

Gruppo  
**Almaviva**

**Almaviva**

**ALMAVIVA S.P.A. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
MARCH 2022**



**ALMAVIVA S.P.A. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021 AND 2020**



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**REPORTS OF INDEPENDENT AUDITORS**



**Almaviva The Italian Innovation  
Company S.p.A.**

Consolidated financial statements as of December 31, 2021

Independent auditor's report in accordance with article 14 of  
Legislative Decree n.39, dated 27 January 2010

Translation from the original Italian text

## REPORTS OF INDEPENDENT AUDITORS (Continued)



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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010  
(Translation from the original Italian text)

To the Shareholders of  
AlmavivA The Italian Innovation Company S.p.A.

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of AlmavivA Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the AlmavivA The Italian Innovation Company S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company AlmavivA The Italian Innovation Company S.p.A. or to cease operations, or have no realistic alternative but to do so.

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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi  
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 806158 - P.IVA 00891231003  
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/02/1998  
Iscritta all'Albo Speciale delle società di revisione  
Consob al progressivo n. 2 dell'ibene n. 10631 del 16/7/1997

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## REPORTS OF INDEPENDENT AUDITORS (Continued)



The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## REPORTS OF INDEPENDENT AUDITORS (Continued)



### Report on compliance with other legal and regulatory requirements

#### Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of AlmavivA The Italian Innovation Company S.p.A. are responsible for the preparation of the Report on Operations of AlmavivA Group as at December 31, 2021 including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations<sup>1</sup>, with the consolidated financial statements of AlmavivA Group as at December 31, 2021 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of AlmavivA Group as at December 31, 2021 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Rome, March 23, 2022

EY S.p.A.  
Signed by: Paolo Pambuffetti, Partner

*This report has been translated into the English language solely for the convenience of international readers*

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<sup>1</sup> For the purpose of publication of the consolidated financial statements of AlmavivA Group as at December 31, 2021 and for the year ended in the "Notices" section of Luxembourg Stock Exchange and in the AlmavivA The Italian Innovation Company S.p.A.'s website, the Report on Operations has not been translated into the English language

REPORTS OF INDEPENDENT AUDITORS



Almaviva The Italian Innovation  
Company S.p.A.

Consolidated financial statements as of December 31, 2020

Independent auditor's report in accordance with article 14 of  
Legislative Decree n.39, dated 27 January 2010

Translation from the original Italian text

## REPORTS OF INDEPENDENT AUDITORS (Continued)



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To the Shareholders of  
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### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of AlmavivA Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the AlmavivA The Italian Innovation Company S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company AlmavivA The Italian Innovation Company S.p.A. or to cease operations, or have no realistic alternative but to do so.

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## REPORTS OF INDEPENDENT AUDITORS (Continued)



The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## REPORTS OF INDEPENDENT AUDITORS (Continued)



### Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of AlmavivA The Italian Innovation Company S.p.A. are responsible for the preparation of the Report on Operations of AlmavivA Group as at December 31, 2020 including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations<sup>1</sup>, with the consolidated financial statements of AlmavivA Group as at December 31, 2020 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of AlmavivA Group as at December 31, 2020 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Rome, April 13, 2021

EY S.p.A.  
Signed by: Paolo Pambuffetti, Partner

*This report has been translated into the English language solely for the convenience of international readers*

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<sup>1</sup> For the purpose of publication of the consolidated financial statements of AlmavivA Group as at December 31, 2020 and for the year ended in the "Notices" section of Luxembourg Stock Exchange and in the AlmavivA The Italian Innovation Company S.p.A.'s website, the Report on Operations has not been translated into the English language

