



ALMAVIVA S.P.A. AND SUBSIDIARIES
Unaudited Interim Condensed Consolidated Financial
Statements for the three months ended March 31st,
2022 and 2021

Board of Directors May 19th, 2022

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ALMAVIVA S.P.A. AND SUBSIDIARIES
Unaudited Interim Condensed Consolidated Financial Statements for
the three months ended March 31st, 2022 and 2021

Board of Directors May 19th, 2022

ALMAVIVA S.P.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in thousands of Euro)</i>	Note	At March 31, 2022	Of which with related parties	At December 31, 2021	Of which with related parties
Intangible assets	7	82,277		79,317	
Goodwill		55,863		39,179	
Property, plant and equipment	8	96,351		86,094	
Investments accounted for using the equity method	9	242		237	
Non-current financial assets	10	1,237		1,237	
Deferred tax assets	11	24,277		23,181	
Other non-current assets	12	1,414		1,573	
Total non-current assets		261,660		230,818	
Inventories	13	13,570		12,168	
Contract assets	14	26,664		23,314	
Trade receivables	15	450,581	1,907	422,490	6,356
Current financial assets	16	3,472		3,578	
Other current assets	17	164,153	28,311	139,405	30,421
Cash and cash equivalents	18	175,058		169,622	
Total current assets		833,498		770,577	
Non-current assets held for sale	19	2,459		2,459	
Total assets		1,097,618		1,003,854	
Share capital		154,899		154,899	
Share premium reserve		17,788		17,788	
Stock grant reserve		5,103		4,670	
Other reserves		(77,707)		(155,462)	
Profit/(loss) for the period		14,929		57,908	
<i>Total group shareholders' equity</i>		<i>115,013</i>		<i>79,804</i>	
<i>Non-controlling interests</i>		<i>21,065</i>		<i>20,489</i>	
Total shareholders' equity	20	136,077		100,292	
Non-current liabilities for employee benefits	21	43,985		45,409	
Non-current provisions	22	10,400		11,210	
Non-current financial liabilities	23	402,773		395,982	
Deferred tax liabilities	24	2		2	
Other non-current liabilities	25	521		552	
Total non-current liabilities		457,681		453,155	
Current provisions	22	6,215		7,369	
Trade payables	26	300,540	232	272,904	271
Current financial liabilities	27	23,400		16,407	
Current tax liabilities	28	28,930		32,398	
Other current liabilities	29	144,776	33,197	121,329	31,519
Total current liabilities		503,860		450,407	
Total liabilities		961,540		903,562	
Total equity and liabilities		1,097,618		1,003,854	

ALMAVIVA S.P.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended March 31,					
<i>(in thousands of Euro)</i>	Note	2022	Of which with related parties	2021	Of which with related parties
Revenues from contracts with customers	30	251,653	3,449	227,143	13,111
Other Income	31	5,696	136	4,483	198
Total revenues and other income		257,349		231,626	
Cost of raw materials and services	32	(93,738)	(95)	(85,625)	(96)
Personnel expenses	33	(121,818)	(433)	(107,190)	
Depreciation and amortization	34	(10,589)		(8,493)	
Losses from sale of non-current assets	34	32		119	
Other expenses	35	(2,130)		(3,285)	
Operating profit/(loss)		29,105		27,153	
Financial income	36	742		106	
Financial expenses	36	(7,153)		(7,453)	
Exchange gains/(losses)	36	(458)		(153)	
Profit/(loss) from investments accounted for using equity method	37	0		0	
Profit/(Loss) before taxes		22,236		19,653	
Income taxes	38	(6,985)		(6,328)	
Profit/(Loss) from continuing operations		15,251		13,325	
Profit/(Loss) for the period		15,251		13,325	
of which:					
Profit/(loss) pertaining to the group		14,929		12,942	
Profit/(loss) pertaining to non-controlling interests		322		383	
Earning (Loss) per share (EPS) basic and diluted					
Basic, earning (loss) for the year attributable to ordinary equity holders of the parent		€ 0.10		€ 0.09	
Diluted, earning (loss) for the year attributable to ordinary equity holders of the parent		€ 0.10		€ 0.09	

ALMAVIVA S.P.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE
INCOME

<i>(in thousands of Euro)</i>	Note	For the three months ended March 31,	
		2022	2021
Profit/(loss) for the period		15,251	13,325
<i>Other components of comprehensive income that may be subsequently reclassified to profit or loss, after taxes:</i>			
Exchange differences on translation of foreign operations	20	18,500	(4,902)
Total		18,500	(4,902)
<i>Other components of comprehensive income that will not be subsequently reclassified to profit or loss, after taxes:</i>			
Actuarial gains/(losses) on valuation of liabilities for employee benefits	21	0	0
Total		0	0
Comprehensive income/(loss) for the period		33,751	8,423
of which:			
Comprehensive income/(loss) pertaining to the group		33,266	8,099
Comprehensive income/(loss) pertaining to non-controlling interests		486	324

ALMAVIVA S.P.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Note 20

<i>(in thousands of Euro)</i>	Share capital	Share premium reserve	Legal reserve	Other reserve and profit (loss) carried forward					Total other reserve and profit (loss) carried forward	Profit/(loss) for the year	Total Group shareholders' equity	Other reserve and profit (loss) carried forward	Translation reserve	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
				Profit (loss) carried forward reserve	FTA Reserve	Stock Grant reserve	Actuarial gain (losses) reserve	Translation reserve								
Shareholders' Equity at January 01, 2021	154,899	17,788	12,465	(121,503)	4,493	4,670	2,529	(53,448)	(163,259)	57,908	79,804	19,596	(1,098)	1,990	20,489	100,292
Profit/(loss) for the year									0	14,929	14,929			322	322	15,251
Other movements pertaining Other comprehensive income								18,336	18,336		18,336		164		164	18,500
Comprehensive income/(loss) for the year	0	0	0	0	0	0	0	18,336	18,336	14,929	33,265	0	164	322	486	33,751
Allocation of prior year's profit/(loss)				57,908					57,908	(57,908)	0	1,990		(1,990)	0	0
Almawave listing effect									0		0				0	0
Almawave listing fees									0		0				0	0
Dividends paid and distribution of reserves									0		0				0	0
Changes in area and other movements				1,510					1,510		1,510	88			88	1,598
Stock Grant reserve						433			433		433				0	433
Shareholders' Equity at March 31, 2022	154,899	17,788	12,465	(62,085)	4,493	5,103	2,529	(35,112)	(85,072)	14,929	115,012	21,674	(934)	322	21,065	136,077

<i>(in thousands of Euro)</i>	Share capital	Share premium reserve	Legal reserve	Other reserve and profit (loss) carried forward					Total other reserve and profit (loss) carried forward	Profit/(loss) for the year	Total Group shareholders' equity	Other reserve and profit (loss) carried forward	Translation reserve	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
				Profit (loss) carried forward reserve	FTA Reserve	Cash Flow Hedge reserve	Actuarial gain (losses) reserve	Translation reserve								
Shareholders' Equity at January 01, 2021	154,899	17,788	7,619	(148,561)	4,493	0	3,192	(54,348)	(195,224)	35,143	20,228	5,250	(1,088)	1,006	5,168	25,396
Profit/(loss) for the year									0	12,942	12,942			385	385	13,327
Other movements pertaining Other comprehensive income								(4,844)	(4,844)		(4,844)		(58)		(58)	(4,902)
Comprehensive income/(loss) for the year	0	0	0	0	0	0	0	(4,844)	(4,844)	12,942	8,098	0	(58)	385	327	8,424
Allocation of prior year's profit/(loss)				35,143					35,143	(35,143)	0	1,006		(1,006)	0	0
Almawave listing net effect				16,820					16,820		16,820	8,275			8,275	25,095
Minorities acquisition									0		0				0	0
Dividends and other reserve paid				(10,400)					(10,400)		(10,400)				0	(10,400)
Changes in area and other movements				18					18		18				0	18
Shareholders' Equity at March 31, 2021	154,899	17,788	7,619	(106,980)	4,493	0	3,192	(59,192)	(158,487)	12,942	34,764	14,531	(1,146)	385	13,768	48,531

ALMAVIVA S.P.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in thousands of Euro)</i>		At March 31,	At March 31,
	Note	2022	2021
Profit/(loss) for the period		15,251	13,325
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Income Taxes	38	6,985	6,328
Financial income	36	(742)	(106)
Financial expenses	36	7,153	7,453
Exchange (gains)/losses	36	458	153
Depreciation, amortization and write-downs	34	10,589	8,493
Write-downs/(revaluations) of non-current financial assets and equity investments		0	0
Losses from sale of non-current assets	34	(32)	(119)
Interest received		690	106
Interest paid		(1,924)	(1,251)
Income taxes paid		(1,649)	(1,195)
<i>Cash flows generated from operating activities before changes in working capital</i>		<i>36,779</i>	<i>33,187</i>
Change in trade receivables excluding of the exchange rate effect and consolidation scope changes	15	(18,211)	(2,151)
Change in inventories excluding of the exchange rate effect and consolidation scope changes	13	(1,402)	(827)
Change in contract assets excluding of the exchange rate effect and consolidation scope changes	14	(3,350)	(8,780)
Change in trade payables excluding of the exchange rate effect and consolidation scope changes	26	24,496	22,173
Change in other assets excluding of the exchange rate effect and consolidation scope changes	12-17	(16,526)	(21,966)
Change in other liabilities excluding of the exchange rate effect and consolidation scope changes	25-29	3,648	(9,091)
Change in liabilities for employee benefits and provisions gross of exchange rate effect	21-22	(3,551)	392
Change in deferred tax liabilities (assets) excluding of exchange rate effect and consolidation scope changes		0	0
<i>Cash flows generated from operating activities changes in working capital</i>		<i>(14,896)</i>	<i>(20,250)</i>
Cash-flow generated from/(absorbed by) operating activities (A)		21,883	12,937
Investments in property, plant and equipment	8	(2,773)	(2,923)
Investments in intangible assets	7	(5,841)	(3,990)
Acquisition of investments accounted for using the equity method	9	(6)	(0)
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity method	9	(92)	0
Acquisition of subsidiaries net of cash and cash equivalents	6	(10,141)	6
Change in non-current financial asset	10	0	0
Cash-flow generated from/(absorbed by) investing activities (B)		(18,854)	(6,906)
Dividends		0	0
Proceeds from borrowings	23	2,980	1,816
Repayment of medium/long-term loans and non-current financial liabilities	23	(202)	(5,520)
Repayment of lease liabilities		(2,931)	(6,156)
Change in current and non-current financial liabilities	27	(3,873)	357
Change in current financial assets	16	106	317
Proceeds deriving from Almaxwave's share capital quotation		0	27,300
Fees paid for the Almaxwave listing		0	(1,127)
Cash-flow generated from/(absorbed by) financing activities (C)		(3,920)	16,987
NET CASH FLOW BEFORE EXCHANGE RATE DIFFERENCES (A + B + C)		(891)	23,018
Effect of foreign exchange rates on cash and cash equivalents (D)		6,327	(1,591)
Cash flow of the period (A+B+C+D)		5,436	21,427
Opening cash and cash equivalents		169,622	98,569
Closing cash and cash equivalents		175,058	119,996

ALMAVIVA S.P.A. AND SUBSIDIARIES EXPLANATORY NOTES

1. GENERAL INFORMATION

AlmavivA The Italian Innovation Company S.p.A. (hereinafter "AlmavivA" or the "Company") is the parent company of one of the leading Italian groups in the Information & Communication Technology sector, which operates globally with an organisational structure incorporating approximately 43,262 employees and several offices around Italy and abroad.

The Company has its registered office in Via di Casal Boccone, 188/190, Rome and it is governed by the Italian law.

The unaudited interim condensed consolidated financial statements of the parent company and its subsidiaries (the "AlmavivA Group") were drafted in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") adopted by the European Union, in particular the international accounting standard applicable for the preparation of interim financial statements (IAS 34 - Interim Financial Reporting) and include the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity and the consolidated cash flow statement for the three months period ended as at March 31, 2022 compared, as regards the income statement part, cash flow part and change in shareholders' equity, with the three months period ended as at March 31, 2021 and as regards the balance sheet part, with December 31, 2021, together with the associated notes.

The designation "IFRS" also includes all valid International Accounting Standards ("IAS"), as well as all interpretations of the IFRS Interpretations Committee, formerly the Standing Interpretations Committee ("SIC") and then the International Financial Reporting Interpretations Committee ("IFRIC").

The activities of the Group and its segments are described in Note 5, while Paragraph 2.2 presents the information on the Group's structure. The information on the Group's transactions with other related parties is presented in Note 44.

The Interim Condensed Consolidated Financial Statements were approved by the Company's Board of Directors on May 19, 2022.

When used in these explanatory notes, unless otherwise specified or the context otherwise indicates, all references to the terms "AlmavivA Group", "Group", "we", "us", "our" and the "Company" refer to AlmavivA S.p.A., the parent company, and all entities included in the Interim Condensed Consolidated Financial Statements.

1.1. Reflections of Covid-19 pandemic on the Interim Condensed Consolidated Financial Statements

The Covid-19 pandemic, which spread in Italy starting from the end of February 2020 and subsequently spread to Latin America in the following months, with a particularly pronounced spread in Brazil, prompted the governments of all the affected countries, in a first phase, the adoption of severe measures restricting the free movement of persons and the free exercise of numerous business activities with the aim of ensuring the greatest possible containment of the contagion and, in a second phase, the issuance of numerous regulatory and tax measures to support the economy. The acute phase of the pandemic lasted throughout the 2020 financial

ALMAVIVA S.P.A. AND SUBSIDIARIES **EXPLANATORY NOTES (continued)**

year and, after an impromptu slowdown that occurred during the summer of 2020, it showed peaks throughout the winter 2020-2021. As a result of all this, the aforementioned restrictive measures to contain the virus were at the center of the world scene until late spring 2021 when the massive vaccination campaign began to have its first effects. After the summer of 2021, however, the rapid spread of new variants of the virus forced the Italian government to encourage the entire adult population to receive the third dose of the vaccine through the introduction of a "Super Green Pass". At the same time, efforts have been made to tighten restrictions for those who have not completed the vaccination course. This approach was also adopted by the other governments of countries in which the Group operates.

As already highlighted in the consolidated financial reports of 2021, the AlmagivA Group was immediately able to activate the tools necessary for the application of smart working - where applicable - for its employees. These characteristics, together with the growing demand for IT services from both the public administration and the private sector, have made it possible to confirm the strong resilience of the Group in its own reference sectors.

In any case, the aforementioned resilience was also shown in the current year as can be seen from the positivity of the final data as at March 31, 2022, that allowed the Management to be able to believe that there are no elements of discontinuity with respect to the short-term economic and financial objectives that the Group has set itself, as illustrated in more detail in Paragraph 2.1 to which reference should be made. In fact, there are no elements of uncertainty with respect to the approved plan, the Management proceeded to update for the period 2021-25.

As regards trade receivables, no particular criticalities are deduced from the usual assessment of the risk of recoverability based on the subdivision of receivables by overdue bands and on the average collection time from customers.

Adhesions to other forms of subsidy (i.e., subsidized loans) provided for by the regulations in force are not envisaged.

Overall, the direct effects produced by the Covid-19 pandemic on the aforementioned items and on the economic result of the recurring 2022 operations of the AlmagivA Group are not to be considered significant.

2. BASIS OF PREPARATION

Standards

The Interim Condensed Consolidated Financial Statements of the AlmagivA Group have been drawn up in compliance with current regulations.

The Interim Condensed Consolidated Financial Statement have been drawn up on the assumption of going concern. The assessment of the AlmagivA Board of Directors, presented below in paragraph 2.1, assumes that there are no uncertainties (as defined in paragraph 25 of IAS 1) about the AlmagivA Group regarding the ability to continue its business.

Contents of the Interim Condensed Consolidated Financial Statements

The Interim Condensed Consolidated Financial Statements of the AlmagivA Group, as reported above, were drawn up in compliance with the IFRS issued by the IASB and adopted by the European Commission pursuant to the procedure as per Art. 6 of the (EC) Regulation no. 1606/2002 of the European Parliament and Council dated July 19, 2002, and to the international

ALMAVIVA S.P.A. AND SUBSIDIARIES **EXPLANATORY NOTES (continued)**

accounting standard applicable for the draw up of interim financial statements (IAS 34 - Interim Financial Reporting).

The Interim Condensed Consolidated Financial Statements are composed of the Consolidated Financial Statements reported above and the explanatory notes thereto and are prepared by applying the general historical cost principle, with the exception of certain financial statement items that, based on IFRS, are measured at fair value, as indicated in the relevant accounting policies and measurement criteria for each item.

The accounting standards adopted for the draw up of the Interim Condensed Consolidated Financial Statements comply with: (i) those used for the draw up of the consolidated financial statements as at 31, December 2021, except for the adoption of the new standards, amendments and interpretations in force from 1 January 2022

The layouts adopted for the preparation of the Interim Condensed Consolidated Financial Statement are consistent with those in IAS 1, as follows:

- the **Consolidated statement of financial position** is presented by classifying assets and liabilities according to the current/non-current criterion. Current assets are those intended to be realised, sold or used in the company's normal operating cycle or in the twelve months after the end of the financial year. Current liabilities are those that are expected to be extinguished in the company's normal operating cycle or in the twelve months after the end of the financial year;
- the **Consolidated income statement** was prepared by classifying operating costs by nature, given that this type of presentation is deemed more appropriate to present the Group's specific business, conforms to the internal reporting methods and is in line with the industrial sector practice;
- the **Consolidated statement of other comprehensive income** presents the profit/(loss) for the year and the other changes in shareholders' equity that do not refer to transactions entered into by the owners in their capacity as owners;
- the **Consolidated statement of changes in shareholders' equity** provides separate disclosure of the result of the statement of other comprehensive income and of the transactions with shareholders entered into by the latter in their capacity as owners;
- the **Consolidated statement of cash flows** is prepared according to the "indirect method" as permitted by IAS 7 and presents the cash flows generated by operating activities, investing activities and financing activities.

All amounts are stated in thousand of Euro, except where indicated otherwise.

The Euro represents the functional currency of the parent company and subsidiaries, and that used for presenting the financial statements.

The following table indicates the exchange rates adopted:

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

Exact exchange rates

Amount of currency for 1 Euro

Country	Currency	ISO	March 31, 2022	December 31, 2021	March 31, 2021
Saudi Arabia	Riyal	SAR	4.1629	4.2473	4.3969
Brazilian	Real	BRL	5.3009	6.3101	6.7409
China	Yuan	CNY	7.0403	7.1947	7.6812
Colombian	Peso	COP	4167.3800	4598.6800	4,372.0500
Dominican Republic	Peso	DOP	61.1433	64.9469	-
Egypt	Lira	EGP	20.2799	17.8012	-
Europe	Leu	RON	4.9463	4.9490	4.9223
Russia	Rublo	RUB	117.2010	85.3004	-
United States	Dollaro	USD	1.1101	1.1326	1.1725
Tunisian	Dinaro	TND	3.2778	3.2603	3.2783

Average exchange rates

Amount of currency for 1 Euro

Country	Currency	ISO	March 31, 2022	December 31, 2021	March 31, 2021
Saudi Arabia	Riyal	SAR	4.1321	4.4382	4.5210
Brazilian	Real	BRL	5.4884	6.3814	6.5928
China	Yuan	CNY	6.9916	7.634	7.8110
Colombian	Peso	COP	4193.59	4427.2175	4,284.7933
Dominican Republic	Peso	DOP	60.5575	64.3929	-
Egypt	Lira	EGP	18.4459	18.3351	-
Europe	Leu	RON	4.9482	4.9209	4.8789
Russia	Rublo	RUB	117.201	83.3012	-
United States	Dollaro	USD	1.1019	1.1835	1.2056
Tunisian	Dinaro	TND	3.249	3.2883	3.2805

2.1 Going Concern

During the first three months of 2022, Almoviva Group consolidated the growth trends in revenues achieved in previous periods (reaching Euro 251.7 million, increased Euro 24.5 million compared to the same period of the previous year). The result as of March 31, 2022, shows a profit at the level of consolidated operating result growing compared to the previous year and equal to Euro 29,105 thousand (increased Euro 1,953 thousand compared to March 31, 2021). At the level of Net Profit there is a positive result of Euro 15,251 thousand with an increase of Euro 1,926 thousand compared to the consolidated profit of the same period of the previous year.

Regarding the health emergency relating to Covid-19, Almoviva Group confirmed an insignificant impact during the first three months of 2022. A greater impact, albeit limited, on some customers and business areas cannot be excluded during next months. The limitation concerns the commercial activity, the slowdown of some projects on some corporate customers who have temporarily postponed them, as well as the reduced promptness of some customers to issue the necessary approvals for the invoicing activity and the cash difficulties they face. some of our suppliers, both of services and of hardware, pushed to request advance payments.

ALMAVIVA S.P.A. AND SUBSIDIARIES EXPLANATORY NOTES (continued)

The limitations naturally also concern the health need of social distancing which led to the decision to maintain, wherever possible, the new organizational model based on home working. The Group has recently started a process of progressive rebalancing of activities, towards a model that optimizes the mix between in-person and home working activities.

Each company of the Group has promptly adopted and continues to maintain all the necessary precautions for the management of the emergency, in line with the regulatory provisions issued by the various countries and local authorities and with a view to always guaranteeing maximum safety regarding its employees, suppliers and workplaces. In particular, the modalities of temporary agile working (so-called smart working) have been adopted both in the IT and CRM Segments; the supporting technological / connectivity infrastructure was also enhanced. It is also important to highlight that AlmagivA Contact provides the contact center service on the public utility number 1500-Covid-19 to answer the questions of Italian citizens about the coronavirus.

