
Super Senior RCF (Undrawn)	70.0		E+275bps	May-2026

Key Credit Stats (YTD Mar-22)

- Net Total Leverage: 1.6x
- Interest Coverage Ratio: 4.8x vs 4.5x in Q4 2021
- No RCF drawdown

Bond Refinancing successfully concluded

New €350m Notes and €70m RCF issued on November 3rd 2021

Final maturity: October 2026

Coupon: 4 ⁷/₈

⁽¹⁾ Include financial credits.

⁽²⁾ Other financial liabilities include SIMEST participation, Government subsidized financings, accrued interests on coupon (€6.9m) paid in April 2022 and leasing.

Q1 2022 Performance

Final remarks

Outstanding Backlog: €2.8b including the extension of SPC Framework Agreements in May 2022

Awarding of three FS Group new tenders (100% success)

Solid operative performance in all sectors (CRM Europe at breakeven)

Pursuing of selective growth through the completion of tailored acquisitions in AI and CRM International

Strong revenue optimization at international level, after the acquisition of CRC

Outstanding Leverage (halved in less than 5 years): from 2.8x in Sep-17 to 1.5x in Mar-22

Robust cash balance position in order to support the Company' strategy