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

<i>(in thousands of Euro)</i>	<b>Note</b>	<b>At December 31, 2021</b>	<b>Of which with related parties</b>	<b>At December 31, 2020</b>	<b>Of which with related parties</b>
Intangible assets	7	79,317		65,358	
Goodwill		39,179		39,461	
Property, plant and equipment	8	86,094		81,918	
Investments accounted for using the equity method	9	235		1,106	
Non-current financial assets	10	1,239		1,229	
Deferred tax assets	11	23,181		14,770	
Other non-current assets	12	1,573		1,491	
<b>Total non-current assets</b>		<b>230,818</b>		<b>205,332</b>	
Inventories	13	12,168		8,137	
Contract assets	14	23,314		37,322	
Trade receivables	15	422,490	6,356	351,030	9,562
Current financial assets	16	3,578		4,152	
Other current assets	17	139,405	30,421	133,147	32,378
Cash and cash equivalents	18	169,622		98,569	
<b>Total current assets</b>		<b>770,577</b>		<b>632,357</b>	
Non-current assets held for sale	19	2,459		2,459	
<b>Total assets</b>		<b>1,003,854</b>		<b>840,148</b>	
Share capital		154,899		154,899	
Share premium reserve		17,788		17,788	
Stock grant reserve		4,670		0	
Other reserves		(155,462)		(187,602)	
Profit/(loss) for the period		57,908		35,143	
<i>Total group shareholders' equity</i>		<i>79,804</i>		<i>20,228</i>	
<i>Non-controlling interests</i>		<i>20,489</i>		<i>5,168</i>	
<b>Total shareholders' equity</b>	20	<b>100,292</b>		<b>25,396</b>	
Non-current liabilities for employee benefits	21	45,409		48,531	
Non-current provisions	22	11,210		5,836	
Non-current financial liabilities	23	395,982		317,233	
Deferred tax liabilities	24	2		2	
Other non-current liabilities	25	552		808	
<b>Total non-current liabilities</b>		<b>453,155</b>		<b>372,410</b>	
Current provisions	22	7,369		11,249	
Trade payables	26	272,904	271	270,844	248
Current financial liabilities	27	16,407		22,937	
Current tax liabilities	28	32,398		27,650	
Other current liabilities	29	121,329	31,519	109,663	23,515
<b>Total current liabilities</b>		<b>450,407</b>		<b>442,342</b>	
<b>Total liabilities</b>		<b>903,563</b>		<b>814,752</b>	
<b>Total equity and liabilities</b>		<b>1,003,854</b>		<b>840,148</b>	

**ALMAVIVA S.P.A. AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENT**

For the twelve months ended December 31,

<i>(in thousands of Euro)</i>	Note	2021	Of which with related parties	2020	Of which with related parties
Revenues from contracts with customers	30	945,807	29,423	871,296	33,291
Other Income	31	28,102	815	19,365	780
<b>Total revenues and other income</b>		<b>973,910</b>		<b>890,661</b>	
Cost of raw materials and services	32	(366,779)	(2,530)	(317,148)	(352)
Personnel expenses	33	(442,287)	(2,522)	(443,452)	
Depreciation and amortization	34	(38,142)		(39,165)	
Losses from sale of non-current assets	34	73		689	
Other expenses	35	(19,301)		(13,890)	
<b>Operating profit/(loss)</b>		<b>107,474</b>		<b>77,694</b>	
Financial income	36	1,509		1,040	
Financial expenses	36	(33,889)		(32,968)	
Exchange gains/(losses)	36	(308)		(622)	
Profit/(loss) from investments accounted for using equity method	37	(869)		0	
<b>Profit/(Loss) before taxes</b>		<b>73,917</b>		<b>45,145</b>	
Income taxes	38	(14,018)		(8,997)	
<b>Profit/(Loss) from continuing operations</b>		<b>59,899</b>		<b>36,148</b>	
<b>Profit/(Loss) for the period</b>		<b>59,899</b>		<b>36,148</b>	
of which:					
Profit/(loss) pertaining to the group		57,908		35,143	
Profit/(loss) pertaining to non-controlling interests		1,990		1,006	
<b>Earning (Loss) per share (EPS) basic and diluted</b>					
Basic, earning (loss) for the year attributable to ordinary equity holders of the parent		€ 0.39		€ 0.23	
Diluted, earning (loss) for the year attributable to ordinary equity holders of the parent		€ 0.39		€ 0.23	

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

<i>(in thousands of Euro)</i>	Note	For the twelve months ended December 31,	
		2021	2020
<b>Profit/(loss) for the period</b>		<b>59,899</b>	<b>36,148</b>
<b><i>Other components of comprehensive income that may be subsequently reclassified to profit or loss, after taxes:</i></b>			
Exchange differences on translation of foreign operations	<b>20</b>	890	(34,470)
<b>Total</b>		<b>890</b>	<b>(34,470)</b>
<b><i>Other components of comprehensive income that will not be subsequently reclassified to profit or loss, after taxes:</i></b>			
Actuarial gains/(losses) on valuation of liabilities for employee benefits	<b>21</b>	(663)	271
<b>Total</b>		<b>(663)</b>	<b>271</b>
<b>Comprehensive income/(loss) for the period</b>		<b>60,126</b>	<b>1,949</b>
of which:			
Comprehensive income/(loss) pertaining to the group		58,145	1,040
Comprehensive income/(loss) pertaining to non-controlling interests		1,981	909