The adoption of the new working methods on all Group's companies, with greater use of smart-working and new supporting technological implementations, is also aimed at achieving significant levels of efficiency and increased productivity.

As for the conflict situation between Russia and Ukraine, at the moment the Group has not identified any significant impacts. AlmagivA carries out, on behalf of the Ministry of Foreign Affairs and the Italian Embassy, through the newly established subsidiary AlmagivA Russia LLC, part of the activities related to the provision of visas for entry into Italy. At present day, there are no signs of issues related to these activities carried out which are proceeding even more consistently than forecasts. With the exception of the aforementioned subsidiary, there are currently no significant exposures to the affected markets and there are no supply relationships with Russian suppliers such as to slow down their supply chains. The activities are in the start-up phase, therefore with reduced and optimized sizing on the current volumes; the overall volumes of the activities carried out are in any case not significant compared to the overall Group's revenues. The current crisis could, however, help to emphasize the effects related to the increase in costs of energy and raw materials.

In the IT sector, market estimates show a growth forecast for the Information Technology sector; the centrality in the country's relaunching strategies promises a new step, in line not only with extraordinary EU funding and with the forecasts of the Recovery Plan - PNRR, but also with the pressures of businesses. The drive for growth now comes from digital transformation strategies, in particular applied to process innovation, relationships between customers and suppliers and the evolution of the offer, developments that have already begun in the industry, distribution, banks and utilities sectors. Even in the public administration sector, despite various uncertainties and difficulties, growth is expected.

The areas that will drive this positive trend are located in the sectors related to the production of ICT Software and Solutions and ICT Services.

In particular, as part of the Next Generation EU, the Italian Plan for Recovery and Resilience (PNRR) provides for investments for a total of Euro 222.1 billion, divided as follows: (i) approximately Euro 50 billion to support the digitization and innovation of businesses and the production system; (ii) Euro 20.3 billion in the Health sector, with the aim of strengthening the local network and modernizing the technological equipment of the National Health Service (NHS) with the strengthening of the Electronic Health Record and the development of telemedicine; (iii) Euro 31.5 billion for infrastructures for sustainable mobility. These three areas constitute core areas of know-how for the AlmagivA Group and will constitute a great opportunity to collaborate in the growth of the country.

ALMAVIVA S.P.A. AND SUBSIDIARIES

EXPLANATORY NOTES (continued)

At the level of all the segments in which the Group carries out its business activities, in particular on CRM Europe, actions aimed at improving productivity and tempering inefficiencies are being studied by the management.

As for the impact of the Covid-19 emergency, the IT business is proving very resilient both from the point of view of production and commercial prospects. This impact is due to (i) the activation of smart-working methods and the collaboration of customers (which allowed the activities to continue substantially on a continuous basis for the majority of customers), and (ii) to the opportunities associated with the possible increase in investments by customers in the field of cybersecurity, process digitization, data science, analytics, big data, resulting from the consolidated experience in this emergency period.

Despite the emerging investments for the enhancement of the technological support infrastructure and for the adaptation of the offices and logistics structures to the new regulations, no significant economic impacts are expected.

From a financial point of view, there is a limited impact related to the slowdown of the testing procedures by the customers, for reasons related to logistical limitations and with a consequent limited impact on working capital.

The forecast for 2022 estimates a development in revenues based especially in the areas relating to the Central and Local Public Administration (PA) thanks to the opportunities connected to PNRR. AlmavivA has prepared itself to play a primary role especially for the Digital Healthcare, Culture and Environment areas, providing its customers with better tools and solutions.

As regard the Finance sector, in January 2022, a process of AlmavivA business unit specialized in the banking sector was completed, with the transfer of the business unit into the newco ReActive S.r.l. The operation, which follows the previous acquisition of the company Kline S.r.l., company specialized in application platforms for Front-to-Back operations of the entire Wealth Management, SIM, SGR and Private Banking sector, allows to further strengthen the Group's positioning in the reference market.

As regards the Transportation sector, one of the most affected by the pandemic, it is gradually also recovering thanks to the first effects of investments related to the PNRR. In this context, we highlight the award of 3 tenders with the Ferrovie dello Stato Group, for the provision of outsourced services, in which AlmavivA participated: Tender 1 (Awarding of ICT Services for the development, evolutionary, corrective and adaptive maintenance and management of applications of railway infrastructure systems) with a total value of Euro 575 million in 7 years (of which 3 optional years and with the AlmavivA's share of 85%); Tender 2 (Awarding of ICT Services for development, evolutionary, corrective and adaptive maintenance, management of transport operator applications) with a total value of Euro 478 million in 7 years (of which 3 optional years and with the AlmavivA's share of 77.5%) and Tender 5 (Awarding of ICT services for systems management and hardware infrastructures, hosting, housing, IaaS) with a total value of Euro 795 million in 7 years (of which 3 optional years and with the AlmavivA's share of 37%). At the same time, the constraints imposed by Ferrovie dello Stato Group, which did not allow participation in tenders 3 and 4 with the relative award to other operators, will result in the progressive disposal of the related business areas.

As regards other activities in the transport sector, both national and international, commercial and partnership actions and investments continue to use the advantages of the opportunities offered by the PNRR and the Complementary Funds and to support international development. It should be noted about the agreement with Leonardo and Fincantieri on infrastructure monitoring and the award of the WMATA tender for the preparation of the Washington metro trains.

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EXPLANATORY NOTES (continued)

The main development lines will be focused on the Smart Vehicle, Road, Local Public Transport and Mobility as a Service (TPL / MaaS) sectors. An improve of the commercial structure with direct and indirect controls on the regions of greatest interest (north-east Europe, Middle East, Brazil, USA) is also expected.

The development process of the MoovA platform continues, which is increasingly becoming a fundamental asset for the development of new markets, with investments planned for the year for approximately € 1.5 million. It should be noted the completion of an agreement for the sale of Moova licenses (and related services) with Accenture in the TPL / MaaS sector.

On the other hand, in addition to the aforementioned pandemic crisis in progress, we will have to absorb the effects of the extra costs deriving from the increases in energy and raw materials (especially in relation to the subsidiary Sadel), which could be emphasized by the new crisis in Ukraine.

Regarding international development, in addition to the aforementioned initiatives in the transport sector, developments in the public administration of the European Union ("EU") continue, developed through the subsidiary AlmavivA de Belgique.

In these first three months of 2022 activities related to entry visas started: in accordance with the award of the tenders of the Ministry of Foreign Affairs and in contracts with the Embassies of Italy, activities in Russia, Egypt and Santo Domingo started, carried out through the three subsidiaries AlmavivA Russia LLC, AlmavivA Egypt LLC and AlmavivA Dominican Republic. At the moment the crisis situation in Russia is not having a significant impact on the activities.

Certain actions continue to be carried out in all Group companies with the utmost attention and intensity of control, concerning, in particular:

- Structure costs
- Purchase policies
- The reduction of external costs through the correct balance between direct and indirect resources and the optimization of production and management processes
- The optimization of working capital management, with particular attention to trade receivables and work in progress
- The redesign of the corporate and organizational structure, aimed at improving production and management efficiency, with particular focus on technical and managerial skills, as well as on adequate capitalization of the companies.

During 2022, the Group will be able to benefit from the potential positive effects of the new national pension regulations, which could lead to an acceleration of the remix of resources in the production area with consequent professional optimization.

The use of Smart Working continued throughout the first quarter of 2022, assisted by a specific company project that is guiding this transition, supporting the company population with a communication campaign and the related company procedures set (BECOME project); for 2022, in accordance with the stabilization of the situation relating to the health emergency, the achievement of a new organizational and production model is expected, with the adoption of all internal procedures.

As regard CRM Europe, the financial statements as at 31.03.2022, show a reduction at revenues level of 16.6% compared to the same period of the previous year, maintaining the contraction already recorded in 2021.

The decrease at costs level of 18.4% compared to the same period of the previous year and therefore more than proportional to the decrease at revenues level, made it possible to largely

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EXPLANATORY NOTES (continued)

offset this impact and improve margins, recording a positive EBITDA (Euro 774 thousand) with an improvement of Euro 310 thousand compared to the same period of the previous year.

This quarter show a decrease in labor costs, due to lower FTE – Full Time Equivalent compared to the previous period, in external costs, in the face of the efficiency of the logistics structure, and financial charges, together with the implementation of the effects of the new "Smart Working" model.

Regarding the affair related to tender for call center services of ITA Airways, we highlight the ongoing negotiations at Ministry of Labor and Ministry of Economic Development with trade unions and all the parties involved for the management of the entire pool of resources used to carry out the previous contract with Alitalia S.p.A., including through the transition to a new supplier.

For 2022, a further overall reduction in revenues of 25.7% is expected, due to the closure of further activities, partly offset by the hypothesis of renewal of the expiring activities with rates appropriate to the cost of labor. Negotiations are still ongoing.

It is no longer considered sustainable to accept contracts that are not economically balanced: any activity subject to renewal, even if characterized by a competitive comparison with the market, can be correctly assessed also in the light of the law on social clauses and the CCNL of the TLC.

The workforce, thanks to the transfer of resources to competitors who have acquired and/or will acquire the non-renewed activities, is assumed to be reduced by over a thousand units, allowing a significant reduction in labor costs which, accompanied by the continuous efficiency of external costs, is estimated to allow to achieve a positive result at EBITDA level.

The Brazilian macroeconomic scenario is also affected by the spread of Covid-19, even if the sectors related to services, especially in the ICT and CRM field, as well as in Italy and other countries around the world, are more resilient than others. The Euro / BRL exchange rate, which in 2021 had a growing trend, had a downward trend in the first quarter (average value equal to 5.87 euro / reais) and is estimated to continue to be volatile also in the next part of 2022.

Inflation (HICP) should remain at high levels. The 2021 recorded inflation of 10.06%, growth confirmed also in these first three months of 2022. The Selic, the interest rate for the interbank market, is now at 12.75% per annum. This rate has seen an increase of 5.75 pp in 2021 from 2% to 7.75%, to currently stand at 12.75%, as mentioned. The increases are mainly due to contain the inflation phenomenon.

Brazil, more than other markets in which the Group is present, is experiencing a phase of consolidation and restructuring of the companies operating in the BPO-call center sector. In this scenario, further opportunities open up for Almoviva, which boasts a solid financial base, careful and punctual cost control and an effective operating process.

In this context, Almoviva do Brasil acquires the company CRC - CENTRAL de RECUP. de CREDITOS, a company active in the CRM Finance area and, in particular in the credit recovery area, with entry into the Group perimeter starting from March 2022. The acquisition allows Almoviva do Brasil to consolidate its positioning in the reference market and to optimize the customer base, increasing the level of diversification. The dimensional growth, the diversification of the markets served and the continuous process of optimizing costs and operating synergies between the companies of the Group in Brazil make it possible to aim for a recovery of margins.

Also in Brazil, as in the other companies of the Group, extraordinary measures have been adopted aimed at adapting production methods to pandemic situation, thanks to the use of home

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EXPLANATORY NOTES (continued)

office service delivery methods and the strengthening of the technological infrastructure. This operating mode has also made it possible to achieve operational efficiency and the maintenance of high-quality standards of service delivery; production is expected to continue in the same way for 2022.

The legal benefits relating to the LEI BRASIL MAIOR have been extended until December 2023, a rule that allows a lower contribution burden on labor costs.

The growth in Colombia also continues, through the subsidiary Almacontact, both towards the domestic market and with the objective of expansion towards other areas of the South American market.

Almawave S.p.A., following the completion of the IPO process at Euronext Growth Milan in March 2021 and thanks also to the new resources deriving from the listing, has further accelerated its growth with innovation, strategic partnerships and acquisitions, realizing what was planned and presented to the markets in IPO phase. The operation is allowing Almawave to accelerate the development of products and know-how, strengthen the go-to-market by investing in marketing and partnership strategies and expand its geographical positioning through possible M&A operations in complementary markets in Europe and Brazil. In the first quarter of 2022 investment agreements were finalized: (i) for the acquisition of 100% of share capital of Data Appeal Company S.p.A. (company based in Florence and active in the development of vertical AI analytics solutions, leader in the tourism, fintech and location intelligence sector) and for the acquisition of 100% of share capital of Sistemi Territoriali S.r.l. (company based in Cascina, Pisa, active in the development of solutions and projects in the Data Science field, focused on Open Data Analytics, Spatial Intelligence and Decision Support System platforms, for the Multi-utilities and Government sectors).

The Almawave Group continue the strong innovation process started in previous years, through the continuous evolution of its platforms. In particular, in March 2022 the new AIWave platform was launched, a real digital catalog dedicated to Artificial Intelligence solutions, the first of its kind on the Italian scene. The new platform, through a use composed of techniques, models and technologies, offers the customer to be able to benefit from different solutions and applications based on AI systems and algorithms in a single "digital space". An online environment that will progressively include new programs intended for multiple use cases, applicable to all business areas and customizable to different needs. The solutions will in fact appeal to both the end user and web developers of companies or public administrations. AIWave's goal is therefore to overcome the traditional product concept and reduce the complexity of adopting Artificial Intelligence in business processes - making it concrete, more accessible and easier to use - transforming language, written and spoken, into data, knowledge, actions and interactions.

The knowledge of processes, customers and services applied to the world of Big Data have allowed Almawave to focus on market solutions, capable of fully responding to customer needs, through the use of its products to solve needs characteristic of the different industries (eg Public Administration, Transport, Healthcare).

Almawave's technology has been the subject of numerous reviews in recent years by different market analysts and specialized companies. In 2021 Almawave is mentioned in the Gartner and MarketsAndMarkets reports, in different areas, to underline the extension of the approach adopted which aims to provide a new operational vision in the world of Customer Experience and in the advanced management of information and analytics.

For 2022, further development of the offer is expected for Almawave, including the strengthening of the Cloud offer of Iride® based products, the development of vertical Artificial Intelligence products and solutions in the different sectors of interest (e.g. eHealth), the definition of innovative technological solutions in the Big Data area, Open Data & Web interaction projects,

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the confirmation of leadership in the Speech Analytics sector, the growth of self-automated solutions (conversational agents). The development of the Enterprise and Transportation Market is expected, also at an international level. A growth of activities on the Public Administration Market, linked both to the development of contracts with the Central and Local Public Administration on the basis of the framework agreements SPC Lot 3 and Lot 4 and 'full production under the new framework contracts recently awarded (Data Management, Systems) is also expected.

As part of the market expansion process, also through non-organic, vertical and transversal growth, the AlmovivA Group is considering investment projects to accelerate growth both in the IT sector (and in the field of products and integrated solutions for transport and in the area of market development, products and services for the industry, public administration and finance sectors, both in Italy and abroad) and in the Foreign CRM sector (focused on expanding and differentiating the current positioning).

In order to accelerate the development of innovative solutions and services with high technological value, evaluations are also underway relating to the possible activation of further investments in university spin-offs.

From a financial point of view, on November 3, 2021, the transaction related a senior secured bond debt for a value of Euro 350 million, maturing in five years (October 2026) and coupon at 4.875%, reserved exclusively for institutional investors, was completed. The fixed rate is equal to 4.875% and the remuneration is foreseen with a half-yearly coupon and repayment of the principal at maturity, with the possibility of conditional early repayment. As a result of the significant reduction in the rate, the interest expense, despite the increase in the amount compared to the previous Bond debt (equal to € 100 million), is lower than the previous issue. On October 19, 2021, a € 70 million revolving credit line was also activated. As for the rating, the S&P agency raised the level to B + and the Fitch agency assigned BB-. In 2022 the payment of two half-yearly coupons is expected (30.04.2022, already made, and 30.10.2022) for a total annual amount of € 17.1 million.

Regarding to the development of the recent conflict between Russia and Ukraine which arose in the first months of 2022, please refer also to the paragraph on subsequent events.

2.2 Basis of consolidation

The Interim Condensed Consolidated Financial Statements comprise the financial statements of AlmovivA S.p.A. and of the Italian and foreign companies controlled directly or indirectly by AlmovivA S.p.A.

Determination of the existence of control over a subsidiary

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;

ALMAVIVA S.P.A. AND SUBSIDIARIES **EXPLANATORY NOTES (continued)**

- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

In particular, the entities are consolidated due to (i) a direct or indirect control by AlmagivA S.p.A.; (ii) a dominant influence that give AlmagivA the ability to direct the financial and operating choices of the investee, obtaining the related economic returns, even without considering equity relations. Subsidiaries are included in the consolidation perimeter from the date on which control is acquired by the Group and are excluded from the perimeter from the date on which the Group loses control. The list of companies included in the consolidation area is shown below. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The list of companies included in the consolidation area is listed below.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it:

- derecognizes assets (including goodwill) and liabilities related to the subsidiary;
- derecognizes non-controlling interest related to the subsidiary;
- derecognizes exchange-rate effect on equity;
- recognizes the economic return at fair value;
- recognizes any investment retained at fair value;
- reclassifies the parent company's components previously recognized in the comprehensive income statement, in the income statement or in retained earnings, as appropriate;
- recognizes any gain or loss deriving from the previous steps in the income statement.

Consolidation criteria adopted for subsidiaries

The main consolidation criteria are the following:

- items of assets, liabilities, income and expenses of entities consolidated line by line are fully included in the Interim Condensed Consolidated Financial Statements;
- the carrying amount of the parent's investment in the subsidiary is netted against the parent's portion of equity of investees. Any difference existing at the date when control is acquired is allocated to items of assets and/or liabilities;
- whenever required, the financial statements of subsidiaries are adjusted to align them to the accounting criteria adopted by the Group;
- minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's ownership interests in them;
- unrealised profit and loss for the Group as resulting from intragroup transactions are fully eliminated, as well as significant amounts that originate intercompany payables and receivables, costs and revenue among consolidated companies;
- consolidation adjustments take into account, when applicable, their deferred tax effect;
- dividends received over the year by a parent from a consolidated subsidiary and recognised in the parent's income statement as gains on equity investments, are eliminated and classified under "retained earnings".

Translation of financial statements prepared in a currency other than the Group's functional currency

All assets and liabilities of foreign companies that prepare their financial statements in a currency other than the Group's functional currency (the Euro) and are included in the consolidation area, are translated by using the exchange rates at the reporting date (current exchange rate method). The related revenues and costs are translated at average exchange rates for the year. Exchange differences, resulting from the application of this method, are recorded as an equity

ALMAVIVA S.P.A. AND SUBSIDIARIES **EXPLANATORY NOTES (continued)**

reserve until the equity investment is entirely transferred, or when the investee is no longer qualified as subsidiary. Upon partial transfer, without change on control, the portion of exchange difference related to the portion of investment acquired or sold is attributed to the shareholders' equity of the Group or of the non-controlling interests, respectively. Goodwill and adjustments at fair value, generated when allocating the purchase price of a foreign operation as part of a business combination, are recognized in the related currency and then translated at year-end exchange rate.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The acquisition cost is determined as the sum of the consideration paid, measured at fair value at the acquisition date, and the amount of the non-controlling interest of the acquired entity. For each single business combination, the Group determined whether the non-controlling interest in the acquired entity should be measured at fair value or on a pro rata basis in relation to the portion of non-controlling interest in the identifiable net assets of the acquired entity. Acquisition costs are charged in the year and stated under administrative expenses. When the Group acquires a business, it classifies or determines the acquired financial assets or liabilities undertaken in compliance with contract terms and conditions, as well as economic conditions and other pertaining terms and conditions at the acquisition date.

If the business combination is carried out in more than one step, the equity investment previously held is remeasured at fair value at the acquisition date and the resulting gain or loss is recognized in the income statement. Any possible consideration to be recognized is measured by the acquiring entity at fair value, at the acquisition date. The fair value change in the contingent consideration classified as an asset or liability, that is a financial instrument and within the scope of *IFRS 9 Financial instruments*, must be recorded in the income statement or other comprehensive income components. If the potential consideration does not fall within the scope of IFRS 9, this amount is measured according to the appropriate IFRS standard. If the potential consideration is classified in equity, its value shall not be re-determined, and its subsequent payment shall be recognised in shareholders' equity.

Goodwill is initially recognised at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. After the initial recognition, goodwill is measured at cost, excluding any accumulated impairment loss and tested for impairment.

Determination of existence of significant influence over an associate or joint control over a joint arrangement

An associated company is an entity on which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over these policies.

Joint control means the shared control of an entity, on a contract basis, which is exercised solely when decisions on relevant activities require the unanimous approval of all the parties in the joint arrangement. A joint arrangement can be configured as a joint venture or as a joint operation. A joint venture is a joint control agreement in which the parties holding the joint control have rights on the net assets of the agreement. A joint operation is a joint control agreement in which the parties have rights to the assets and obligations for the liabilities relating to the arrangement.

In order to determine the existence of the joint control and the type of joint arrangement, management must apply judgement and assess its rights and obligations arising from the

ALMAVIVA S.P.A. AND SUBSIDIARIES **EXPLANATORY NOTES (continued)**

arrangement, considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. As a result of its assessment, management has not qualified any of its joint arrangements as a joint operation.

Equity investments in associated companies and joint ventures are accounted for in the Interim Condensed Consolidated Financial Statements using the equity method, as envisaged, respectively, by IAS 28 (Investments in associates and joint ventures) and IFRS 11 (Joint arrangements). Associated companies and joint ventures are included in the Interim Condensed Consolidated Financial Statements when the significant influence or the joint control begins, until the date in which this joint control or significant influence cease.

Changes in the investment held in subsidiaries without loss of control

When the share of shareholders' equity held in subsidiaries increases or decreases causing a change in the minority shareholdings but without entailing a loss of control over the investee, the book values of the majority and minority shareholdings are adjusted to reflect the changes in their shareholdings. related interests in the subsidiary. In addition, any difference between the amount by which minority interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

Recognition and measurement criteria adopted for associates and joint arrangements: investments accounted for using the equity method

In application of the equity method, the equity investment in an associated company, or in a joint venture, is initially recognised at cost. The carrying amount of the equity investment is increased or decreased to recognise the portion, pertaining to the investor, of the profits and losses of the investee realised after the acquisition date. The goodwill related to the associated company or the joint venture is included in the carrying amount of the equity investment and it is neither amortised nor mandatorily tested for impairment on an annual basis. The aggregate portion pertaining to the Group and related to the profit or loss for the year of associated companies and joint ventures is recognised in the income statement for the year, after the operating result, and is the profit or loss excluding taxes and quotas pertaining to other shareholders of the associated company or joint venture. After applying the equity method, the Group evaluates whether the impairment of its investment in the associated companies or joint ventures is to be recognised. At each single reporting date, the Group evaluates whether there are impairment indicators which require its investments in associated companies or joint ventures to be tested for impairment. In this case, the Group calculates the recoverable value of the associated company or joint venture and records any difference (if negative) between the recoverable amount and the book value of the same in the Interim Condensed Consolidated Financial Statements. This difference is recognised in the income statement for the year. When the significant influence on an associated company or the joint control of a joint venture is lost, the Group remeasures the investment retained at fair value and recognises in the income statement the difference between the carrying amount of the investment and the fair value of both the residual investment and the amount received.

Consolidation Area

The companies consolidated as at March 31, 2022 are listed in the following table. Compared to the Consolidated Financial Statements as at December 31, 2021, consolidation area has changed or has had a dilution of share due to:

- On February 22, 2022, Almayiva S.p.A. has completed the acquisition of the entire share capital of Tilbranchill S.L.U., a company incorporated under Spanish law, simultaneously renamed Almayiva Digital España S.L. .;

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

- On March 3, 2022, the purchase of the entire share capital of CENTRAL DE RECUPERAÇÃO DE CRÉDITOS LTDA was completed. (in turn owner of the entire share capital of CRC DIGITAL LTDA.), a Brazilian company operating in the financial segment.

Compared to the Consolidated Financial Statements as of December 31, 2021, the consolidation area has changed due to the following companies added: Almayiva Digital España S.L. (previously Tilbranhill S.L.U.), Central De Recuperacao De Créditos Ltda and CRC Digital Ltda.

Compared to the Interim Condensed Consolidated Financial Statements as at March 31, 2021, consolidation area has changed or has had a dilution of share due to

- In April 2021, related to the negotiations on AIM Italia of the Almaywave shares already started in March 2021, a further n. 635,294 shares related to the *greenhoe* were placed, for a total of shares no. 7,058,823. Following this transaction, the share of Almayviva S.p.A. in the capital of Almaywave S.p.A. changed from 100% to 75.69% on 3/31/2021 and then became 73.91% in April after the full exercise of *greenhoe*;
- On July 20, 2021, Almayviva S.p.A. has subscribed of the share capital (approximately 70%) of Kline S.r.l., a company active in the sector of development and production of integrated software platforms, technological solutions and services for financial intermediaries. The share was paid through the transfer of the business unit organized for the offer of outsourcing services and ICT solutions for institutions operating mainly in the banking and fiduciary sector. The transfer of the business unit is effective from August 1, 2021.
- Following the award of the tender for the outsourcing of services relating to the performance of activities auxiliary to the issuance of entry visas to Italy announced by the Italian Embassy in Cairo, Almayviva Egypt, a company incorporated under Egyptian law, was established. The Share Capital is held 99% by Almayviva S.p.A. and 1% by Almayviva Contact S.p.A.
- On November 16, 2021, following the award of the restricted procedure for the granting of concession of services relating to the performance of activities related to the issuance of entry visas to Italy announced by the Consulate General of Italy in Moscow, together with the Partners with whom Almayviva S.p.A. participated in the aforementioned restricted procedure, the Limited Liability Company "Almayviva Russia" was established, a company incorporated under Russian law in which Almayviva holds 40% of the share capital;
- On 1 December 2021, following the award of the tender for the outsourcing of services relating to the performance of activities auxiliary to the issue of entry visas in Italy announced by the Embassy of Italy Santo Domingo, ALMAVIVA REPÚBLICA was established DOMINICANA SRL, a company incorporated under Dominican law whose capital is held for approximately 99.997% by Almayviva S.p.A. and approximately 0.003% by Almayviva Contact S.p.A.;
- On February 22, 2022, Almayviva S.p.A. has completed the acquisition of the entire share capital of Tilbranhill S.L.U., a company incorporated under Spanish law, simultaneously renamed Almayviva Digital España S.L.;
- On March 3, 2022, the purchase of the entire share capital of CENTRAL DE RECUPERAÇÃO DE CRÉDITOS LTDA was completed. (in turn owner of the entire share capital of CRC DIGITAL LTDA.), a Brazilian company operating in the financial segment.

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EXPLANATORY NOTES (continued)

Compared to the Interim Condensed Consolidated Financial Statements as of March 31, 2021, the consolidation area has changed due to the following companies added: the change in the minority of Almawave S.p.A., Kline S.r.l., Kline S.r.l., AlmavivA Egypt, AlmavivA Russia, AlmavivA Republica Dominicana, AlmavivA Digital España S.L. (previously Tilbranhill S.L.U.), Central De Recuperacao De Créditos Ltda and CRC Digital Ltda.

The consolidated companies as at March 31, 2022 and 2021 are listed below:

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<i>Companies and method of consolidation</i>	Currency	Share held	At March 31, 2022	At December 31, 2021	At March 31, 2021
AlmavivA S.p.A. (Parent Company) Rome, Italy	Euro	100.00%	Parent	Parent	Parent
Lombardia Gestione S.r.l. Milan, Italy	Euro	51.00%	Full	Full	Full
AlmavivA de Belgique S.A. Brussels, Belgium	Euro	100.00%	Full	Full	Full
Almaviva Digitaltec S.r.l. Naples, Italy	Euro	100.00%	Full	Full	Full
Wave S.r.l. Pianoro, Italy	Euro	100.00%	Full	Full	Full
Sadel S.p.A. Castel Maggiore, Italy	Euro	84.05%	Full	Full	Full
Wedoo Holding S.r.l. Torino, Italy	Euro	55.00%	Full	Full	Full
Wedoo S.r.l. Torino, Italy	Euro	55.00%	Full	Full	Full
Wedoo LLC Michigan, U.S.	US Dollar	55.00%	Full	Full	Full
Data Jam (ex Spin Data) S.r.l. * Napoli, Italy	Euro	80.00%	Full	Full	Full
Almaviva Saudi Arabia LLC * Riyad, Saudi Arabia	Saudi Riyal	100.00%	Full	Full	Full
Almaviva Egypt LLC ** Cairo, Egypt	Egyptian pound	100.00%	Full	Full	-
Kline S.r.l. *** Milan, Italy	Euro	70.00%	Full	Full	-
Reactive S.r.l. ** Milan, Italy	Euro	100.00%	Full	-	-
Almaviva Digital Espana **** Madrid, Espana	Euro	100.00%	Full		
AlmavivA Republica Dominicana S.r.l. ** Santo Domingo, Dominican Republic	Dominican Peso	100.00%	Full	Full	-
AlmavivA Russia L.L.C. ** Moscow, Russian Federation	Ruble	40.00%	Full	Full	-
AlmavivA Contact S.p.A. Rome, Italy	Euro	100.00%	Full	Full	Full
AlmavivA do Brasil S.A. San Paolo, Brazil	Brazilian Real	99.58%	Full	Full	Full
Aquarius Participações S.A. San Paolo, Brazil	Brazilian Real	99.58%	Full	Full	Full
Chain Serviços e Contact Center S.A. San Paolo, Brazil	Brazilian Real	99.58%	Full	Full	Full
CRC Central de Recup de credits **** San Paolo, Brazil	Brazilian Real	99.58%	Full		
CRC Digital **** San Paolo, Brazil	Brazilian Real	99.58%	Full		
Almacontact Bogotá, Colombia	Colombian Peso	99.58%	Full	Full	Full
Italy Call S.r.l. Rome, Italy	Euro	100.00%	Full	Full	Full
AlmavivA Tunisie S.A. Ville de Tunisi, Tunisie	Tunisian Dinar	56.25%	Full	Full	Full
AlmavivA Services S.r.l. Iasi, Romania	Romanian Leu	100.00%	Full	Full	Full
Almawave S.p.A. Rome, Italy	Euro	73.91%	Full	Full	Full
Almawave do Brasil Ltda. San Paolo, Brazil	Brazilian Real	73.91%	Full	Full	Full
Pervoice S.r.l. Trento, Italy	Euro	73.91%	Full	Full	Full
Almawave USA Inc. San Francisco, U.S.	US Dollar	73.91%	Full	Full	Full
OBDA Systems S.r.l. *** Rome, Italy	Euro	44.35%	Full	Full	Full
Agrisian S.C.p.A. in liquidazione Rome, Italy	Euro	50.86%	Full	Full	Full
*Established in 2020 **Established in 2021 ***Acquired in 2021 ****Acquired in 2022					
<i>Companies and method of consolidation (continued)</i>	Currency	Share held	At March 31, 2022	At December 31, 2021	At March 31, 2021
Sin S.p.A. ***** Rome, Italy	Euro	20.02%	-	-	-
CCID - AlmavivA Inform. Technol. Co. Ltd Shangai, People's Republic of China	Chinese Yuan	50.00%	Equity	Equity	Equity
Consorzio Hypertix Rome, Italy	Euro	49.99%	Equity	Equity	Equity
TVeyes L.T. S.r.l. Trento, Italy	Euro	20.00%	Equity	Equity	Equity

*****Reported under the item Assets held for sale and valued at the lower of the book value and the recoverable value

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

2.3 Effects of seasonality

The turnover and economic results of the Group are not significantly impacted by factors relating to the seasonality of the activities carried out in the Group's different operating sectors. The Group's performances actually tend to be generally uniform over the year, also thanks to the distribution to the operating activities in the two hemispheres, which makes it possible to mutually offset the periods of reduced operations of the Brazilian and European subsidiaries in the summer and winter periods. Therefore, taking into account the low economic impact of these trends, no additional financial disclosure is provided (required by IAS 34.21) relating to the trend in the last three months period ended as of March 31, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards, interpretations and amendments adopted by the Group

The accounting standards adopted for the preparation of the financial statements are consistent with those used for the preparation of the financial statements as at December 31, 2021, except for the adoption of the new standards and amendments in force from January 01, 2022. The group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of new standards effective as of January 1st, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

Prior to the application of the amendments, the Group had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts. As a result of the amendments, no other directly related costs have been included by the Group in determining the costs of fulfilling the contracts.

ALMAVIVA S.P.A. AND SUBSIDIARIES EXPLANATORY NOTES (continued)

In accordance with the transitional provisions, the Group applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original

ALMAVIVA S.P.A. AND SUBSIDIARIES **EXPLANATORY NOTES (continued)**

financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

4. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT

The preparation of the Interim Condensed Consolidated Financial Statements in accordance with IFRS requires the adoption of judgement by management as well as the formulation of estimates and assumptions that have an impact on the amounts of assets and liabilities and revenues and expenses. These estimates were based on past experience and on other factors that were deemed to be reasonable under the relevant circumstances. However, the actual results that will ultimately be recognized may be different from the estimates.

Management judgement mainly refers to aspects such as:

- The assessment of the impacts deriving from the Covid-19 pandemic;
- the evaluation of existence of control, joint control or significant influence over group entities, as further described in paragraph 2.2 above;
- the evaluation of the useful lives of Intangible assets and Property, plant and equipment, as further described in paragraph 3.1 above;
- evaluation of the capitalization of development costs;
- the determination of the lease term for contracts that contain extension options and in which the Group operates as lessee;
- the analysis about whether the conditions to qualify assets or operations as Non-current assets held for sale in accordance with IFRS 5 are met and if those assets or operations also represent discontinued operations or not;
- the definition of the Group's Operating and reportable segments that are relevant to the business and reflect the regular review process in terms of operating results performed by the entity's chief operating decision maker to make decisions about resources to be allocated to segments and assess their performance, as further described in Note 5 below;
- the Group has identified the AlmavivA CGU to which the goodwill called AlmavivA Finance is specifically associated; the AlmavivA Contact CGU to which the following goodwill refer: Alicos and AlmavivA Contact; the Sadel CGU to which the goodwill called Wave refers; the Almawave CGU to which the goodwill referred to as Gempliss refers; the Pervoice CGU to which the goodwill referred to as PerVoice refers. On the part relating to the International CRM sector, the AlmavivA do Brasil CGU was identified to which the homonymous goodwill refers;
- the recognition of public grants and other activities;
- the recoverability of deferred-tax assets;
- the number of shares to be assigned to employees included in the Stock Grant Plan and the related fair value; this topic is dealt with in more detail in Note 33

ALMAVIVA S.P.A. AND SUBSIDIARIES **EXPLANATORY NOTES (continued)**

Critical management judgement that are not covered in other parts of this document are commented here below.

Capitalization of development costs

The Group capitalizes the costs relating to projects for the development of new products, including those relating to internal resources involved in their creation. The initial capitalization of costs is based on the fact that the judgment of the administrators on the technical and economic feasibility of the project is confirmed, usually when the project itself has reached a specific stage of the development plan. To determine the values to be capitalized, the administrators make estimates based on the standard cost of a man day spent on the project

Significant opinion in determining the lease term of contracts that contain an extension option - The Group as a lessee.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group does not include the renewal period as part of the lease term for leases of plant with shorter non-cancellable period (> 4 years) as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term because there would be negative impacts on operations if alternative assets were not available.

Non-current assets (or disposal groups) classified as held for sale and discontinued operations

Non-current assets (or disposal groups) whose carrying amount will be recovered through sale, rather than through ongoing use, are classified as held for sale and shown separately from the other assets in the statement of financial position. The liabilities associated with assets held for sale are also shown separately from the other liabilities in the statement of financial position. This only occurs when the sale is highly probable and the non-current assets (or disposal groups) are available in their current condition for an immediate sale. Managements evaluates as to whether such conditions are met to qualify the non-current asset (or disposal group) as Non-current assets held for sale in accordance with IFRS 5.

For the purposes of this valuation, it also considers the timescales envisaged for the completion of the sale and - where events or conditions beyond the control of the entity materialize such as to suggest that the sale may not be completed within one year from the date of classification - value the existence of the requisites necessary to make use of the extension provided for in paragraph 9 and in Appendix B of IFRS 5.

Non-current assets (or disposal groups) classified as held for sale are first recognized in compliance with the appropriate

IFRS applicable to the specific assets or liabilities and subsequently measured at the lower of the carrying amount and the fair value, net of costs to sell. Any subsequent impairment losses are recognized as a direct adjustment to the non-current assets (or disposal groups) classified as held for sale and expensed in the income statement.

The corresponding values for the previous period are not reclassified.

ALMAVIVA S.P.A. AND SUBSIDIARIES **EXPLANATORY NOTES (continued)**

A discontinued operation is a component of an entity that has been divested or classified as held for sale and:

- represents a major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Gains or losses on discontinued operations – whether disposed of or classified as held for sale – are shown separately in the income statement, net of the tax effects. The corresponding values for the previous period, where present, are reclassified and reported separately in the income statement, net of tax effects, for comparative purposes.

Management applies judgement to assess whether the non-current assets held for sale or the disposal group qualify as discontinued operations.

Non-current assets that no longer meet the requirements for classification as held for sale or which cease to belong to a disposal group classified as held for sale are measured as the lower of:

- the book value before the asset (or disposal group) was classified as held for sale, adjusted for depreciation, amortization, write-downs or write-backs that would have been recognized if the asset (or disposal group) had not been classified as held for sale; and
- the recoverable value, which is equal to the greater of its fair value net of costs to sell and its value in use, as calculated at the date on which the decision not to sell was taken.

Identification of cash-generating units (CGUs)

In application of IAS 36, the goodwill recognized in the Interim Condensed Consolidated Financial Statements of the Group as a result of business combinations has been allocated to individual CGUs or groups of CGUs that will benefit from the combination.

In identifying such CGUs, management took account of the specific nature of the assets and the business acquired through the business combination that originated the goodwill (e.g., geographical area and business area), verifying that the cash flows of a given group of assets were closely interdependent and largely independent of those associated with other assets (or groups of assets). The assets allocated to each CGU were also identified in a way consistent with the manner in which management manages and monitors those assets within the business model adopted.

As a result of this process, the following CGUs were identified where goodwill was allocated: AlmagivA Contact S.p.A.; AlmagivA do Brasil SA.; AlmagivA Finance; Pervice; AlmagivA; Wave; e Wedoo.

Recognition of government grants and other activities

As part of its research and development activities, the group incurs costs which may be fully or partially facilitated in the form of tax credit by virtue of the incentive mechanisms for technological innovation introduced first through art. 1, paragraph 35, of the law of 23 December 2014, n. 190 and recently reaffirmed with art. 1, paragraph 198-209, of the law of 27 December 2019, n. 160.

The recognition in the financial statements of these public grants is subject to reasonable certainty as to its reliable determination and recognition. These requirements are considered satisfied upon the release of specific technical reports commissioned by the companies of the group to specifically appointed professional firms with specific expertise in the matter. Where these reports are issued within the terms of preparation of the financial statements, the contribution is recorded in the closing financial statements in compliance with the accrual

ALMAVIVA S.P.A. AND SUBSIDIARIES **EXPLANATORY NOTES (continued)**

criterion, thus also ensuring full correlation of the same with the costs incurred in the year against which the itself is recognized.

As part of the Other Activities, the group also takes over an activity against a well-known insurance company for the recovery of which action has been initiated. At present, the Management assumes - also on the basis of the assessments made by the defense board of the Company regarding the full traceability of the claim to a contractual right protected in the insurance policy - that it has valid arguments to be able to support its position, the instrumentality of the reserves and exceptions moved by the insurance company and, consequently, to be able to subvert the outcome of the first degree sentence.

Use of estimates and assumptions

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Interim Condensed Consolidated Financial Statements.

Revenue from contracts with customers

The Group concluded that revenues related to services rendered in IT business have to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group. The same conclusion has been reached for main contract in CRM business.

The Group determined that the input method is the best method in measuring the progress of the installation services because there is a direct relationship between the Group's effort (i.e., labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service, In other circumstances, the Group considered more correct to use the method based on the outputs as a suitable criterion for measuring the progress of the services provided by the Group. In this last case, the determination of the function points shared with the customer constitutes the basis for the recognition of revenues.

Some contracts for the sale of IT and CRM services provide for penalties to the Group for failure to reach contractually indicated KPIs. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration. Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the Interim Condensed Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

ALMAVIVA S.P.A. AND SUBSIDIARIES **EXPLANATORY NOTES (continued)**

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Notes 14 and 15.

Recoverability of non-current assets

The carrying amount of non-current assets is subject to periodic verification and whenever the circumstances or events dictate the need to, Goodwill is verified at least annually. These recoverability checks are performed according to the criteria set out in IAS 36, described in more detail in Note 12 below. In particular, the recoverable value of a non-current asset is based on the estimates and assumptions used to determine the amount of the cash flows and the discount rate applied. If it is believed that the carrying amount of a non-current asset has suffered impairment, it is written down to the amount of the associated recoverable value, estimated with reference to its use and any future sale, based on the contents of the most recent company plan approved.

Provisions for risks

In relation to the legal risks to which the Almoviva Group is exposed, provisions have been allocated to cover all significant liabilities for cases in which the legal representatives have verified the likelihood of an unfavorable outcome and a reasonable estimate of the loss amount.

Pension plans

Some Group employees benefit from pension plans that offer social security benefits based on the salary history and respective years of service. The calculations of the costs and liabilities associated to these plans are based on the estimates made by actuarial consultants, who use a combination of statistical-actuarial factors, including statistical data relating to previous years and forecasts of future costs. Mortality and withdrawal indexes, assumptions regarding the future evolution of discount rates, salary growth rates and inflation rates are also considered as estimate components. These estimates may differ substantially from the actual results, due to the evolution of the economic and market conditions, increases/reductions in withdrawal rates and the life span of the participants. These differences may have a significant impact on the quantification of the pension costs and the other related expenses.

Determination of the fair value of financial instruments

The fair value of financial instruments is determined on the basis of the prices directly observable on the market, where available, or, for unlisted financial instruments, by using specific valuation techniques that maximise the observable inputs on the market. In circumstances where this is not possible, the inputs are estimated by the management by taking into account the characteristics of the instruments subject to valuation. In compliance with IFRS 13, the Group includes the measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own credit risk (Debit Valuation Adjustment or DVA), in order to be able to adjust the fair value of the derivatives for the corresponding measurement of the counterparty risk, by applying the methodology reported in the section "Information on fair value measurements".

ALMAVIVA S.P.A. AND SUBSIDIARIES **EXPLANATORY NOTES (continued)**

Variations in the assumptions made in estimating the input data could impact the fair value recognised in the financial statements for these instruments.