**ALMAVIVA S.P.A. AND SUBSIDIARIES**  
**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								
<b>Shareholders' Equity at January 01, 2021</b>	<b>154,899</b>	<b>17,788</b>	<b>7,619</b>	<b>(148,561)</b>	<b>4,493</b>	<b>0</b>	<b>3,192</b>	<b>(54,348)</b>	<b>(195,224)</b>	<b>35,143</b>	<b>20,228</b>	<b>5,250</b>	<b>(1,088)</b>	<b>1,006</b>	<b>5,168</b>	<b>25,396</b>
<b>Profit/(loss) for the year</b>									<b>0</b>	<b>57,908</b>	<b>57,908</b>			<b>1,990</b>	<b>1,990</b>	<b>59,898</b>
Other movements pertaining Other comprehensive income							(663)	900	237		237		(10)		(10)	227
<b>Comprehensive income/(loss) for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(663)</b>	<b>900</b>	<b>237</b>	<b>57,908</b>	<b>58,145</b>	<b>0</b>	<b>(10)</b>	<b>1,990</b>	<b>1,980</b>	<b>60,125</b>
Allocation of prior year's profit/(loss)			4,846	30,297					30,297	(35,143)	0	1,006		(1,006)	0	0
Almawave listing effect				19,976					19,976		19,976	10,025			10,025	30,001
Almawave listing fees				(1,708)					(1,708)		(1,708)	(604)			(604)	(2,312)
Dividends paid and distribution of reserves				(20,350)					(20,350)		(20,350)				0	(20,350)
Changes in area and other movements				(1,157)					(1,157)		(1,157)	3,919			3,919	2,762
Stock Grant reserve						4,670			4,670		4,670				0	4,670
<b>Shareholders' Equity at December 31, 2021</b>	<b>154,899</b>	<b>17,788</b>	<b>12,465</b>	<b>(121,503)</b>	<b>4,493</b>	<b>4,670</b>	<b>2,529</b>	<b>(53,448)</b>	<b>(163,259)</b>	<b>57,908</b>	<b>79,804</b>	<b>19,596</b>	<b>(1,098)</b>	<b>1,990</b>	<b>20,488</b>	<b>100,292</b>

  

<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								
<b>Shareholders' Equity at January 01, 2020</b>	<b>154,899</b>	<b>17,788</b>	<b>6,320</b>	<b>(164,061)</b>	<b>4,493</b>	<b>0</b>	<b>2,921</b>	<b>(19,974)</b>	<b>(176,620)</b>	<b>12,131</b>	<b>14,520</b>	<b>5,892</b>	<b>(991)</b>	<b>1,550</b>	<b>6,451</b>	<b>20,971</b>
<b>Profit/(loss) for the year</b>									<b>0</b>	<b>35,143</b>	<b>35,143</b>			<b>1,006</b>	<b>1,006</b>	<b>36,149</b>
Other movements pertaining Other comprehensive income							271	(34,374)	(34,103)		(34,103)		(97)		(97)	(34,200)
<b>Comprehensive income/(loss) for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>271</b>	<b>(34,374)</b>	<b>(34,103)</b>	<b>35,143</b>	<b>1,040</b>	<b>0</b>	<b>(97)</b>	<b>1,006</b>	<b>909</b>	<b>1,948</b>
Allocation of prior year's profit/(loss)			1,299	10,832					10,832	(12,131)	0	1,550		(1,550)	0	0
Minorities acquisition				4,668					4,668		4,668	(1,488)			(1,488)	3,180
Dividends paid									0		0	(704)			(704)	(704)
<b>Shareholders' Equity at December 31, 2020</b>	<b>154,899</b>	<b>17,788</b>	<b>7,619</b>	<b>(148,561)</b>	<b>4,493</b>	<b>0</b>	<b>3,192</b>	<b>(54,348)</b>	<b>(195,224)</b>	<b>35,143</b>	<b>20,228</b>	<b>5,250</b>	<b>(1,088)</b>	<b>1,006</b>	<b>5,168</b>	<b>25,396</b>