Recovery of deferred-tax assets

As at March 31, 2022, the Interim Condensed Consolidated Financial Statements include deferred taxes, connected to the recognition of tax losses that can be used in future years and income components subject to deferred deductibility of taxes, for an amount whose recovery in future years is considered highly likely by the directors. The recoverability of the aforementioned prepaid taxes is subject to the achievement of sufficient future taxable income to absorb the aforementioned tax losses and for the use of the benefits of other deferred tax assets. Significant management judgments are required in order to determine the amount of prepaid taxes that can be recognised in the financial statements, based on the timing and amount of the future taxable income as well as the future tax planning strategies and tax rates in force at the moment of their reversal. However, at the moment the Group should ascertain that it is unable to recover, in future years, all or part of the prepaid taxes recognised, the consequent adjustment will be booked to the income statement in the year in which said circumstance is verified.

Verification of the recoverability of deferred tax assets in the Interim Condensed Consolidated Financial Statements at March 31, 2022 was carried out on the current 2021-2025 Business Plan approved by the Board of Directors.

5. OPERATING AND REPORTABLE SEGMENTS

From an IFRS 8 perspective, management identified its Operating and reportable segments based on the criteria stated in the standard, which requires the identification of those segments whose reported revenue, from both external customers and intersegment sales or transfers, is 10 percent or more of the combined revenue, internal and external, of all Operating and reportable segments. As a result of that, the following three major Operating and reportable segments were identified: (a) *IT Services*; (b) *CRM Europe*; and (c) *CRM International*.

In addition to the above, management identified a fourth operating segment, *Almawave – New Technology*, that it is considered to provide important information to the stakeholders and investors in terms of significant investments made by the Group in new technology sector in recent years, regardless the fact that it does not exceed the quantitative threshold outlined in IFRS 8.

The operating segment information based on the above four Operating and reportable segments is consistent with that used by the top management in its collective role as Chief Operating Decision Maker, as they monitor the operating results of these Operating and reportable segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Interim Condensed Consolidated Financial Statements.

The Group's financing strategy (including finance costs and finance income) is managed on a Group basis and therefore is not allocated to Operating and reportable segments. As a result of that, income taxes remain also unallocated.

For management purposes, the Group is organised into business units based on its products and services and on geographic area. The Group has four Operating and reportable segments, as follows:

- a. IT Services, provide ICT and Cloud Computing solutions, includes the following companies: AlmavivA, Lombardia Gestione, AlmavivA de Belgique, Agrisian, AlmavivA Digitaltec, Sadel, Wave, Wedoo Holding, Wedoo Srl, Wedoo LLC, Spin Data (already Arte

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

- Srl), AlmagivA Saudi Arabia for information Technology LLC, AlmagivA Egypt L.L.C., Kline S.r.l., AlmagivA Republica Dominicana S.r.l., Reactive, AlmagivA Russia L.L.C. and AlmagivA Digital Espaaia S.L. (previously Tilbranhill S.L.U.);
- b. CRM Europe, provides Contact Centre services and operates predominantly in the European Union, includes the following companies: AlmagivA Contact, Italy Call and AlmagivA Services;
 - c. CRM International, provides the same services as those in the previous point in South America and in Tunisia, includes the following companies: AlmagivA do Brasil, Aquarius Participacoes, Chain Servicos e Contact Center, Almacontact, AlmagivA Tunisie, Central De Recuperacao De Créditos Ltda and CRC Digital Ltda;
 - d. AlmagivA - New Technology, segment operating in the supply of innovative solutions geared towards the best interaction with work instruments, aimed at improving the people experience, includes the following companies: AlmagivA, Pervoice, AlmagivA do Brasil, AlmagivA USA and OBDA Systems S.r.l.

No segment combinations took place for the purpose of determining the reportable operating segments.

The transfer prices between the operating segments are negotiated internally using similar methods to transactions with third parties.

The following tables outline the main economic results of the Group's business segments, Intra-segment revenues and costs are eliminated or adjusted after consolidation and reflected in the column "Netting and eliminations", Financial income and expense and gains and losses on equity investments are not allocated to the single segments given the underlying instruments are managed centrally on a Group basis. Income taxes also remain unallocated.

For the three months ended March 31, 2022

<i>(in thousands of Euro)</i>	IT Services	CRM Europe	CRM International	AlmagivA New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Revenue							
Revenues from contracts with customers	170,014	17,120	56,911	7,608	251,653	0	251,653
Inter-segment	766	1,624	23	1,475	3,888	(3,888)	0
Total revenues from contracts with customers	170,780	18,744	56,934	9,083	255,541	(3,888)	251,653
Income/(Expenses)							
Cost of raw materials and services	(81,431)	(3,426)	(9,541)	(3,827)	(98,224)	4,486	(93,738)
Personnel expenses	(64,213)	(14,677)	(39,424)	(3,693)	(122,008)	190	(121,818)
Depreciation and amortization and write-downs	(5,920)	(502)	(3,355)	(916)	(10,693)	104	(10,589)
Losses from sale of non-current assets	218	0	0	0	218	(186)	32
Other operating income	5,035	285	734	554	6,608	(912)	5,696
Other operating expenses	(2,201)	(153)	0	(46)	(2,400)	270	(2,130)
Operating Profit	22,267	271	5,348	1,155	29,041	64	29,105
% Revenue	13.0%	n.d.	9.4%	12.7%	11.4%	n.d.	11.6%
At March 31, 2022							
Total assets	1,061,303	183,871	217,646	72,470	1,535,290	(469,118)	1,066,173
Total liabilities	418,359	49,066	54,718	30,831	552,975	(46,539)	506,436

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

For the three months ended March 31, 2021

<i>(in thousands of Euro)</i>	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Revenue							
Revenues from contracts with customers	154,704	21,406	45,216	5,817	227,143	(0)	227,143
Inter-segment	834	1,073	31	1,128	3,066	(3,066)	0
Total revenues from contracts with customers	155,538	22,479	45,247	6,945	230,209	(3,066)	227,143
Income/ (Expenses)							
Cost of raw materials and services	(70,054)	(4,472)	(11,527)	(3,248)	(89,301)	3,676	(85,625)
Personnel expenses	(62,007)	(17,701)	(25,175)	(2,422)	(107,305)	116	(107,190)
Depreciation and amortization and write-downs	(5,165)	(493)	(2,182)	(757)	(8,597)	104	(8,493)
Losses from sale of non-current assets	125	(12)	0	6	119	0	119
Other operating income	4,639	303	113	99	5,153	(671)	4,483
Other operating expenses	(3,223)	(145)	0	(8)	(3,376)	91	(3,285)
Operating Profit	19,853	(41)	6,476	615	26,903	250	27,153
% Revenue	12.8%	n.d.	14.3%	8.9%	11.7%	n.d.	12.0%
At December 31, 2021							
Total assets	1,020,352	186,045	165,024	69,953	1,441,374	(467,974)	973,400
Total liabilities	392,806	51,378	30,923	27,876	502,983	(44,210)	458,773

The income statement and balance sheet reconciliations between the operating result attributable to the individual segments and the net income of the Group and between total assets attributable to the operating segments and total Group assets are shown below, as well as between total liabilities attributable to the operating segments and total Group liabilities excluding shareholders' equity.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

Reconciliation of Operating Profit

For the three months ended March 31,

(in thousands of Euro)

	2022	2021
Segment profit	29,105	27,153
Finance income	742	106
Finance costs	(7,153)	(7,453)
Exchange gains/(losses)	(458)	(153)
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	0	0
Inter-segment income/expenses (elimination)		
Profit/(loss) before taxes	22,236	19,653

Reconciliation of Total assets

(in thousands of Euro)

	At March 31, 2022	At December 31, 2021
Segment operating assets	1,066,173	973,400
Deferred tax assets	24,277	23,181
Current financial assets	3,472	3,578
Non-current financial assets	1,237	1,237
Non-current assets held for sale	2,459	2,459
Total assets	1,097,618	1,003,854

Reconciliation of Total liabilities

(in thousands of Euro)

	At March 31, 2022	At December 31, 2021
Segment operating liabilities	506,436	458,773
Non-current financial liabilities	402,773	395,982
Current financial liabilities	23,400	16,407
Current tax liabilities	28,930	32,398
Deferred tax liabilities	2	2
Total liabilities	961,540	903,562

The following table shows the EBITDA values for each segment, compared with the previous year:

For the three months ended March 31, 2022

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Operating profit	22,267	271	5,348	1,155	29,041	64	29,105
(+) Depreciation and amortization	5,920	502	3,355	916	10,693	(104)	10,589
(+) Losses from sale of non-current assets	(218)	0	0	0	(218)	186	(32)
Earning before intersts, taxes, depreciation and amortization (EBITDA)	27,969	774	8,702	2,071	39,516	146	39,662
% Revenue	16.4%	n.d.	15.3%	22.8%	15.5%	n.d.	15.8%

For the three months ended March 31, 2021

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Operating profit	19,853	(41)	6,476	615	26,903	250	27,153
(+) Depreciation and amortization	5,165	493	2,182	757	8,597	(104)	8,493
(+) Losses from sale of non-current assets	(125)	12	0	(6)	(119)	0	(119)
Earning before intersts, taxes, depreciation and amortization (EBITDA)	24,893	464	8,658	1,366	35,381	146	35,527
% Revenue	16.0%	n.d.	19.1%	19.7%	15.4%	n.d.	15.6%

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

Geographic information

<i>(in thousands of Euro)</i>	At March 31, 2022	At March 31, 2021
<i>Revenues from external customers</i>		
Italy	192,524	179,362
Brazil	50,635	40,910
Tunisia	693	556
Colombia	5,593	3,774
Europe	864	1,700
Other	1,344	841
Total	251,653	227,143
Of which:		
<i>Revenues recognized over the time</i>	240,132	215,124
<i>Revenues detected at a point in time</i>	7,075	2,349

6. SIGNIFICANT TRANSACTIONS IN THE PERIOD

During the period ended March 31, 2022, there was a significant corporate transaction relating to a business combination, which involved Almagora do Brasil of which a brief description is provided below. On March 3, 2022, the purchase of the entire share capital of CENTRAL DE RECUPERAÇÃO DE CRÉDITOS LTDA was completed, which, in turn, owns the entire share capital of CRC DIGITAL LTDA. The latter is a company with about 4,000 employees operating in Fortaleza with an annual turnover of about 200 million reais.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

The fair values of identifiable assets and liabilities as at the acquisition date were:

	Accounting values on the acquisition date
<i>(Euro/000)</i>	
Intangible assets	130
Property, plant and equipment	6,564
Non-current financial assets	0
Other non-current assets	0
Total non-current assets	6,694
Inventories and amount due from customers	0
Trade receivables	573
Other current assets	1,089
Cash and cash equivalents	4,809
Total current assets	6,471
Total assets	13,165
Non-current liabilities for employee benefits	0
Non-current financial liabilities	3,697
Total non-current liabilities	3,697
Trade payables	1,089
Current financial liabilities	6,870
Current tax liabilities	0
Other current liabilities	1,707
Total current liabilities	9,666
Total liabilities	13,363
Fair value of net assets	1,190
Purchase Price	16,140
Minorities	0
Goodwill (provisional)	14,950
Cash and cash equivalents acquired	4,809
Consideration paid	(14,950)
Net acquired cash flow	(10,141)

From acquisition date, CENTRAL DE RECUPERAÇÃO DE CRÉDITOS LTDA and CRC DIGITAL LTDA. contributed with Euro 2,621 thousand to Group revenues and a positive value of Euro 4,529 thousand to the Group's pre-tax profit

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

7. INTANGIBLE ASSETS

The intangible assets of the Group amount to Euro 138,140 thousand (Euro 118,496 thousand as at December 31, 2021) and are broken down as follows:

<i>(in thousands of Euro)</i>	Goodwill	Industrial patent and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets	Assets under construction	Total
At January 1, 2022	39,179	30,323	1,342	28,976	18,676	118,496
Additions	14,950	928	357	10	887	17,132
Capitalisation for internal projects	0	249	0	60	3,350	3,659
Amortization	0	(2,182)	(66)	(2,585)	0	(4,833)
Disposals	0	(7)	0	0	0	(7)
Reclassifications and other	0	3,513	0	4,724	(8,237)	0
Change in consolidation area	0	130	0	0	0	130
Foreign exchange differences	1,734	1,502	282	(1)	45	3,562
At March 31, 2022	55,863	34,456	1,915	31,184	14,721	138,140

The Group's investments as at March 31, 2022 amounted to Euro 17,132 thousand and mainly refer to "Industrial patent rights and use of intellectual property" and concessions, licenses and trademarks; these increases relate to costs for the acquisition of user and property licenses and costs for software development carried out mainly by the CRM International, IT Services and Almax - New Technology segments.

The Group also made further investments in the reference period, through capitalization for internal work, for a total of Euro 887 thousand referring to costs incurred mainly in the context of the creation and internal development of assets (software, IT applications) also used in the creation and management of the services offered in the operating segments in which the Group operates. The aforementioned capitalizations refer to the IT Services and Almax - New Technology segments.

During the period, part of the investments made in previous years was completed and was therefore reclassified, in the respective categories of reference, including - for an amount of Euro 3,513 thousand - under the item "Industrial patent rights and use of works by 'ingenuity' which at the end of the period was equal to a total of Euro 34,456 thousand and which highlights the Group's endowment of software tools and IT applications developed internally and for evolutionary maintenance carried out on them. The Group, in relation to these assets, periodically carries out an analysis in correspondence with the closing of the financial statements aimed at finding their recoverable value with respect to that of recognition in the financial statements on the basis of the expected future economic benefits associated with them (active contracts of planned acquisition). Moreover, the economic performance of 2022 did not highlight any impairment indicators such as to formulate specific reflections on the recoverability of the aforementioned values.

The amortization of the period on intangible assets amounts to Euro 4,833 thousand. The main depreciation ratios adopted as at March 31, 2022 are included in the following ranges:

	Rates %
Industrial patent and intellectual property rights	10~33
Concessions, licences, trademarks and similar rights	25
Other intangible assets	≈ 20

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

The exchange differences equal to Euros 3,562 thousand are due to the translation of the financial statements of companies operating in areas other than the Euro and mainly concern companies that prepare financial statements in Brazilian reais.

Goodwill recognized following business combinations completed over the years is detailed as shown below.

<i>(in thousands of Euro)</i>	At January 1, 2022	Exchange differences	Additions	Disposals	At March 31, 2022
Alicos	2,007				2,007
Almaviva Contact	26,533				26,533
Almaviva do Brasil	1,748				1,748
Almaviva Finance	745				745
Atesia	0				0
Gempliss	198				198
In Action	0				0
Pervoice	314				314
Wave	5,121				5,121
Wedoo	630				630
Kline	784				784
CRC Central de Recup de creditos	0	1,734	14,950		16,684
Third	1,099				1,099
Total	39,179	1,734	14,950	0	55,863

The goodwill recognized as a result of business combinations is attributed to the cash generating units ("CGU") that benefit from the synergies that emerged as a result of the acquisition. The estimate of the recoverable value of the goodwill recorded in the financial statements was made by determining the value in use of the CGUs in question through the use of discounted cash flow models, which provide for the estimate of expected cash flows and the application of an appropriate rate discounting, determined using market inputs such as risk-free rates, beta and market risk premium. Cash flows are determined on the basis of the best information available at the time of the estimate, which can be inferred: (i) for the first five years of the estimate, from the business plan approved by the Company Management containing the forecasts regarding volumes, investments, costs operational and industrial and commercial margins and structures; (ii) for the years following the fifth, cash flow projections based on the perpetuity method of the last year of the plan are assumed.

The Almaviva Group verifies the recoverability of Goodwill at least once a year at the end of the financial year, or more frequently if there are indicators of impairment.

Regarding to the recoverability of the value of the Intangible Assets recognized as at March 31, 2022, as better indicated in the previous Note 1.1, in the first three months of the current financial year, as there are no impairment indicators, the Directors did not consider necessary proceed with the preparation of specific impairment tests.

The "Third" intangible assets mainly include the costs relative to software products, incurred to make changes to the products used as part of contract under way.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

8. PROPERTY, PLANT AND EQUIPMENT

The tangible assets of the AlmagivA Group, owned and leased, amount to Euro 96,351 thousand (Euro 86,094 thousand as at December 31, 2021) and are broken down as follows:

<i>(in thousands of Euro)</i>	Land and buildings	Plant and machinery owned and leased	Industrial and commercial equipment owned and leased	Other assets owned and leased	ROU Asset	Assets under construction and payments on account	Total
At January 01, 2022	6,753	11,349	435	24,957	41,070	1,531	86,094
Additions	0	955	29	1,430	9,505	359	12,278
Capitalisation for internal project	0	0	0	0	0	0	0
Depreciation	(197)	(975)	(39)	(1,802)	(2,743)	0	(5,756)
Disposals	0	2	0	(99)	(9,146)	0	(9,243)
Reclassifications and other	1	0	0	623	0	(621)	3
Change in consolidation area	0	1,460	0	1,705	3,399	0	6,564
Foreign exchange differences	0	2,048	0	2,466	1,896	0	6,410
Historical cost	19,256	223,797	3,896	176,272	66,863	1,269	491,353
Accumulated amortization	(12,699)	(208,958)	(3,471)	(146,992)	(22,882)	0	(395,002)
At March 31, 2022	6,557	14,839	425	29,280	43,981	1,269	96,351

Investments are equal to Euro 12,278 thousand as at March 31, 2022, of which those not relating to the application of IFRS 16 amounted to Euro 9,505 thousand; they mainly refer to the items "other assets" and "plant and machinery" for the acquisition of hardware, network and plant upgrades of the IT Services, CRM International operating segments and, to a lesser extent, the other sectors.

Depreciation amounts to Euros 5,756 thousand, the main depreciation coefficients adopted at March 31, 2022, with the exclusion of the rights of use deriving from the application of IFRS 16, are included in the following ranges:

	Rates %
Buildings	3
Plants and machinery	15~40
Industrial and commercial equipment	15~30
Other assets	12~30

The depreciation rates adopted on the ROU Assets are related to the effective residual duration of the lease contracts.

The disposals of Euros 9,243 thousand mainly refer to the early termination of some rental contracts held by IT Services and CRM Europe falling within the application of IFRS 16.

The exchange differences from the translation of the financial statements of companies operating with functional currencies other than the Euro of positive Euro 6,410 thousand mainly concern companies that prepare financial statements in Brazilian reais.

The Group presents a balance of the item "Land and buildings" equal to Euro 6,557 thousand relating to the building located in Rome, in Via dello Scalo Prenestino, owned by AlmagivA and used by the IT Services Sector.

The item of Rights of use on assets, i.e. the ROU (Right Of Use) recorded in application of IFRS 16 and whose value at March 31, 2022 amounts to Euro 43,981 thousand, includes the rights of use on assets pursuant to contracts subject to the application of the IFRS 16 "Leasing" standard.

Fixed assets in progress show an increase equal to Euro 359 thousand, mainly referring to the IT Services operating sector and to a lesser extent to the CRM Europe.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

Regarding the risk of recoverability of the value of Tangible Assets as at March 31, 2022, as better indicated in the previous Paragraph 1.1, during this period, as there were no indicators of permanent impairment in value, the Directors did not deem to proceed with the preparation of specific impairment tests.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The table below shows the balance and composition of the non-current financial assets:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
CCID – Almoviva Inform. Technol. Co. Ltd	117	117
Consorzio Hypertix in liquidation	99	99
TVEyes L.T. S.r.l.	21	21
Altre minori	5	0
Total	242	237

The sole joint venture of the Group is the 50% equity investment in CCID-AlmovivA Inform. Technol. Co. Ltd. a Chinese company operating the local call centre segment. The changes applying Equity Method are shown below:

<i>(in thousands of Euro)</i>	At January 1, 2022	Income Statement effect	Increases (Decreases)	At March 31, 2022
CCID – Almoviva Inform. Technol. Co. Ltd	117	0	0	117
Consorzio Hypertix in liquidation	99	0	0	99
TVEyes L.T. S.r.l.	21	0	0	21
Other	0	0	5	5
Total	237	0	5	242

The main data relating to both the joint venture and associated companies are summarized below, based on the latest available financial statements, prepared in accordance with IFRS, as well as the reconciliation with the book value of the equity investments in the Interim Condensed Consolidated Financial Statements.

	Registered office	Share Capital	Shares held (%)	Investor
CCID – Almoviva Inform. Technol. Co. Ltd	Shanghai, China	¥ 39,642,000.00	50.00	AlmovivA S.p.A.
Consorzio Hypertix in liquidation	Rome, Italy	€ 198,000.00	49.99	AlmovivA S.p.A.
TVEyes L.T. S.r.l.	Trento, Italy	€ 20,000.00	20.00	Pervoice S.p.A.

As of March 31, 2022, there are no impairment indicators regarding the risk of recoverability of the investment.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

10. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets of the AlmagivA Group amount to Euro 1,237 thousand (Euro 1,237 thousand as at December 31, 2021) and are broken down as follows:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Long-term loans	1,188	1,188
Others Equity investments	49	49
Non-current financial assets	1,237	1,237

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Amount failling due within 12 months	0	0
Amount failling due between 1-5 years	1,188	1,188
Non-current financial receivables	1,188	1,188

Non-current financial receivables, equal to Euro 1,188 thousand (Euro 1,188 thousand as at December 31, 2021) are all instrumental to operating activities and relate to loans to personnel for Euro 7 thousand and financial assets to Auselda for Euro 1,181 thousand.

The investments on equity instruments are equal to Euro 49 thousand (Euro 49 as at December 31, 2021), are classified in accordance with IAS 32, and are broken down as follows:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Conai	1	1
Calpark	5	5
Banca Brutia	5	5
Uirnet	5	5
Consorzio Namex	3	3
Other	30	30
Total	49	49

Due to irrelevance of the investments in question, the Directors have measured these investments at cost and therefore the fair value has not been determined as reported in drafting criteria to which reference is made.

At March 31, 2022, no impairment losses were recorded on the item in question. In this case, the impairment was determined following the analytical model described in the preparation criteria.

11. DEFERRED TAX ASSETS

Deferred tax assets amount to Euro 24,277 thousand (Euro 23,181 thousand as at December 31, 2021) and are shown net of deferred tax liabilities, if they can be offset under the Italian and / or foreign reference regime, and have been allocated, within the limits of the values that it is expected to recover in future years based on the capacity of the expected taxable income,

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

mainly in relation to temporary deductible differences (provisions for risks and other deferred charges) and in part residual in relation to previous tax losses.

At the end of the year, the Group generally assesses the presence of impairment indicators for prepaid taxes; in this sense, the recoverability of the same is carried out by considering the estimates of future taxable income based on the forecasts of the latest business plan approved by the Board of Directors. As at March 31, 2022, the management concluded that the capacity of taxable income will allow the use of the deferred tax assets recorded.

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Deferred Tax Assets	24,277	23,181

Divided in:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Italian subsidiaries	17,399	17,843
Foreign subsidiaries	6,878	5,338
Total Deferred Tax Assets	24,277	23,181

Mainly, the deferred tax assets in question arise as a result of the actual tax losses also due to the significant negative exchange differences in the reference period.

As at March 31, 2022, Management believes that there are no indicators of impairment of deferred tax assets. In fact, as already illustrated in these explanatory notes, the forecasts included in the business plans appear reliable in light of the final results of the Group and reinforce the forecast of future taxable income sufficiently large to guarantee the recoverability of the amounts recorded, in continuity with the already recorded at December 31, 2021.

12. OTHER NON-CURRENT ASSETS

Other non-current assets amount to Euro 1,414 thousand as at March 31, 2022 compared to an amount of Euro 1,573 thousand as at December 31, 2021, as illustrated in the table below:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Security deposits	1,107	1,162
Prepaid expenses	303	407
Other receivables	4	4
Other non-current assets	1,414	1,573

Prepayments mainly refer to the portion attributable to the training costs of AlmagivA Contact (Euro 98 thousand), AlmagivA Services (Euro 187 thousand) and AlmagivA Digitaltec (Euro 18 thousand) not pertaining to the period.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

13. INVENTORIES

Inventories of the Group are equal to Euro 13,570 thousand (Euro 12,168 thousand as at December 31, 2021) and are composed as follows:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Raw materials (at cost)	4,214	3,873
Work in progress (at cost)	3,010	2,809
Finished goods (at lower of cost and net realizable value)	6,346	5,486
Total inventories at the lower of cost and net realizable value	13,570	12,168

During 2022 have not been accounted any expenses for inventories to carry them at net realizable value. The total amount is related to Sadel S.p.A. for Euro 11,068 thousand, to AlmagivA S.p.A. for Euro 2,497 thousand and Pervoice for Euro 5 thousand.

14. CONTRACT ASSETS

As at March 31, 2022, contract assets are equal to Euro 26,664 thousand (Euro 23,314 thousand as at December 31, 2021).

They increase overall by Euros 3,350 thousand and refer essentially to the activities generated by the IT Services sector not yet completed or not yet subjected to testing by the customers.

15. TRADE RECEIVABLES

As at March 31, 2022, trade receivables are equal to Euro 450,581 thousand (Euro 422,490 thousand as at December 31, 2021) with an increase equal to Euro 28,091 thousand:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Trade receivables, gross amount	470,597	442,640
Trade receivables, amount retained as a guarantee	3,146	2,816
Bad debt provision	(23,162)	(22,966)
Trade receivables	450,581	422,490

Trade receivables are exposed net of bad debt provision equal to Euro 23,162 thousand (Euro 22,966 thousand as at December 31, 2021). The bad debt provision increase in the period is related to AlmagivA Services for Euro 198 thousand.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Balance at the beginning of the year	22,966	21,106
Provisions	0	1,859
Uses	0	(9)
Other	196	10
Balance at the end of the year	23,162	22,966

Starting from the 2018 financial year, the bad debt provision was determined by the practical expedient of the *Provision Matrix* for private customers. For customers in the public sector, the ECL was determined based on information obtained from external info-providers.

The following table show the ageing of the gross amount of trade receivables, excluding the portion retained by customers as a guarantee, as at March 31, 2022 compared with December 31, 2021:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Amount not yet due	366,933	372,187
Amount due by less than 30 days	27,171	10,562
Amount due between 30-60 days	20,513	9,614
Amount due between 61-90 days	7,128	3,696
Amount due between 91-120 days	1,112	4,400
Amount due by more than 120 days	47,739	42,181
Trade receivables, gross amount	470,597	442,640

Further, as mentioned in 2017 Financial Statements, on May 2, 2017 the Italian Ministry of Economic Development made an order that put into special administration under Decree-Law "Marzano", the company Alitalia – Società Aerea Italiana S.p.A, With the same order a College of Commissioners has been appointed, The College consist of Luigi Gubitosi, Enrico Laghi and Stefano Paleari. On December 6, 2019 the College of Commissioners left the charge and instead of them it was appointed the Lawyer Giuseppe Leogrande, as sole commissioner.

The entity – supported by an internal and external legal opinion further substantiated by recent case-law – considers pre-deductible and fully recoverable the net receivables from Alitalia Società Aerea Italiana S.p.A, (for an amount equal to Euro 5,999 thousand). It should also be noted that following the extraordinary administration of Alitalia - Società Aerea Italiana S.p.A. in A.S., the Group continued to provide services to it, confirming the strategic nature of its role for the aircraft operator even in the context of crisis. These services, during 2021, were only interrupted following the evolution of the matter in question which took place in the establishment of the new Italian flag carrier Italia Trasporto Aereo S.p.A. (better known as "ITA Airways"). The new company has chosen another supplier for the provision of CRM services and, as highlighted in paragraph 2.1 of these explanatory notes, an agreement was positively reached with the trade unions and with all the parties involved for the progressive transition to the new supplier of all the workforce of the AlmagivA Group used to carry out the previous contract with Alitalia - Società Aerea Italiana S.p.A. in A.S. The future developments of the insolvency procedure will be carefully monitored in order to assess any changes in the conditions that led the directors to assume the current position.

At present day, the insolvency procedure is proceeding slowly and the forecast of the timing of collection of these receivables can only depend on the evolution of the extraordinary administration process.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

It should be noted that Note 40 "Guarantees, commitments, risks and other information" provides additional information regarding the credit risk management policy adopted by the Group and the ageing of the receivables past due but not written down.

16. CURRENT FINANCIAL ASSETS

At March 31, 2022, current financial assets amounted to Euro 3,472 thousand (Euro 3,578 thousand as at December 31, 2021). They refer mainly to AlmavivA S.p.A. for Euro 3,279 thousand relating to financial receivables from one of the main customers linked to deferred payments with respect to the Company's services that have been granted to the aforementioned customer, for the remaining Euro 193 thousand to Wedoo Srl and Wedoo LLC.

There are no financial assets either overdue or written down. The same are valued, as indicated above, at amortized cost having passed the SPPI test - Solely for Payments of Principal and Interests:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Current financial assets	3,472	3,578

17. OTHER CURRENT ASSETS

Other current assets amount to Euro 164,153 thousand as at March 31, 2022, compared to Euro 139,405 thousand as at December 31, 2021. The amount is composed as follow:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Receivables due from personnel	3,794	3,787
Receivables due from social security institutions	2,185	1,572
Receivables due from tax authorities	50,092	45,019
Receivables related to tax consolidation	28,140	30,251
Prepaid expenses	23,869	11,519
Advances to suppliers	6,620	3,442
Sundry items	49,453	43,815
Other current assets	164,153	139,405

In particular, it should be noted that the item Receivables from social security institutions, equal to Euro 2,185 thousand, includes almost all receivables from INPS not yet collected relating mainly to):

- To the receivable from the INPS treasury in Almaviva S.p.A.;
- Cig credits in derogation Fis Covid of Almaviva Contact;

Tax consolidation credits for Euro 28,140 thousand derive from the transfer to the parent company Almaviva Technologies S.r.l. of the tax positions of the companies adhering to the institution in question. Offsetting this credit, there is also a debt position for Euro 33,053 thousand, as reported in Note 29.

ALMAVIVA S.P.A. AND SUBSIDIARIES

EXPLANATORY NOTES (continued)

Prepayments for Euro 23,869 thousand include future costs mainly of Almoviva S.p.A. (Euro 21,741 thousand), Reactive (Euro 913 thousand), Almoviva Services (Euro 154 thousand), Almoviva Contact (Euro 377 thousand), Almovave (Euro 208 thousand), Kline (Euro 156 thousand) and to a lesser extent of the other Group companies.

Receivables from the tax authorities are divided into (i) credits for direct taxes Euro 4,859 thousand relating to Almoviva S.p.A. for Euro 3,855 thousand, Almoviva Contact for Euro 281 thousand, Agrisian for Euro 348 thousand, Almovave Euro 187 thousand and to a lesser extent to the other companies of the Group; (ii) receivables for indirect taxes equal to Euro 45,233 thousand relating mainly to Almoviva S.p.A., Almoviva Services and the Brazilian companies. Regarding to the receivables of Almoviva S.p.A. for indirect taxes they refer to the credit for the Group VAT (Euro 23,909 thousand) and the credit for VAT already requested as a refund (Euro 8,270 thousand).

Advances to suppliers increased by Euro 3,178 thousand, passing from Euro 3,442 thousand as at December 31, 2021 to Euro 6,620 thousand as at March 31, 2022.

Sundry items equal to Euro 49,453 thousand are mainly included:

- CRM International receivables for judicial deposits on disputes pending with employees;
- Receivables due from the State and Public Authorities for projects financed and R&D projects equal to Euro 8,168 thousand;
- Receivables for reimbursements which refer:
 - the credit for the request for reimbursement, submitted to a well-known insurance company, of the legal costs incurred in the context of a dispute initiated in the United States by an American company (the "US Litigation") against some of the companies of the Almoviva Group (collectively the "Almoviva Companies"), as well as third parties. The US litigation ended - both at first and second instance - with the rejection, also confirmed by the Supreme Court of the United States of America, of all the claims made by the American company, with compensation of the expenses. In order to obtain reimbursement of the legal expenses incurred in the US Litigation, the Almoviva Companies, by virtue of a policy called "Directors' Civil Liability Insurance" signed with a well-known insurance company, took action against the contracting insurance company. Currently, the request for reimbursement of legal costs and damages is pending an appeal judgment proposed by the Almoviva Companies. The Almoviva Companies currently believe - also on the basis of the assessments made by their defense board regarding the full traceability of the claim to a contractual right protected in the insurance policy - that they have valid arguments to be able to support their position, the instrumentality of the reserves and exceptions moved by the insurance company and, consequently, to be able to subvert the outcome of the first-degree sentence. In consideration of these aspects, the receivable from the insurance company continues to be considered deriving from a contractual right and, at present, fully recoverable.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 175,058 thousand (Euro 169,622 thousand as at December 31, 2021) refers to credit balances at banks in existence as at March 31, 2022 and the amounts held at the Group treasuries. These voices are not subject to any restriction and are not foresee disinvestment costs.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

19. NON-CURRENT ASSETS HELD FOR SALE

Assets held for sale equal to Euro 2.459 thousand (Euro 2.459 thousand as at December 31, 2021) concern the residual part to be collected relating to the sale of the 20.02% investment in the associated company SIN S.p.A. whose transfer, on the basis of the "Sale of shares" contract signed on 19 September 2007 between AGEA - Agency for Agricultural Disbursements and private shareholders and the subsequent "Deed amending the sale of shareholdings and pledging" with which the parties agreed that the deadline relating to the effectiveness of the transfer of all the shares representing the investments held by the private shareholders in SIN S.p.A., originally scheduled for 19 September 2016, was postponed until completion by Consip S.p.A. of the public tender procedure and up to the handover to the new successful supplier. The item, equal to Euro 2,459 thousand, represents the valuation of the equity investment adjusted to reflect its residual recoverable value, taking into account the provisions of the aforementioned transfer agreement, the valuation methods provided for by the same for the interest held by the Company.

20. SHAREHOLDERS' EQUITY

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Share capital	154,899	154,899
Share premium reserve	17,788	17,788
Legal reserve	12,465	12,465
Other reserves:		
<i>FTA reserve</i>	4,493	4,493
<i>OCI reserve</i>	2,529	2,529
<i>Stock grant reserve</i>	5,103	4,670
<i>Translation reserve</i>	(35,112)	(53,448)
<i>Other reserves</i>	(62,085)	(121,503)
	(85,069)	(163,259)
Profit/(loss) for the year	14,929	57,908
Total group shareholders' equity	115,013	79,804
Reserves pertaining to NCIs:		
<i>Translation reserve</i>	(934)	(1,098)
<i>Other reserves</i>	21,674	19,596
	20,740	18,499
Profit/(loss) for the year pertaining to NCIs	322	1,990
Total non-controlling interests	21,065	20,489
Total Shareholders' equity	136,077	100,292

The total Shareholders' equity as at March 31, 2022 is equal to Euro 136,077 thousand (Euro 100,292 thousand as at December 31, 2021) showing an increase of Euro 35,785 thousand. This increase in Equity of the AlmagivA Group was affected (i) by the results for the period equal to Euro 15,251 thousand and (ii) by the positive impact of about Euro 18,500 thousand relating to the improvement of the Euro / Reais exchange rate on the Translation Reserve.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

Share Capital

The Share capital as at March 31, 2022 amounted to Euro 154,899 thousand and due to the collateral agreements signed concurrently with the conclusion of the loan agreement, in previous years, the amount was fully paid-in and consisted of:

- no. 107,567,301 ordinary shares;
- no. 32,331,764 special Class A shares;
- no. 15,000,000 special Class B shares.

<i>in number of shares</i>	Ordinary shares	"Class A" special shares	"Class B" special shares	Total shares	% of Total shares
Almaviva Technologies S.r.l.	100,000,000	32,331,764	15,000,000	147,331,764	95.11%
RAI S.p.A.	1,291,522			1,291,522	0.83%
Fintecna S.p.A.	1,119,894			1,119,894	0.72%
Confagricoltura	1,093,172			1,093,172	0.71%
Conf. Italiana Agricoltori	1,093,172			1,093,172	0.71%
Conf. Nazionale Coldiretti	1,093,172			1,093,172	0.71%
Assicurazioni Generali S.p.A.	1,056,490			1,056,490	0.68%
Visualnet S.r.l.	819,879			819,879	0.53%
Share capital	107,567,301	32,331,764	15,000,000	154,899,065	100.00%

The special Class A and Class B shares have the following differences compared to the ordinary shares:

- Class A shares allow holders to receive a profit increased by 10% when dividends are distributed; this is deferred in the case of losses; they are convertible into ordinary shares at a ratio of one to one upon the request of the shareholder in the event of the listing of the company or disposal to third parties, or they will acquire, upon the application of the shareholder, the right to vote in the Company's ordinary and extraordinary shareholders' meetings; in the event of the liquidation of the company, they are entitled to receive a percentage of the liquidation proceeds, increased by 10%;
- Class B shares allow holders to receive a profit increased by 10.1% when dividends are distributed; this is deferred in the case of losses; they are convertible into ordinary shares at a ratio of one to one upon the request of the shareholder in the event of the listing of the company or disposal to third parties, or they will acquire, upon the application of the shareholder, the right to vote in the Company's ordinary and extraordinary shareholders' meetings; in the event of the liquidation of the company, they are entitled to receive a percentage of the liquidation proceeds, increased by 10.1%.

For both of the share classes described above, there are no unconditional obligations to pay money. The shares mentioned comply with the definition of equity instrument pursuant to IAS 32.

Legal reserve

The Legal reserve amounted to Euro 12,465 thousand as at March 31, 2022 and remained unchanged compared to December 31, 2021.

Share premium reserve

The Share premium reserve amounted to Euro 17,788 thousand as at March 31, 2022 and remained unchanged compared to December 31, 2021.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

Stock Grant reserve

The Stock Grant reserve equal to Euro 5,103 thousand as at March 31, 2022, includes the fair value valuation at the same date regarding the Stock Grant Plan introduced by Almaxwave S.p.A. and Almaxviva S.p.A. during 2021. Please to refer to Note 33 for more details.

FTA reserve

The FTA reserve amounted to Euro 4,493 thousand as at March 31, 2022, as detailed below:

- Almaxviva for Euro 4,782 thousand;
- Almaxviva Contact for negative Euro 141 thousand;
- Almaxwave for negative Euro 270 thousand;
- Almaxviva do Brasil for Euro 122 thousand.

OCI reserve

The OCI reserve is equal to Euro 2,529 thousand as at March 31, 2022 (Euro 2,529 thousand as at December 31, 2021).

Translation reserve

The Translation reserve concerns the exchange differences from the translation to Euro of the financial statements of companies operating in non-Euro value.

As at March 31, 2022, it was a negative Euro 36,046 thousand (of which the Group's share was a negative Euro 35,112 thousand and the portion pertaining to non-controlling interests amounted to negative Euro 934 thousand).

Other reserves

The Other reserves is equal to negative Euro 62,085 and are represented by consolidation reserves and by undistributed profits or losses carried forward.

Non-controlling interests

The non-controlling interests are equal to Euro 21,065 thousand and refer to share capital, reserves, profit/loss of the year attributable to non-controlling interests, net of translation reserve. The increase of the year is related to the listing of Almaxwave reported before.

Capital management

The Group's objectives in terms of capital management are the protection of business continuity, the creation of value for stakeholders and support for Group development. In particular, the Group aims to maintain an adequate level of capitalisation which makes it possible to achieve an economic return for shareholders, guarantee access to external sources of financing and satisfy investors. In this context, the Group manages its capital structure and makes adjustments to it, if rendered necessary by changes to economic conditions. Due to this, the Group constantly monitors the evolution of the level of indebtedness in relation to shareholders' equity, whose situation as at March 31, 2022 is summarised in the following table.

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Non current Net Financial Position	(402,773)	(395,982)
Current Net Financial Position	155,131	156,793
Non current financial receivables	1,237	1,237
Financial indebtness ("Debt")	(246,405)	(237,952)
Total Group Shareholder Equity	115,013	79,804
Non Controlling Interests	21,065	20,489
Total Shareholders' Equity ("Equity")	136,077	100,292
Debt/Equity ratio	(1.81)	(2.37)

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

Financial indebtedness as at March 31, 2022, equal to Euro 246,405 thousand, includes the values deriving from the application of IFRS 16 for an amount equal to Euro 47,437 thousand (Euro 44,894 thousand as at December 31, 2021) of which Euro 37,416 thousand (Euro 35,697 thousand as at December 31, 2021) relating to non-current financial liabilities and Euro 10,021 thousand (Euro 9,197 as at December 31, 2021) relating to current financial liabilities. The value before application of IFRS 16 would have been equal to Euro 198,968 thousand (Euro 193,058 as at December 31, 2021).

21. LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits equal to Euro 43,985 as at March 31, 2022 are reported below:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Liabilities for employee benefits	43,985	45,409

The liability for employee severance indemnity, governed by Art. 2120 of the Italian Civil Code, includes the estimate of the obligation, determined on the basis of actuarial techniques, relating to the amount to be paid to the employees of Italian companies when their employment is terminated.

The indemnity, provided in the form of capital, is equal to the sum of the allocation amounts calculated on the salaries paid in relation to the employment contract and revalued until the termination of said employment. As a result of the legislative amendments introduced on January 1, 2007, employee severance indemnity accruing will be allocated to pension funds, to the treasury fund set up by INPS (National Social Security Institute) or, in the case of companies with less than 50 employees, may be retained in the company. This means that a significant portion of the employee severance indemnity accruing is classified as a defined contribution plan, given that the company's obligation is represented exclusively by the payment of contributions to the pension fund or to INPS. The liability related to employee severance indemnity prior to January 1, 2007 continues to represent a defined benefit plan to be evaluated according to actuarial techniques.

22. PROVISIONS

Provisions are equal to Euro 16,615 as at March 31, 2022 (Euro 18,579 as at December 31, 2021) and are reported below:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Non-current portion of provisions for risks and charges	10,400	11,210
Current portion of provisions for risks and charges	6,215	7,369
Provisions for risks and charges	16,615	18,579

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

<i>(in thousands of Euro)</i>	Provision for taxes	Provision for redundancy incentives	Provision for guarantees granted	Provisions for contractual and commercial risks	Provisions for legal disputes	Other provisions for risks and charges	Total
Balance as at January 1, 2022	66	1,712	134	180	2,004	14,483	18,579
Accruals	0	2	0	0	118	1,008	1,128
Utilizations	0	0	0	0	0	(1,818)	(1,818)
Decreases	0	(1,287)	0	0	(311)	(6)	(1,604)
Other changes not recorded through income statement	0	0	0	0	330	0	330
Balance as at March 31, 2022	66	427	134	180	2,141	13,667	16,615
of which:							
Non-current portion	66	22	134	0	0	10,178	10,400
Current portion	0	405	0	180	2,141	3,489	6,215

Information and comments on the various provisions are provided below.