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

<i>(in thousands of Euro)</i>	Note	At December 31, 2021	At December 31, 2020
<b>Profit/(loss) for the period</b>		<b>59,899</b>	<b>25,476</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Income Taxes	38	14,018	2,106
Financial income	36	(1,509)	(628)
Financial expenses	36	33,889	22,934
Exchange (gains)/losses	36	308	1,138
Depreciation, amortization and write-downs	34	37,081	29,433
Write-downs/(revaluations) of non-current financial assets and equity investments	34-37	1,930	0
Losses from sale of non-current assets	34	(73)	(124)
Other income deriving from transaction related to business unit transfer (Kline)	31	(7,153)	0
Interest received		1,509	628
Interest paid		(26,490)	(13,599)
Income taxes paid		(12,024)	(4,140)
<i>Cash flows generated from operating activities before changes in working capital</i>		<i>101,385</i>	<i>63,224</i>
Change in trade receivables excluding of the exchange rate effect and consolidation scope changes	15	(70,988)	15,935
Change in inventories excluding of the exchange rate effect and consolidation scope changes	13	(4,031)	(1,906)
Change in contract assets excluding of the exchange rate effect and consolidation scope changes	14	14,008	(5,886)
Change in trade payables excluding of the exchange rate effect and consolidation scope changes	26	1,982	6,671
Change in other assets excluding of the exchange rate effect and consolidation scope changes	12-17	(5,839)	(18,756)
Change in other liabilities excluding of the exchange rate effect and consolidation scope changes	25-29	(2,370)	(1,847)
Change in liabilities for employee benefits and provisions gross of exchange rate effect	21-22	(2,774)	(4,903)
Change in deferred tax liabilities (assets) excluding of exchange rate effect and consolidation scope changes	11-24	0	0
<i>Cash flows generated from operating activities changes in working capital</i>		<i>(70,012)</i>	<i>(10,692)</i>
<b>Cash-flow generated from/(absorbed by) operating activities (A)</b>		<b>31,373</b>	<b>52,532</b>
Investments in property, plant and equipment	8	(12,187)	(5,328)
Investments in intangible assets	7	(20,508)	(13,131)
Acquisition of investments accounted for using the equity method	9	(0)	0
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity method	9	0	(41)
Acquisition of subsidiaries net of cash and cash equivalents	6	1,243	(10,215)
Change in non-current financial asset	10	0	2
<b>Cash-flow generated from/(absorbed by) investing activities (B)</b>		<b>(31,452)</b>	<b>(28,713)</b>
Dividends		(20,148)	(686)
Proceeds from borrowings	23	343,405	10,953
Repayment of medium/long-term loans and non-current financial liabilities	23	(265,054)	(13,194)
Repayment of lease liabilities		(12,126)	(7,214)
Change in current and non-current financial liabilities	27	(3,366)	(2,382)
Change in current financial assets	16	576	(272)
Proceeds deriving from Almagave's share capital quotation		30,001	0
Fees paid for the Almagave listing		(2,312)	0
<b>Cash-flow generated from/(absorbed by) financing activities (C)</b>		<b>70,976</b>	<b>(12,795)</b>
<b>NET CASH FLOW BEFORE EXCHANGE RATE DIFFERENCES (A + B + C)</b>		<b>70,897</b>	<b>11,024</b>
<b>Effect of foreign exchange rates on cash and cash equivalents (D)</b>		<b>156</b>	<b>(12,238)</b>
<b>Cash flow of the year (A+B+C+D)</b>		<b>71,053</b>	<b>(1,214)</b>
Opening cash and cash equivalents		98,569	89,446
Closing cash and cash equivalents		169,622	88,231

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

### **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 44,689 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 Consolidated financial statements of the Company and its subsidiaries (the "AlmavivA Group") are prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union and comprise the Consolidated statement of financial position as at December 31, 2021, and 2020 and the related Consolidated income statement, Consolidated statement of other comprehensive income, Consolidated statement of changes in shareholders' equity and Consolidated statement of cash flows for the years ended December 31, 2021, and 2020, together with the related explanatory notes thereto (hereinafter collectively as the "Consolidated Financial Statements").

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 Consolidated Financial Statements were approved by the Company's Board of Directors on March 22, 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 Consolidated Financial Statements.

#### **1.1. Reflections of Covid-19 pandemic on the 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 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.

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

As already highlighted in the consolidated financial reports of 2020, the Almoviva 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 December 31, 2021, 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. The trend of the latter appears to be in line with the previous year ended December 31, 2020 while showing, as detailed in Note 15 to which reference should be made, an increase in absolute value of the 30-120 days overdue bands.