"Non-current tax provision" equal to Euro 66 thousand relates to Almoviva Contact S.p.A., set up following the risks associated with the deductions of costs considered non-deductible by the Tax Administration following a tax audit that took place in 2004.

"Redundancy fund" equal to Euro 427 thousand (Euro 1,712 thousand as at December 31, 2021) mainly relating to employees of Almoviva S.p.A. who have accrued in 2021 the pension requirement through "quota 100", early retirement, woman option (in this last case, the requirements must be completed by 31 December 2021) and that they had voluntarily decided to join the exit from the company.

The Provision for guarantees granted of a non-commercial nature is related to provisions recorded by the parent company Almoviva for Euro 134 thousand.

"Contractual and commercial risk fund" is related to provisions recorded by Almoviva Contact for Euro 180 thousand.

Provision for legal disputes of Euro 2,141 thousand is related to IT Services segment for Euro 1,016 thousand, to CRM International segment for Euro 1,020 thousand and to Almoviva - New Technology segment for Euro 8 thousand.

The line items, including non-current and current portion, for a total of Euro 13,667 thousand (Euro 14,483 thousand as at December 31, 2021) relating to prudential provisions on commercial risks relating to penalties for Euro 2,186 thousand of Almoviva S.p.A., for Euro 65 thousand of Almoviva Contact and for Euro 89 thousand of Lombardia Gestione; the Project Workers stabilization fund for Euro 506 thousand of Almoviva Contact, provisions for disputes both towards personnel and for other civil disputes for Euro 98 thousand of Almoviva Contact, commercial guarantee funds for Euro 8,869 thousand of Almoviva S.p.A. and for Euro 490 of Sadel and the liquidation costs provision recorded for Euro 1,364 thousand from Agrisian by virtue of current obligations under the law. The change in other provisions for risks refers to the provision for the emergence of new risks and charges.

23. NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities, equal to Euro 402,773 thousand (Euro 395,982 thousand as at December 31, 2021), refer to long-term payables as detailed below and include the non-current portion of financial liabilities for leasing deriving from the application of IFRS 16.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021	
Banks	8,024	6,442	
Bond	338,452	337,943	
Amounts due to other lenders	18,880	15,900	
Financial liabilities associated with leasing	37,417	35,697	
Non-current financial liabilities	402,773	395,982	
	> 12 months	< 5 years	> 5 years
Banks	8,024	8,024	0
Bond	338,452	338,452	0
Amounts due to other lenders	18,880	18,880	0
Financial liabilities associated with leasing	37,417	37,417	0
	402,773	402,773	0

The fair value of the main financing component, relating to the bond issued on the Luxembourg market, was equal to Euro 346,748 thousand as at March 31, 2022.

Followings the tables of proceeds, repayments and reclassifications of borrowings occurred in the period:

<i>(in thousands of Euro)</i>	At January 1, 2022	Proceeds from borrowings	Repayments of borrowings	Reclassification and other adjustments	At March 31, 2022
AlmavivA S.p.A.	342,838	2,980	0	509	346,327
Sadel S.p.A.	2,356	0	(202)	0	2,154
AlmavivA do Brasil	4,063	0	0	195	4,258
SIMEST Operation	11,000	0	0	0	11,000
Wedoo S.r.l.	22	0	0	(13)	9
Obda Systems S.r.l.	6	0	0	0	6
CRC - CENTRAL de RECUP. de CREDITOS	0	0	0	1,602	1,602
Financial liabilities associated with leasing	35,697	437	(125)	1,408	37,417
Non-current financial liabilities	395,982	3,417	(327)	3,701	402,773

As regards the monetary movements of the period, it should be noted that as at March 31, 2022 the proceeds from borrowings amounted to Euro 2,980 thousand and the repayments of loans amounted to Euro 202 thousand.

Long-term financial liabilities of Euro 402,773 thousand refer primarily to the bond of Euro 350,000 thousand issued on November 3, 2021, 4.875% coupon with half-yearly payment on April 30 and October 30 of each year and maturity of 5 years. The bond was listed on the Luxembourg stock exchange on the Euro MTF Market (unregulated market).

For the placement of the Bond, Goldman Sachs and BNP operated by *Joint Global Coordinator*, supported by JP Morgan and Akros Bank.

The Bond is treated in the financial statements with the amortized cost method and has a value as of March 31, 2022, of Euro 338,452 thousand.

Liabilities to banks equal to Euro 8,024 thousand relate to AlmavivA do Brasil (Euro 4,258 thousand), Wedoo Srl (Euro 9 thousand), Sadel (Euro 2,154 thousand), CRC (Euro 1,602) and AlmavivA S.p.A. (Euro 1 thousand).

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

Liabilities to other lenders equal to Euro 18,880 thousand mainly refer to subsidized loans received on projects financed by AlmagivA S.p.A. (Euro 7,874 thousand), to OBDA System for Euro 6 thousand and for Euro 11,000 thousand relating to the debt to Simest.

In particular, non-current financial liabilities to Simest, in the amount of Euro 11,000 thousand, relate to the portion of share capital and the share premium of AlmagivA do Brasil subscribed by SIMEST. This transaction makes provision, inter alia, for the irrevocable obligation of the subsidiary AlmagivA Contact to acquire from SIMEST (which has committed to sell) the shares subscribed by the latter by June 30, 2023. There are several conditions that can anticipate the date of exercise of the options, which in any case cannot fall before June 30, 2019. As the conditions laid out in IAS 32 "Financial instruments: presentation" were met, the entire amount subscribed by Simest was classified under financial liabilities and measured in accordance with the requirements laid out in IAS 39 "Financial instruments: recognition and measurement".

Non-current financial liabilities deriving from the adoption of IFRS 16 are equal to Euro 37,417 thousand, the reclassifications for Euro 1,408 thousand refer to the exchange difference of the companies with functional other than the Euro and the reclassification from non-current portions to current portions of the debt.

24. DEFERRED TAX LIABILITIES

Deferred tax liabilities are equal to Euro 2 thousand as at March 31, 2022 and have not any change in the period:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Deferred tax liabilities	2	2

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Balance at the beginning of the year	2	2
Increases	0	0
Decreases	0	0
Balance at the end of the year	2	2

25. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities equal to Euro 521 thousand as at March 31, 2022 (Euro 552 thousand as at December 31, 2021) are reported below:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Deferred income on capital grants	521	552
Other non-current liabilities	521	552

The fully amount refers to deferred income on capital grants.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

26. TRADE PAYABLES

Trade payables are equal to Euro 300,540 thousand as at March 31, 2022 and increased for Euro 27,636 thousand compared to the previous year. They mainly include payables for the supply of services, as well as those relating to various services for activities carried out during the year. Specifically, overdue trade payables amount to Euro 53,638 thousand (Euro 51,288 thousand as of December 31, 2021) while those not due and due within 12 months amount to Euro 246,902 thousand (Euro 221,616 thousand as of December 31, 2021).

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Trade payables	300,540	272,904

Please note that the trade-related payables are regulated based on the contractual conditions and specific agreements with the Group's suppliers.

27. CURRENT FINANCIAL LIABILITIES

Current Financial liabilities analysis, that include current lease liabilities related to new standard IFRS 16 application, is reported below:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Payables due to banks	4,925	3,103
Current portion bonds	6,928	2,686
Payables due to other lenders	847	716
Financial lease payables	0	0
Accrued liabilities from financial expenses	163	201
Other financial payables	516	504
Financial liabilities for leasing IFRS 16	10,021	9,197
Current financial liabilities	23,400	16,407

Short-term financial liabilities for Euro 23,400 thousand refer to payables for short-term loans contracted with credit institutions and to the portion of payables for interest accrued to bondholders whose payment is expected on April 30, 2022. Finally, the item includes current financial liabilities for leasing, financial accruals and short-term payables of a different nature.

As regards the monetary movements of the period, it should be noted that: (i) at March 31, 2022 they generated a cash absorption equal to Euro 3,873 thousand; (ii) at March 31, 2021 they generated a cash increase equal to Euro 357 thousand.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

28. TAX PAYABLES

Tax payables as at March 31, 2022, equal to Euro 28,930 thousand (Euro 32,398 thousand as at December 31, 2021) are reported below:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Income taxes	1,932	924
Other taxes	26,998	31,474
Tax payables	28,930	32,398

They mainly refer to payables for IRPEF to be paid, payables for direct IRAP taxes, payables for suspended VAT, as well as taxes of foreign companies, in particular of the AlmagivA do Brasil Group.

29. OTHER CURRENT LIABILITIES

Other current liabilities as at March 31, 2022, equal to Euro 144,776 thousand (Euro 121,329 thousand as at December 31, 2021) are reported below:

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
Payables due to social security institutions	12,334	18,301
Payables due to personnel	50,400	35,560
Miscellaneous payables	60,202	41,943
Deferred income	21,840	25,525
Other current liabilities	144,776	121,329

The payables to social security institutions equal to Euro 12,334 thousand refer to compulsory contributions accrued and to be paid to the social security institutions in relation to the salaries and fees paid.

Payables to personnel mainly refer to the provision for holidays and leave accrued by the staff and not yet paid, as well as for the subsidiaries AlmagivA Contact S.p.A. and AlmagivA Services, to the monthly payment for the month of March, the payment of which took place in the first days of April 2022, as per the ordinary management of salary payments.

Miscellaneous payables equal to Euro 60,202 thousand mainly include payables to project workers, payables to insurance companies, payables for collections to be paid to partners, payables to the parent company AlmagivA Technologies for tax consolidation (equal to Euro 33,053 thousand which partially offset, as reported in Note 17, the existing credit position for the tax consolidation) and payables to corporate bodies.

Deferred income for Euro 21,840 thousand relates to economic components pertaining to future years.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

30. REVENUE

Please consider that label "Revenue", reported below, has to be read as "Revenues from contracts with customers" as defined in IFRS 15.

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2022	2021
Revenues from sales and services	240,132	215,124
Revenues from sale of goods	7,075	2,349
Revenues from contract work in progress	4,446	9,670
Revenues from contracts with customers	251,653	227,143

The following is a breakdown of revenues deriving from contracts with customers based on the timing of recognition:

Timing of revenue recognition	2022	2021
Goods transferred at a point in time	7,075	2,349
Services transferred over time	244,578	224,794
Total revenue from contracts with customers	251,653	227,143

Revenues deriving from contracts with Group customers include estimated revenues based on the input and output method as indicated in the drafting criteria. Revenues from assets transferred at a point in time result from deliveries made by Almagiva S.p.A. in the contracts relating to the Transportation sector.

The table below shows a breakdown of revenues by Operating segments for three months ended March 31, 2022 and 2021. Inter-segment elimination has not been considered and eliminated.

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2022	2021
IT Services	170,014	154,704
CRM Europe	17,120	21,406
CRM International	56,911	45,216
Almagiva - New Technology	7,608	5,817
Revenues from contracts with customers	251,653	227,143

Revenues in the IT Services segment on March 31, 2022, increased by Euro 15,310 thousand, equal to 9.9% compared to the previous period. This increase is mainly due to the growth in demand for services from customers in the Transport, Banking Insurance, Welfare, International, Homeland Security e Local Government, Utilities, Ministries, Health Treasury, Public Finance and Other business areas. This growth was partially offset by a reduction in revenues attributable to the Agriculture business area.

The revenues of the CRM Europe segment recorded a decrease of Euro 4,286 thousand (20%) compared to the previous period. The decrease concerned all business areas, mainly the Telco, Transport, Utilities and Other business area partially offset by a slight growth in Government business area.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

Revenues from contracts with customers in the CRM International segment as at March 31, 2022 show an increase of Euro 11,694 thousand, equal to 25.9% compared to the previous period. The increase is attributable to the Telco / Media, Finance and Other business areas.

Revenues from contracts with customers in the Almaxwave-New Technology segment increased by Euro 1,791 thousand, up 30.8% compared to the previous period. This increase is mainly due to the increase in revenues from the sale of software technologies to customers in the Government, Transport, Telco / Media, Finance and Utilities areas, partially offset by the slight decrease in revenues from customers in the Other areas.

Revenues from contracts with Almaxviva Group customers are mainly generated in Italy. The revenues generated abroad mainly concern Brazil and, to a lesser extent, Tunisia and Colombia. For further details on the breakdown by geographical area, please refer to Note no. 5.

The fees for services to be provided as at March 31 2022, based on the contracts already acquired by the Group, amount to Euro 2,494,146 thousand, of which Euro 458,581 thousand to be absorbed within the following year and Euro 2,035,565 thousand to be absorbed beyond the next year.

31. OTHER INCOME

Other income are reported in the following table:

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2022	2021
Recovery of personnel costs	203	309
Recovery of costs of service provision	984	543
Recovery of costs of use of assets	22	35
Reversal of provisions	1,818	1,411
Other income	2,136	1,846
Operating grants	517	199
Reversal of over-accruals of trade payables	16	140
Other income	5,696	4,483

Other income amount to Euro 5,696 thousand (Euro 4,483 thousand as at March 31, 2021) and the most significant items relate to the absorption of other ordinary funds for guarantees; to the recovery of personnel costs, provision of services and use of third-party assets; to contingencies from adjustments to items allocated in previous years.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

32. COST OF RAW MATERIALS AND SERVICES

Cost of raw materials and services are reported in the following table:

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2022	2021
Raw materials, consumables, supplies and goods	9,861	12,476
Costs for services	83,736	72,180
Costs of use of third party assets	1,445	1,368
Costs for services capitalised for assets created internally	(937)	(460)
Changes in inventories	(367)	62
Cost of raw materials and services	93,738	85,625

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2022	2021
IT Services	81,431	70,054
CRM Europe	3,426	4,472
CRM International	9,541	11,527
Almawave New Technology	3,827	3,248
Adjustments eliminations and other	(4,486)	(3,676)
	93,738	85,625

The item increased during the period by Euro 8,113 thousand. The increase is generally attributable to higher revenues in the IT Services sector, with a consequent increase in costs (Euro 11,377 thousand), as well as in the Almawave-New Technology segment (increase in costs of Euro 579 thousand). This effect was partially offset in the CRM Europe segment where service costs decreased by Euro 1,046 thousand and by the CRM International segment (decrease in costs by Euro 1,986 thousand) in addition to the change in inter-sector matches.

The table below shows, in more details, the disaggregation of *cost of services* as at March 31, 2022 and 2021:

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2022	2021
Maintenance	11,451	10,372
Insurance	1,068	875
Consultancy and professional services	51,248	36,488
Advertising, promotion and entertainment	53	331
Telephone expenses	1,249	1,145
Travel and stays	529	352
Energy and fluids	2,216	1,886
Distribution and warehousing	867	1,013
Other costs for services	15,055	19,718
Costs for services	83,736	72,180

The item other costs for services includes operating expenses and various services such as canteen expenses and meal vouchers reserved for employees, legal and notary fees, commissions and expenses for banking services, expenses for training courses, costs for cleaning and costs incurred towards third parties essentially referring to expenses for insurance policies and expenses for travel and business trips, in the present half year the item in question also includes the expenses for corporate protection related to Covid 19 (costs for sanitization,

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EXPLANATORY NOTES (continued)

cleaning, purchase of masks and gloves). The increase in costs is related to the increase in turnover volumes.

33. PERSONNEL EXPENSES

Personnel expenses are broken down as follows:

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2022	2021
Salaries and wages	94,254	86,839
Social security contributions	17,587	16,925
Employee benefit expenses	4,642	4,343
Other costs	7,023	558
Stock Grant costs	433	0
Agency work	600	1,086
Personnel expenses capitalised for assets created internally	(2,722)	(2,562)
Personnel expenses	121,818	107,190

Personnel expenses increased by Euro 14,628 thousand, or 13.65%.

The cost of employee with share-based payment, introduced during 2021, is equal to Euro 433 thousand as at March 31, 2022; there were no cancellations or changes to the plan during the first three months of 2022.

The number of employees as at March 31, 2022 is equal to 43,262 and the average number of employees of companies included in the consolidation area, broken down by category, is as follows:

	At March 31, 2022	At March 31, 2021
Executives	277.0	257.0
Middle managers	968.3	939.3
White-collar employees	42,572.7	42,889.0
Total Group average employees	43,818.0	44,085.3
Agency workers	85.7	123.3
Total workforce	43,903.7	44,208.7

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EXPLANATORY NOTES (continued)

34. DEPRECIATION, AMORTIZATION and PROFIT (LOSS) FROM SALE OF NON-CURRENT ASSET

Depreciation, amortization and profit (loss) for sale of non-current asset are broken down as follows:

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2022	2021
Industrial patent and intellectual property rights	2,182	1,698
Concession, licence and trademarks	66	72
Other	2,585	1,913
Total Intangible Depreciation and Amortization	4,833	3,683
Civil and industrial buildings	197	196
Industrial and commercial equipment	39	32
Plants and machinery owned	980	591
Other assets owned and leased	1,797	1,656
ROU Asset - Civil and industrial buildings IFRS16	2,394	2,090
ROU Asset - Other assets owned and leased IFRS16	321	245
Total Tangible Depreciation and Amortization	5,756	4,810
<i>Impairment Loss of Intangible asset</i>	0	0
Total Depreciation and Amortization	10,589	8,493
<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2022	2021
<i>Disposals of Intangible Assets</i>	0	1
<i>Disposals of Tangible Assets</i>	32	118
<i>Disposals of Financial Assets</i>	0	0
Total profit (losses) from sale on non-current assets	32	119

35. OTHER EXPENSES

Other operating expenses are broken down as follows:

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2022	2021
Provisions for risks	1,008	1,596
Taxes and duties	242	78
Membership fees	259	184
Other expenses	605	1,427
Other operating expenses	2,130	3,285

Net provisions for risks and charges are recorded for Euro 1,008 thousand by the IT Services sector. Information relating to provisions for risks and charges is indicated in Note no. 22 to which reference is made. The other non-recurring operating costs include almost exclusively the economic effect found for the closure of previous items.

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EXPLANATORY NOTES (continued)

36. FINANCIAL INCOME/(EXPENSES) AND EXCHANGE GAINS/(LOSSES)

Financial income (expenses) and exchange gains/(losses) are reported below:

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2022	2021
Financial income	742	106
Financial expenses	(8,267)	(6,450)
Exchange gains/(losses)	(458)	(153)
Financial expenses for leasing IFRS 16	1,114	(1,003)
Net financial result	(6,869)	(7,499)

As shown in the previous table, the result is negative as at March 31, 2022 for Euro 6,869 thousand, against a negative result of Euro 7,499 thousand as at March 31, 2021, with a decrease of Euro 630 thousand.

37. GAINS/(LOSSES) ON EQUITY INVESTMENTS INCLUDING THOSE RESULTING FROM VALUATION AT EQUITY METHOD

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2022	2021
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	0	0
Net result from equity investments	0	0

As shown in the previous table, the valuation with the equity method shows an amount of 0 as of March 31, 2022, the same amount recorded as of March 31, 2021.

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EXPLANATORY NOTES (continued)

38. INCOME TAXES

Income taxes are broken down as follows:

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2022	2021
Italian Companies		
<i>IRAP (Regional business tax)</i>	1,076	1,058
<i>IRES (Corporate income tax)</i>	3,856	3,519
<i>(Income) expenses from compliance with tax consolidation</i>	(51)	(177)
	4,881	4,400
Foreign companies		
<i>Other current taxes</i>	1,911	1,995
	1,911	1,995
Current Taxes	6,792	6,395
Italian Companies		
<i>IRAP (Regional business tax)</i>	90	(12)
<i>IRES (Corporate income tax)</i>	354	(150)
	444	(162)
Foreign companies		
<i>Other deferred taxes</i>	(251)	90
	(251)	90
Deferred taxes	193	(72)
Income taxes for the year - Non recurring portion	0	5
Total Income taxes	6,985	6,328

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

39. INCOME TAXES RECONCILIATION

Reconciliation of tax expense and the accounting profit multiplied by Group Almaviva's domestic tax rate:

<i>(in thousands of Euro)</i>	For the three months ended March 31,			
	2022		2021	
Income before taxes	22,236	100.0%	19,653	100.0%
Theoretical taxes (*)	5,337	24.0%	4,717	24.0%
Effective tax charge	6,985	31.41%	6,328	32.20%
differences between theoretical and effective tax charge	1,648	7.41%	1,611	8.20%
1) different foreign tax rates				
1a) Exchange rate differences	(1,177)	-5.29%	(518)	-2.63%
2) permanent differences:				
2a) IRAP and other italian regional taxes	1,076	4.84%	1,058	5.38%
2b) taxes of prior periods	0	0.00%	5	0.03%
2c) tax credit R&D	0	0.00%	0	0.00%
2d) consolidation adjustments	29	0.13%	49	0.25%
2e) IAS 19	0	0.00%	0	0.00%
2f) other differences (**)	1,720	7.74%	1,017	5.17%
Total differences	1,648	7.41%	1,611	8.20%

(*) Theoretical tax charge calculated by applying IRES (italian statutory tax rate)

(**) Other differences are mainly related to these fiscal effects: IFRS 16 adoption, deduction for super-amortization, non-deductible occurrence

40. GUARANTEES AND COMMITMENTS

The Group granted the following guarantees as at March 31, 2022:

- personal guarantees of Euro 215,819 thousand (Euro 216,958 thousand as at December 31, 2021), which are "in favour of subsidiaries" recorded by Almaviva S.p.A. for co-obligations issued to various insurance companies in the interest of Agrisian S.C.p.A. in Liquidation amounting to Euro 206,583 thousand and relative to the contract with the Ministry of Agricultural and Forest Resources; "in favour of other parties" in the amount of Euro 9,345 thousand, guarantees recorded by Lombardia Gestione of Euro 89 thousand for the execution of the service agreement, by Kline for Euro 20 thousand, by Almaviva Contact S.p.A. in the amount of Euro 8,863 thousand; Sadel S.p.A. in the amount of Euro 284 thousand.
- real guarantees provided as part of the new High Yield bond issue of November 3, 2021 and the new Revolving credit line for Euro 149,777 thousand relate to: Euro 69,543 thousand pledges on the shares held by Almaviva S.p.A. in Almaviva do Brasil Telemarketing Informatica S.A. ; Euro 57,537 thousand pledges on the shares held by Almaviva Contact S.p.a. in Almaviva do Brasil Telemarketing Informatica S.A. ; Euro 22,697 thousand pledges on the shares held by Almaviva do Brasil and by his subsidiary Aquarius Participacoes in Chain Serviços e Contact Center S.A. In order to guarantee the fulfillment of the secured credits, the following have been established: a pledge agreement on the intra-group items between Almaviva do Brasil and Almacontact SaS related to the intercompany loan received from latter. As a further guarantee of this loan, the shares held by Almaviva Technologies S.r.l. have also been pledged. equal to 95.11% of the share capital in Almaviva S.p.A.

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- guarantees provided through pledges on the shares held by by AlmagivA Contact in Simest S.p.A for Euro 1,545 thousand.

To date there are no risks of enforcement of the aforementioned guarantees and the Group also does not receive commissions related to the commitments made.

Other guarantees, commitments and risks

These amounted to Euro 8,478 thousand (Euro 8,478 thousand as at December 31, 2021) and refer to third party assets held by AlmagivA S.p.A.

41. RISKS AND OTHER INFORMATION

Credit risk

The maximum theoretical exposure to credit risk for the AlmagivA Group as at December 31, 2021 is represented by the carrying amount of financial assets reported in the financial statements, in addition to the nominal value of guarantees given on the payables or commitments of third parties.

Trade receivables due from customers represent the greatest exposure to credit risk. In respect of the risk of customer default, an appropriate write-down provision is recorded in the financial statements, the amount of which is periodically reviewed. The write-down process adopted by AlmagivA S.p.A. requires trade positions to be subject to an individual write-down based on the age of the receivable, the reliability of the individual debtor and the progress of debt management and collection procedures. Trade receivables are generated by the Group operations in different regions/countries (predominantly in Italy and Brazil) with diversified customers and counterparties from a geographical and sector point of view (industrial, energy, telephone firms, public administrations, commercial companies, etc.) and in terms of dimensions (large corporate, small and medium enterprises, residential customers).

The following table shows the overall exposure of AlmagivA Group's receivables, together with a breakdown by amounts falling due and past due. For more detailed information, please refer to Note 15 above.

<i>(in thousands of Euro)</i>	At March 31, 2022	At December 31, 2021
- Amount falling due	366,933	372,187
- Past due	80,502	47,487
Trade receivables net of Bad debt provision	447,435	419,674

Liquidity risk

Liquidity risk, according to generally accepted definition, represents the risk that available financial resources could be not sufficient to cover maturing financial liabilities. AlmagivA S.p.A. evaluated this risk as remote for the company and for the Group. During the assessment, the entity considered its own capability to generate cash flows from operating activities and from sources of financing that, after renewed financial structure, allow to get a significant saving on cost of borrowing. Liquidity risk has not suffered significant impacts from the Covid-19 pandemic.

Exchange rate risk

Exposure to the risk of exchange rates changing derives from the company's transactions in non-euro currencies (mainly the Brazilian Real) and affects the Interim Condensed Consolidated Financial Statements (economic result and shareholders' equity) due to translating assets and

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liabilities of companies that draft their financial statements with functional currency other than the Euro. The risk arising from translating assets and liabilities of companies that draft their financial statements with non-euro functional currency is not usually subject to hedging, barring another specific assessment. The Interim Condensed Consolidated Financial Statements as at 31 December 2021 were impacted by the worsening of the EUR / R \$ exchange rates.

42. INFORMATION ON FAIR VALUE MEASUREMENT

The Group uses the fair value within the Interim Condensed Consolidated Financial Statements for the valuation of the number of shares of Almaxwave S.p.A. freely assigned to employees for the 2021-2023 Stock Grant Plan. In addition, the fair value is used for the information provided regarding the bond. In both circumstances, the input used is type 1.

43. LEGAL ISSUES AND LITIGATIONS

Tax, administrative, civil and labour disputes are handled by the Almaxviva Group's competent departments that provided, for the drafting of the financial statements, a comprehensive and exhaustive overview of the different proceedings in progress. In respect of these disputes, the company, also with the help of the opinions provided by the Group's external legal representatives, carried out an accurate assessment of the risk of being the losing party which determined the recognition of the appropriate provisions for disputes likely to have a negative outcome and, which could be reasonably quantified, as represented and commented on in these notes, under "Provisions for risks and charges" - Note 22. For those proceedings whose negative outcome, owing to the different case law positions, was only considered possible, no specific allocations were made in accordance with the regulations governing the drafting of the Interim Condensed Consolidated Financial Statements.

Contingent liabilities

The disputes for which, also based on the opinions provided by the Group's external legal representatives, it was only deemed possible that the legal proceedings would result in an unfavourable outcome are indicated below. Therefore, no specific allocations were made in accordance with the regulations governing the drafting of the Interim Condensed Consolidated Financial Statements.

Shown below are the main contingent liabilities as at December 31, 2021 not recorded in the financial statements owing to the absence of the necessary requirements set out in reference standard IAS 37.

Almaxviva S.p.A.

Aubay Research & Technologies S.p.A./Sogei S.p.A./Almaxviva S.p.A. (RTI's agent with Bit Media S.p.A.)

Aubay S.p.A. has requested the cancellation, after suspension of effectiveness, of the communication of its exclusion from the open procedure for the assignment of the support service for the use of the ETL product "Informatica Power Center. Gara E 901", banned by Sogei S.p.A. To the council chamber of the 14 October 2009, Aubay S.p.A. has requested the postponement of the processing of the precautionary application to propose additional reasons against the final award in the meantime intervened. On 20 November 2009, Aubay S.p.A. has notified RTI Almaxviva of additional reasons. RTI Almaxviva has concluded the activities referred to in the contract. The substantive hearing is not yet scheduled. The outcome of the risk assessment did not determine the need to enter risk funds.

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Eustema S.p.A./FAPI-Fondo Formazione Piccole e Medie Imprese/Almaviva TSF S.p.A., now Almaviva S.p.A.

Eustema S.p.A. has requested the cancellation, after suspension of effectiveness, of the Notice and of the resolution of the Board of Directors of FAPI of 9 November 2010 regarding the appointment of the Selection Board of the tender called by FAPI for the assignment of the service for the construction of the new IT system and the related support activities for the automation of flows relating to financing activities for training. The TAR of Lazio rejected the precautionary request. The substantive hearing has not yet been scheduled. The outcome of the risk assessment did not determine the need to enter risk funds.

RTI Almaviva S.p.A. (agent of the RTI established with Telecom Italia S.p.A. and Agriconsulting S.r.l.) / Consip S.p.A./ Ministry of the Environment and Protection of Land and Sea ("MATTM")/ Presidency of the Council of Ministers

The RTI Almaviva has requested, with an appeal before the Lazio Regional Administrative Court, the joint and several condemnation of the MATTM, Consip and the Presidency of the Council of Ministers to pay the compensation and the greater sums due as compensation for damages, as a result of the provision with which the MATTM revoked the tender for the concession of the Waste Traceability Control System (SISTR), announced by Consip and awarded to RTI Almaviva. By judgment of 22 February 2021, the Lazio Regional Administrative Court partially upheld the appeal, ruling positively on the claim for compensation. On 31 March 2021, RTI Almaviva notified the appeal before the Council of State. The hearing is pending.

RTI Almaviva S.p.A. (agent of RTI with Engineering Ingegneria Informatica S.p.A./ Consip S.p.A./ RTI Leonardo Finmeccanica S.p.A. (RTI agent with HPE Services Italia S.r.l., e-GEOS S.p.A., Green Aus S.p.A., ABACO S.p.A.) / Ministry of Agricultural, Food and Forestry Policies/ Ministry of Economy and Finance/ Agency for Agricultural Disbursements/ National Anti-Corruption Authority

The RTI Almaviva has appealed to the Lazio Regional Administrative Court for the annulment, after the adoption of precautionary measures, of the final award measure in favor of the RTI Leonardo of lot 3 of the tender procedure for the assignment of the development and management services of the National Agricultural Information System (SIAN) for Agea. By judgment of 6 November 2019, the Lazio Regional Administrative Court upheld the appeal. RTI Leonardo notified the appeal before the Council of State. By judgment of 11 June 2020, the Council of State upheld the appeal of RTI Leonardo. RTI Almaviva notified the appeal for revocation on 8 September 2020. On March 4, 2021, the substantive hearing was held. By judgment of 8 April 2021, the Consiglio di Stato declared the appeal inadmissible.

RTI Almaviva S.p.A. (agent of the RTI established with Engineering Ingegneria Informatica S.p.A. and Sistemi Informativi Geografici S.r.l.) /Consip S.p.A./ RTI Agriconsulting S.p.A. (RTI's agent with Consorzio Stabile Arcodrea Engineering Soc. Consortile a r.l., Consorzio Stabile Reply Public Sector, Agrifuturo Soc. Coop. a mutualità prevalente, CGR Compagnia Generale Ripreseeree S.p.A.) / Ministero delle politiche agricole alimentari e forestali/ Ministero dell'economia e finanze/ Agenzia per le erogazioni in agricoltura/ Autorità nazionale anticorruzione

The RTI Almaviva has appealed to the Lazio Regional Administrative Court for the annulment, after the adoption of precautionary measures, of the exclusion measure of Engineering - and therefore of the RTI Almaviva of which Engineering is part as principal - from lot 2 of the open procedure tender for the assignment of the development and management services of the National Agricultural Information System (SIAN) for Agea. Engineering brought an independent

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appeal. RTI Agriconsulting brought a cross-appeal. By judgment of 1 July 2021, the Lazio Regional Administrative Court dismissed the appeals of RTI AlmagivA and Engineering. RTI AlmagivA has appealed to the Council of State. Engineering has appealed autonomously. The substantive hearing was held on 21 December 2021. By judgment of 23 December 2021, the Council of State rejected the appeals of RTI AlmagivA and Engineering.

RTI AlmagivA S.p.A. (agent of the RTI established with Engineering Ingegneria Informatica S.p.A. and Sistemi Informativi Geografici S.r.l.) / Consip S.p.A./ RTI Agriconsulting S.p.A. (RTI's agent with Consorzio Stabile Arcodrea Engineering Soc. Consortile a r.l., Consorzio Stabile Reply Public Sector, Agrifuturo Soc. Coop. a mutualità prevalente, CGR Compagnia Generale RipreseAeree S.p.A.) / Ministero delle politiche agricole alimentari e forestali/ Agenzia per le erogazioni in agricoltura/ Autorità nazionale anticorruzione

The RTI AlmagivA has appealed to the Lazio Regional Administrative Court for the annulment, after the adoption of precautionary measures, of the award of lot 2 of the open tender for the assignment of the development and management services of the National Agricultural Information System (SIAN) for Agea in favor of the RTI Agriconsulting, adopted by Consip. Engineering brought an independent appeal. The substantive hearing has been postponed to September 21, 2022.

RTI AlmagivA S.p.A. (agent of the constituting RTI with Fastweb S.p.A. and Consorzio Reply Public Sector)/ Consip S.p.A./ Ministry of Education/ Ministry of University and Research/ Enterprise Services Italia S.r.l. (agent of the constituting RTI with Leonardo S.p.A.) / Engineering Ingegneria Informatica S.p.A. (agent of the constituting RTI with Accenture S.p.A.)

The RTI AlmagivA has appealed to the Lazio Regional Administrative Court for the annulment, after the adoption of precautionary measures, of the tender documents for the assignment of the support, development and management services of the education information system (SID) ID 1975 – lot 2 ("MIUR Tender") and of the award measure against the RTI Enterprise. RTI Engineering also requested, with an independent appeal, the annulment of the acts of the MIUR Tender. With a provision of 9 November 2020, Consip canceled the MIUR tender. The RTI Enterprise has requested, with an appeal before the Lazio Regional Administrative Court, the annulment of the measure with which Consip annulled the MIUR Tender. On 31 March 2021, the substantive hearing was held. By judgment of 9 April 2021, the Lazio Regional Administrative Court partially upheld the appeal of RTI Enterprise, annulling the annulment measure of the MIUR Tender, rejecting the appeal of RTI AlmagivA and upheld the appeal of RTI Engineering, annulling the award measure in favor of RTI Enterprise; the Tar Lazio has, consequently, ordered the renewal of the MIUR Tender starting from the phase of presentation of the offers by the competitors who were invited at the time. On 26 April 2021, the RTI Enterprise notified the appeal before the Council of State. The precautionary hearing in the council chamber was held on June 10, 2021. The substantive hearing was held on 30 September 2021. On May 10, 2021, Consip notified the compliance appeal for clarifications pursuant to art. 112, paragraph 5, c.p.a. The hearing in the council chamber was held on July 14, 2021. By order of 15 July 2021, the Lazio Regional Administrative Court formulated the requested clarifications, clarifying that "*the procedure will have to be repeated only in favour of the economic operators who have previously submitted such tenders*" and that in the renewal of the Consip race "*is required to reconvene the same Tender Commission*". By judgment of 8 October 2021, the Council of State dismissed RTI Enterprise's appeal.

RTI S.E.T.I. S.n.c. (agent of the constituting RTI with Consorzio Nazionale Sicurezza S.c.ar.l.) / S.M.A. CAMPANIA S.p.A./ AlmagivA S.p.A. (agent of the constituting RTI with Servizi di Informazione Territoriale S.r.l. and New Technology Engineering Italia S.r.l.)

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The RTI SETI has brought an action before the Campania Regional Administrative Court for the annulment, after the adoption of precautionary measures, of the award measure in favor of the RTI AlmovivA of the tender for "the assignment of the detailed design, supply, installation and management of an integrated technologically advanced surveillance system for the detection and recognition of people and vehicles in restricted areas of interest within the area known as "Land of Fires" – Action 2.1 – Video surveillance" adopted by S.M.A. CAMPANIA S.p.A.. At the outcome of the hearing in the council chamber on 24 March 2021, the Campania Regional Administrative Court rejected the precautionary application and set the substantive hearing for 26 May 2021. On 29 March 2021, RTI SETI notified the appeal against the precautionary order of the Campania Regional Administrative Court. The Council of State has set the precautionary hearing in the council chamber for May 6, 2021. On 23 April 2021, the RTI SETI waived the precautionary judgment on appeal. The Council of State, by order of 7 May 2021, took note of the renunciation. The substantive hearing was held on 26 May 2021. By judgment of 12 July 2021, the Campania Regional Administrative Court dismissed RTI SETI's appeal. RTI SETI has appealed to the Council of State. At the hearing date of March 31, 2022, the case was held in court.

Engineering Ingegneria Informatica S.p.A./ Regione Autonoma della Sardegna/ RTI AlmovivA S.p.A. (principal of the constituting RTI with Accenture S.p.A. agent and Dedalus S.p.A.)

Engineering has appealed to the Tar Sardegna for the annulment, after adoption of precautionary measures, of the award measure in favor of the RTI AlmovivA of the tender for the award of the "Management, maintenance and re-engineering services of the architecture of the Regional Integrated Health Information System (SISaR) and acquisition of the SISaR 2.0 CIG integration infrastructure 7686214073", adopted by the Autonomous Region of Sardinia. The TAR Sardinia has set the hearing in the council chamber to April 7, 2021. On April 2, 2021, Engineering waived the appeal.

RTI NTT DATA ITALIA S.p.A. (agent of the constituent RTI with PC CUBE S.r.l. and Agic Technology S.r.l.) / Consip S.p.A./ RTI AlmovivA (agent of the RTI entity with Dedagroup Public Services S.r.l., Ecubit S.r.l. and GeoSystems S.r.l.)

The RTI NTT DATA has appealed to the Lazio Regional Administrative Court for the annulment, after the adoption of precautionary measures, of the award measure in favor of the RTI AlmovivA of lot 1 of the tender for the acquisition of services related to the production and maintenance of software in Microsoft environment and PHP – ID 2225, adopted by Consip. By judgment of 19 July 2021, the Lazio Regional Administrative Court upheld the appeal of the RTI NTT DATA. RTI AlmovivA has appealed to the Council of State. The substantive hearing was held on 27 January 2022. The case was held in court.

TLS Group S.A./ Embassy of Italy in Cairo/ Ministry of Foreign Affairs and International Cooperation/ AlmovivA S.p.A.

TLS has appealed to the Lazio Regional Administrative Court for the annulment of the award order in favour of AlmovivA of the tender for the outsourcing of services relating to the performance of activities auxiliary to the issuance of entry visas in Italy – CIG n. 84535787DB6, adopted by the Embassy of Italy in Cairo. The substantive hearing was held on 29 September 2021. By judgment of 16 November 2021, the Lazio Regional Administrative Court dismissed TLS' appeal.

Telecom Italia S.p.A./ Consip S.p.A./ RTI AlmovivA S.p.A. (agent of the RTI established with Engineering D.HUB S.p.A.)

Telecom Italia has appealed to the Lazio Regional Administrative Court for the annulment, after adopting precautionary measures, of the award measure in favor of the RTI AlmovivA of lot 1 of the "open tender for the award of a framework agreement concerning the supply of Cloud IaaS

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and Paas products in a public delivery model, related services, professional support services, technical professional services for Public Administrations – ID2213", adopted by Consip. After Telecom Italia's waiver of the precautionary application, the substantive hearing was set for 18 May 2022.

Dedalus Italia S.p.A. (agent of RTI with Enterprise Service Italia Srl, Sinapsys Srl, Etna Hitech joint-stock consortium company, Ebit Srl, Consorzio Digisalus Scarl, Healthware Group Srl and Expleo Italia S.p.A.)/ Consip S.p.A./ GPI S.p.A. (agent of constituting RTI with VODAFONE ITALIA S.P.A., AGFA GEVAERT S.P.A., NUUYTA S.R.L., IQVIA SOLUTIONS ITALY S.R.L., KIRANET S.R.L., ABINTRAX S.R.L., ALMAVIVA - THE ITALIAN INNOVATION COMPANY S.P.A., B.C.S. BIOMEDICAL COMPUTERING SYSTEMS S.R.L., ACCENTURE S.P.A.)

The RTI Dedalus has proposed autonomous appeals to the Lazio Regional Administrative Court for the annulment, after the adoption of precautionary measures, of the award measures in favor, among other things, of the RTI AlmagivA respectively of lots 1, 2, 3 and 4 of the open procedure tender divided into six lots pursuant to Legislative Decree. 50/2016, for the assignment of application services and the assignment of support services in the field of "Digital health – clinical-assistance information systems" for the public administrations of the NHS – ID 2202. The precautionary hearing has been set for January 12, 2022. The RTI Dedalus waived the appeals. By judgment of 1 February 2022, the Lazio Regional Administrative Court declared the appeals inadmissible.

Leonardo S.p.A. / Ministry of Infrastructure and Sustainable Mobility - General Command of the Port Authority Corps / RTI AlmagivA S.p.A. (agent of the joint venture established with Fincantieri Nextech S.p.A.)

Leonardo lodged an appeal with the Lazio TAR for the cancellation, after the adoption of precautionary measures, of the award provision in favor of the RTI AlmagivA of the tender "for the assignment of the management services of the VTS system for 36 months and an amount based on tender for 23,984,960.59 euros fully paid up excluded, with the option to provide additional services for a maximum amount of EUR 16,045,926.21 fully paid up excluded - CIG 8752782035 ". The AlmagivA RTI filed a cross appeal. The precautionary hearing was set for May 18, 2022.

RTI Leonardo S.p.A. (representative of the RTI with IBM Italia S.p.A., Sistemi Informativi s.r.l., Engineering Ingegneria Informatica S.p.A., Aruba PEC S.p.A., Sferanet s.r.l. and SMI Technologies and Consulting s.r.l.) / Consip S.p.A./ AlmagivA S.p.A. (principal of the joint venture established with Telecom Italia S.p.A., Netgroup S.r.l., Reevo S.p.A. and KPGM Advisory S.p.A.)

The RTI Leonardo appealed to the Lazio TAR for the cancellation, after the adoption of precautionary measures, of the award provision in favor of the RTI of which AlmagivA is part of the tender for the conclusion of a Framework Agreement, divided into two lots, with subject to the assignment of remote security, compliance and control services for Public Administrations ID Sigef 2296 (CIG Lot 1 88846293CA). The hearing on the merits was set for 22 June 2022.

Gerry's International Pvt. Ltd / Ministry of Foreign Affairs and International Cooperation / Embassy of Italy in Islamabad / AlmagivA S.p.A.

Gerry appealed to the Lazio TAR for the cancellation, subject to the adoption of precautionary measures, of the award order in favor of AlmagivA of the tender for the "outsourcing of services relating to the performance of activities related to the issue of entry visas in Italy "And the refusal to access AlmagivA's technical offer. By order of 20 April 2022, the Lazio TAR granted the exhibition of the aforementioned technical offer. Gerry proposed additional reasons, in

ALMAVIVA S.P.A. AND SUBSIDIARIES EXPLANATORY NOTES (continued)

relation to which a precautionary hearing was set for 11 May 2022. The hearing on the merits was set for 19 July 2022.

AlmavivA S.p.A. + others/ Lloyd's Insurers (at Lloyd's General Representative for Italy)
AlmavivA S.p.A. and other Group companies, as insured, by document notified on 13 July 2016, requested the Court of Milan to order Lloyd's insurers to reimburse the costs and legal costs of defence incurred in the context of an American litigation, in addition to compensation for damages. The Court rejected the plaintiff's claims by judgment of 18 June 2020, against which AlmavivA S.p.A. and the other Group companies appealed. Following the outcome of the first hearing, scheduled for 25 February 2021, the College postponed the hearing on 22 July 2022 for the clarification of the form of order sought. The outcome of the risk assessment did not determine the need to enter risk funds.

Almawave S.p.A.

RTI I.S.E.D. Ingegneria Dei Sistemi Elaborazione Dati S.p.A. (principal of the RTI with Telecom Italia S.p.A. agent and Intersistemi Italia S.p.A., Nike Web Consulting Srl, Telesio Sistemi Srl and SCS Azioinnova S.p.A.) / Agenzia delle Entrate – Riscossione/ Consip S.p.A./ Almawave S.p.A. (principal of the RTI entity with Reply S.p.A. agent and BIP Services S.r.l. and I.S.C. Information Sharing)

The RTI ISED has appealed to the Lazio Regional Administrative Court for the annulment, after the adoption of precautionary measures, of the award measure, in favor of the RTI of which Almawave is the principal, of the specific contract for the assignment of Software Development and Maintenance Services and Specialized Assistance (G13A) announced under the Framework Agreement "Application Services 2" - Lot no. 6. The substantive hearing was held on 25 January 2022. By judgment of 11 February 2022, the Lazio Regional Administrative Court dismissed the appeal.

RTI I.S.E.D. Ingegneria Dei Sistemi Elaborazione Dati S.p.A. (principal of the RTI with Telecom Italia S.p.A. agent and Intersistemi Italia S.p.A., Nike Web Consulting Srl, Telesio Sistemi Srl and SCS Azioinnova S.p.A.) / Agenzia delle Entrate – Riscossione/ Consip S.p.A./ RTI Almawave S.p.A. (principal of the RTI entity with Reply S.p.A. agent and BIP Services S.r.l. and I.S.C. Information Sharing)

The RTI ISED has appealed to the Lazio Regional Administrative Court for the annulment, after adopting precautionary measures, of the award measure, in favor of the RTI of which Almawave is the principal, of the specific contract for the assignment of Software Development and Maintenance Services and Specialized Assistance (G13B) announced under the Framework Agreement "Application Services 2" - Lot no. 6. The substantive hearing was held on 25 January 2022. By judgment of 14 February 2022, the Lazio Regional Administrative Court dismissed the appeal.

AlmavivA Digitaltec S.r.l.

RTI Exprivia S.p.A. (agent of RTI with Lutech S.p.A., ADS Automated Data Systems S.p.A., Data Processing S.p.A., Links Management and Technology S.p.A., SkyIT S.r.l. ed Etna Hitech S.c.P.A.) / Consip S.p.A./ AlmavivA Digitaltec S.r.l. (principal of RTI with Consorzio Reply Public Sector agent and Onit Group S.r.l., Schema 31 S.r.l., P.A. Advice S.p.A., Geek Logica S.r.l., Sopra Steria Group S.p.A. e Maggioli S.p.A.)

RTI Telecom Italia S.p.A. (agent of RTI with Deloitte Risk Advisory S.r.l., GPI S.p.A., Fincons S.p.A. e SIAV S.p.A.) / Consip S.p.A./ AlmavivA Digitaltec S.r.l. (principal of RTI with Consorzio Reply Public Sector agent and Onit Group S.r.l., Schema 31 S.r.l., P.A. Advice S.p.A., Geek Logica S.r.l., Sopra Steria Group S.p.A. e Maggioli S.p.A.)

ALMAVIVA S.P.A. AND SUBSIDIARIES EXPLANATORY NOTES (continued)

RTI Exprivia and Telecom Italia, with autonomous appeals, have appealed to the Lazio Regional Administrative Court for the annulment, after the adoption of precautionary measures, of the award measure in favor, among other things, of the RTI of which AlmagivA Digitaltec is the principal, of lot 3 of the "open tender divided into n. 9 lots pursuant to d.lgs. n. 50/2016 and s.m.i. for the conclusion of a Framework Agreement pursuant to Legislative Decree. n. 50/2015 concerning the assignment of application services in a cloud perspective and the assignment of PMO services for Public Administrations - ID 2212", adopted by Consip. The precautionary hearing in the council chamber was held on June 23, 2021. The substantive hearing was held on 17 November 2021. By judgments of 23 and 24 November 2021, the Lazio Regional Administrative Court dismissed the actions of RTI Telecom Italia and RTI Exprivia respectively. The RTI Telecom Italia and Exprivia have proposed autonomous appeals to the Council of State; after the waiver of both applicants of the precautionary applications, the substantive hearing of both appeals took place on April 7, 2022.

RTI Exprivia S.p.A. (agent of RTI with Lutech S.p.A., ADS Automated Data Systems S.p.A., Data Processing S.p.A., Links Management and Technology S.p.A., SkyIT S.r.l. ed Etna Hitech S.c.P.A.) / Consip S.p.A./ AlmagivA Digitaltec S.r.l. (principal of RTI with Maggioli S.p.A. agent and Onit Group S.r.l., Schema 31 S.r.l., P.A. Advice S.p.A., Geek Logica S.r.l., Sopra Steria Group S.p.A. e Consorzio Reply Public Sector)

Rti Telecom Italia S.p.A. (agent of RTI with Deloitte Risk Advisory S.r.l., GPI S.p.A., Fincons S.p.A. e SIAV S.p.A.) / Consip S.p.A./ AlmagivA Digitaltec S.r.l. (principal of RTI con Maggioli S.p.A. agent and Onit Group S.r.l., Schema 31 S.r.l., P.A. Advice S.p.A., Geek Logica S.r.l., Sopra Steria Group S.p.A. e Consorzio Reply Public Sector)

RTI Exprivia and Telecom Italia, with autonomous appeals, have appealed to the Lazio Regional Administrative Court for the annulment, after the adoption of precautionary measures, of the award measure in favor, among other things, of the RTI of which AlmagivA Digitaltec is the principal, of lot 4 of the "open tender divided into n. 9 lots pursuant to d.lgs. n. 50/2016 and s.m.i. for the conclusion of a Framework Agreement pursuant to Legislative Decree. n. 50/2015 concerning the assignment of application services in a cloud perspective and the assignment of PMO services for Public Administrations - ID 2212", adopted by Consip. The precautionary hearing in the council chamber was held on June 23, 2021. The substantive hearing was held on 17 November 2021. By judgments of 23 and 24 November 2021, the Lazio Regional Administrative Court dismissed the actions of RTI Telecom Italia and RTI Exprivia respectively. The RTI Telecom Italia and Exprivia have proposed autonomous appeals to the Council of State; after the waiver of both applicants of the precautionary applications, the substantive hearing of both appeals took place on April 7, 2022.

RTI Exprivia S.p.A. (agent of RTI con Lutech S.p.A., ADS Automated Data Systems S.p.A., Data Processing S.p.A., Links Management and Technology S.p.A., SkyIT S.r.l. ed Etna Hitech S.c.P.A.) / Consip S.p.A./ AlmagivA Digitaltec S.r.l. (principal of RTI con Maggioli S.p.A. agent and Onit Group S.r.l., Schema 31 S.r.l., P.A. Advice S.p.A., Geek Logica S.r.l., Sopra Steria Group S.p.A. e Consorzio Reply Public Sector)

RTI Telecom Italia S.p.A. (agent of RTI con Deloitte Risk Advisory S.r.l., GPI S.p.A., Fincons S.p.A. e SIAV S.p.A.) / Consip S.p.A./ AlmagivA Digitaltec S.r.l. (principal of RTI con Maggioli S.p.A. agent and Onit Group S.r.l., Schema 31 S.r.l., P.A. Advice S.p.A., Geek Logica S.r.l., Sopra Steria Group S.p.A. e Consorzio Reply Public Sector)

RTI Exprivia and Telecom Italia, with autonomous appeals, have appealed to the Lazio Regional Administrative Court for the annulment of the award measure in favor, among other things, of the RTI of which AlmagivA Digitaltec is the principal, of lot 5 of the "open procedure tender divided into n. 9 lots pursuant to Legislative Decree. n. 50/2016 and s.m.i. for the conclusion of a Framework Agreement pursuant to Legislative Decree. n. 50/2015 concerning the assignment of application services in a cloud perspective and the assignment of PMO services for Public

ALMAVIVA S.P.A. AND SUBSIDIARIES EXPLANATORY NOTES (continued)

Administrations – ID 2212", adopted by Consip. The substantive hearing was held on 17 November 2021. By judgments of 23 and 24 November 2021, the Lazio Regional Administrative Court dismissed the actions of RTI Telecom Italia and RTI Exprivia respectively. The RTI Telecom Italia and Exprivia have proposed autonomous appeals to the Council of State; after the waiver of both applicants of the precautionary applications, the substantive hearing of both appeals took place on April 7, 2022.

AlmavivA Contact S.p.A.

3G S.p.A. / Consip S.p.A. /AlmavivA Contact S.p.A.

3G S.p.A. has requested the annulment, after suspensive, of the measure with which Consip S.p.A. excluded it from the tender for the stipulation of the "*Framework Agreement with several economic operators on which to base the award of several specific contracts, pursuant to and for the purposes of art. 2, paragraph 225, Law n.191/2009 for the provision of Contact Center services*". The TAR of Lazio, in the council chamber of January 22 2014, ha the application for an injunction was rejected. With the decree of March 1, 2022, the Lazio TAR declared the appeal terminated. The outcome of the risk assessment did not determine the need of a risk provision.

Alicos S.p.A., now AlmavivA Contact S.p.A./Alitalia Linee Aeree Italiane S.p.A. in A.S.

Alicos S.p.A., in data 14 November 2008, has submitted an application for insinuation into the bankruptcy liabilities of Alitalia Linee Aeree Italiane S.p.A. in A.S., requesting the recognition in pre-deduction of the credits claimed for call center activities/services. Alicos S.p.A., admitted as unsecured, filed an appeal pursuant to art.111 bis L.F., then rejected. AlmavivA Contact S.p.A. lodged an appeal against that rejection decision, which was then dismissed. With appeal in opposition pursuant to art. 98 L.F., AlmavivA Contact S.p.A. challenged the passive status. This opposition was rejected and AlmavivA Contact S.p.A. appealed to the Court of Cassation. The Court dismissed the appeal by order, against which AlmavivA Contact appealed. The management, in consideration of the assessment of the risk carried out, considered it appropriate to proceed with the provision of a credit write-down fund related to the ongoing litigation.

Alicos S.p.A., now AlmavivA Contact S.p.A./Alitalia Servizi S.p.A. in A.S.

Alicos S.p.A., in data 19 January 2009, has submitted an application for insinuation in the bankruptcy liabilities of Alitalia Servizi S.p.A. in A.S. asking for the recognition in pre-deduction of the credits claimed for call center activities/ services. Alicos S.p.A., whose credit was not admitted in pre-deduction, because according to the Commissioner it would be fully paid, filed an appeal pursuant to art.111 bis L.F., then rejected. AlmavivA Contact S.p.A. lodged an appeal against that rejection decision, which was subsequently rejected. With appeal in opposition pursuant to art. 98 L.F., AlmavivA Contact S.p.A. challenged the passive status. This opposition was rejected and AlmavivA Contact S.p.A. appealed to the Court of Cassation. The management, in consideration of the assessment of the risk carried out, considered it appropriate to proceed with the provision of a credit write-down fund related to the ongoing litigation.

Sogei S.p.A. / AlmavivA Contact S.p.A.

Sogei S.p.A. has requested the condemnation of AlmavivA Contact S.p.A. to the restitution of sums paid as consideration for certain contracts between parties for the provision of telephone Help Desk services in the years 1998-2002. AlmavivA Contact S.p.A. was constituted in the judgment. The proceedings were postponed for clarification of the Form of Order Sought at the hearing on 18 October 2023.

ALMAVIVA S.P.A. AND SUBSIDIARIES EXPLANATORY NOTES (continued)

Alitalia in A.S. S.p.A. / Almaviva Contact S.p.A.

Alitalia in A.S. S.p.A. has requested that the ineffectiveness (with consequent obligation to return) of the payments made by the same in favor of Almaviva Contact S.p.A. in the six months prior to the date of admission to the extraordinary administration procedure (2 May 2017) be declared ineffective, as allegedly carried out in "anomalous" ways and/or times. Almaviva Contact S.p.A. was constituted in the judgment. The preliminary hearing, scheduled at first on March 31, 2022, it's been postponed on September 21, 2022.

Labour litigation

During 2016, Almaviva Contact launched a collective redundancy procedure with the declaration of 2511 redundant workers, of which 1666 were employed at the Rome office (1063 full-time equivalent positions) and 845 employees at the Naples office (560 full-time equivalent positions). This procedure was concluded, at the Ministry of Economic Development, in the presence of the Ministry of Labor and Social Policies on December 22, 2016, with the signing of a Minutes of Agreement. This Agreement provided, as regards the Rome office, for the company's right to proceed with the dismissal of redundant workers and, as regards the Naples office, the continuation of the comparison; comparison at the end of which it was possible to enter into an agreement for the reduction of labor costs and for the application of the call center earnings layoff on February 28, 2017.

During 2017, the first appeals submitted by the dismissed workers were received. In this regard, we must point out that in April 2017 the Civil Court of Rome labor section (by decree of 22 April 2017, RG n. 2342/2017) rejected an appeal presented by the CGIL - Rome and Lazio district - with which the trade union organization had requested the conviction of the company for anti-union conduct deducing the illegality of the dismissal procedure. The Court of Rome has extensively argued noting the correctness of the company's work and the legitimacy of the procedure.

On the individual litigation front, it is confirmed that all the five panels of judges that make up the Court of Appeal of Rome (judge of second instance) have confirmed the absence of defects in the procedure and the legitimacy of the dismissals and have reformed the few judgments of a different sign that had been pronounced at first instance.

Some of the unsuccessful workers in the Court of Appeal filed separate appeals on a point of law. In all pending proceedings, the company resisted with a counter-appeal. During 2021, hearings were held to discuss more than two-thirds of the cases registered. The Attorney General at the Court of Cassation has concluded for the rejection of all the appeals discussed so far (for inadmissibility and / or unfoundedness).

During 2021 and in the first three months of 2022, numerous judgments were filed by the Court of Cassation that rejected the appeals of over a thousand workers, confirming the appeal judgments.

On another front, in continuity with what has been done in previous years, the company in application of the collective agreement ASSTEL-ASSOCONTACT/OO.SS. of 1 August 2013 s.m.i. – which governed collaborations in call centers – has stipulated when possible transactions with the collaborators engaged in the previous year in order to guarantee the inclusion of the same in the pre-emption basin for the stipulation of new contracts and eliminate the risk of litigation aimed at requalification of collaborative relationships in employment relationships.

In the last year there have been no out-of-court appeals.

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

With reference to the residual litigation activated by former collaborators of the company of the Catania and Palermo offices, we must point out that the Court of Appeal of Palermo has confirmed the line in favor of AlmagivA Contact. The court of Catania continued to confirm its line in favor of the Company's reasons by rejecting the merits of the appeals filed by certain collaborators.

With regard to the project personnel subject to a stabilisation offer during 2007-2008 by the company Atesia S.p.A. (later merged into AlmagivA Contact S.p.A.), in the reference period there was no notification of new judicial appeals concerning the qualification of the relationship. Also in this case, as for the further litigation, they were the risks of the individual positions have been assessed and, where necessary, provisions have been made on the balance sheet.

44. TRANSACTIONS WITH RELATED PARTIES

The transactions carried out by the group with related parties basically concerned:

- (a) natural persons who directly or indirectly have voting power in the company preparing the financial statements that gives them a dominant influence over the company and their close family members;
- (b) executives with strategic responsibilities, that is, those who have the power and responsibility for planning, managing and controlling the activities of the company that draws up the financial statements, including directors and officers of the company and close family members of such persons;
- (c) companies in which significant voting power is held, directly or indirectly, by any natural person described in (a) or (b) or over which such natural person is able to exercise significant influence. This case includes companies owned by the directors or major shareholders of the company preparing the financial statements and companies that have a manager with strategic responsibilities in common with the company preparing the financial statements.

Jointly controlled companies, associated companies and subsidiaries excluded from the consolidation area are indicated in the annex "Companies and significant equity investments at March 31, 2022" which is considered an integral part of these notes.

The amounts of all the relationships initiated with the related parties are reported in the following tables, together with the nature of the most significant transactions.

Trade and other relations

Trade and other relations are analysed as follows:

(in thousands of Euro)	At March 31, 2022		For the three months ended March 31, 2022			
	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
Relationships with the controlling company of AlmagivA S.p.A.						
AlmagivA Technologies Srl	28,285	33,222	84			1
Relationships with the controlling companies valued at equity method						
Consorzio Hypertix	68					
Sin Srl	1,740	167			3,449	128
TVEyes L.T.	5	40				6
AlmagivA CCID	120					1
Consorzio Namex			11			
Strategic employees						
Stock Grant Plan				433		
Other						
Elvit Consultoria e Partcipacoes LTDA						
Total	30,218	33,429	95	433	3,449	136

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)

(in thousands of Euro)	At December 31, 2021		For the Year ended December 31, 2021			
	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
Relationships with the controlling company of Almoviva S.p.A. Almoviva Technologies Srl	30,393	31,552	318			2
Relationships with the controlling companies valued at equity method						
Consorzio Hypertix	68					
Sin Srl	6,189	167			29,423	793
TVEyes L.T.	8	71	6			20
Almoviva CCID	119					
Consorzio Namex			11			
Strategic employees						
Stock Grant Plan			2,148	2,522		
Other						
Elvit Consultoria e Participacoes LTDA			47			
Totale	36,777	31,790	2,530	2,522	29,423	815

(in thousands of Euro)	At March 31, 2021		For the three months ended March 31, 2021			
	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
Relationships with the controlling company of Almoviva S.p.A. Almoviva Technologies Srl	32,438	36,789	75			
Relationships with the controlling companies valued at equity method						
Consorzio Hypertix	68					
Sin Srl	12,619	167			13,111	192
TVEyes L.T.	4					4
Almoviva CCID	120					2
Consorzio Namex			11			
Other						
Elvit Consultoria e Participacoes LTDA			10			
Totale	45,249	36,956	96	0	13,111	198

45. SUBSEQUENT EVENTS

The use of so-called "smart working" agile work, which has affected most of the Group's employees, is still ongoing.

ALMAWAVE S.P.A.: CORPORATE ACQUISITION

On 13 April 2022, Almovave S.p.A. has completed the acquisition of the entire share capital of The Data Appeal Company S.p.A. ("TDAC"), a company based in Florence active in the development of vertical AI analytics solutions, a leader in the tourism, fintech and location intelligence sectors. The operation was carried out, as regards 24.24% of the share capital of TDAC, through the increase of share capital reserved for TDAC shareholders corresponding to no. 2,155,172 newly issued shares. As a result of the foregoing, the share capital of Almovave S.p.A. appears to be approved for Euro 304,316.42, subscribed and paid for Euro 292,139.95, divided into no. 29,213,995 ordinary shares, with no par value.

RUSSIA-UKRAINE CONFLICT

During these first months of 2022, the diplomatic-military clash between Ukraine and Russia had a moment of great tension following which Russia initiated an invasion of Ukrainian territory. In response to this deplorable event, the European Union has launched a series of measures aimed at sanctioning the work of Russia itself and at discouraging and isolating the Kremlin's economy. The aforementioned measures include stringent sanctions on several sectors: from the economic

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EXPLANATORY NOTES (continued)

and technological fields, up to that of transport and the media; Russian banks were gradually isolated, arms supplied to the Ukrainian government and the attack on the assets and personal assets of the entire Russian executive class held responsible for this military action.

The Directors assessed the possible effects deriving from the aforementioned conflict also in consideration of the sanctions implemented; this assessment was carried out with particular reference to the newly formed AlmavivA Russia LLC, the only company in the Group under Russian law. At present, there are no signs of criticality with respect to the activities carried out which are proceeding even more consistently than budget forecasts. With the exception of the aforementioned subsidiary, there are currently no significant exposures to the affected markets and there are no supply relationships with Russian counterparties such as to slow down their supply chains. Nonetheless, the administrators monitor the evolution of sanctions and restrictions on a daily basis by implementing all possible corrective actions aimed at minimizing any risk, including those deriving from potential cyber-attacks, as highlighted in the recommendations issued by the Agency for National Cybersecurity. In this sense, the possibility of setting up adequate and effective organizational and technical safeguards aimed at mitigating this risk, also providing for the strengthening of information flows with the control bodies, is not excluded.

Ultimately, the Group will pay close attention to the global scenario as there could be consequences on the economy as a whole. Furthermore, the Group will undertake to disclose as soon as possible any inside information regarding the impact of the crisis on the fundamentals, prospects and financial situation, including for AlmavivA Russia LLC, in line with the transparency obligations pursuant to the regulation on market abuse, while information on potential direct and indirect financial effects will be promptly provided in future interim reports.