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 2021 operations of the Almoviva Group are not to be considered significant. Finally, there are no significant impacts on liquidity risk, both for the entry of additional financial resources following the completion of the listing operation of Almovave SpA which took place in March 2021, and for the results achieved as well as for the renegotiation of the Bond Loan which took place successfully in November 2021

## **2. BASIS OF PREPARATION**

### **Standards**

The consolidated financial statements of the Almoviva Group have been drawn up in compliance with current regulations.

The consolidated financial statements have been drawn up on the assumption of going concern. The assessment of the Almoviva 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 Almoviva Group regarding the ability to continue its business.

### **Contents of the consolidated financial statements**

The Consolidated Financial Statements of the Almoviva Group 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. The Consolidated Financial Statements is 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.

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

The accounting standards adopted for the draw up of the Consolidated Financial Statements comply with: (i) those used for the draw up of the consolidated financial statements as at 31, December 2020, except for the adoption of the new standards, amendments and interpretations in force from 1 January 2021

The layouts adopted for the preparation of the 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)**

<b>Exact exchange rates</b>				
Amount of currency for 1 Euro				
<b>Country</b>	<b>Currency</b>	<b>ISO</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Saudi Arabia	Riyal	SAR	4.2473	4.6016
Brazilian	Real	BRL	6.3101	6.3735
China	Yuan	CNY	7.1947	8.0225
Colombian	Peso	COP	4598.6800	4202.3400
Indonesia	Rupia	IDR	-	17240.7600
Egypt	Lira	EGP	17.8012	-
Europe	Leu	RON	4.9490	4.8683
Russia	Rublo	RUB	85.3004	-
United States	Dollaro	USD	1.1326	1.2271
Tunisian	Dinaro	TND	3.2603	3.2943

<b>Average exchange rates</b>				
Amount of currency for 1 Euro				
<b>Country</b>	<b>Currency</b>	<b>ISO</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Saudi Arabia	Riyal	SAR	4.4382	4.460225
Brazilian	Real	BRL	6.3814	5.8943
China	Yuan	CNY	7.6340	7.8747
Colombian	Peso	COP	4427.2175	4217.0600
Indonesia	Rupia	IDR	-	16627.37
Egypt	Lira	EGP	18.3351	-
Europe	Leu	RON	4.9209	4.8383
Russia	Rublo	RUB	83.3012	-
United States	Dollaro	USD	1.1835	1.1422
Tunisian	Dinaro	TND	3.2883	3.1997

## **2.1 Going Concern**

During 2021, Almoviva Group consolidated the growth trends in revenues achieved in previous periods (reaching Euro 945.8 million, increased Euro 74.5 million at current exchange rates, increased Euro 89.6 million or 10.3% at constant exchange rates, compared to the same period of the previous year). The result as of December 31, 2021, shows a profit at the level of consolidated operating result in sharp growth compared to the previous year and equal to Euro 107,474 thousand (increased Euro 29,780 thousand compared to December 31, 2021, at current exchange rates and by Euro 32,007 thousand at constant exchange rates). At the level of Net Profit there is a positive result of Euro 59,899 thousand with an increase of Euro 23,750 thousand compared to the consolidated profit of the same period of the previous year.

It should be noted that growth was slightly negatively influenced by the exchange rate effect, as highlighted above.

Regarding the health emergency relating to Covid-19, as anticipated in note 1.1, the Almoviva Group highlighted an insignificant impact during the 2021. A greater impact, albeit limited, on some customers and business areas cannot be excluded during next year. 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

## **ALMAVIVA S.P.A. AND SUBSIDIARIES**

### **EXPLANATORY NOTES (continued)**

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.

The limitations naturally also concern the health need of social distancing with the consequent lockdown which led to the decision to close most of the company offices of the companies belonging to the AlmagivA Group using the new organizational model, still in progress, 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.

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.

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. In the first case, thanks to the rapid activation of temporary agile work methods and the collaboration of customers, the activity continued substantially on most customers and activities. In the second case, thanks to the opportunities associated with the possible increase in investments by customers in the field of

## **ALMAVIVA S.P.A. AND SUBSIDIARIES**

### **EXPLANATORY NOTES (continued)**

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. AlmagivA 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 August 2021, the integration of the area dedicated to the Trustees of AlmagivA, already a leader in the sector with 70% of the market, and Kline Srl, a company specialized in application platforms for "Front-to-Back operations of the entire Wealth Management, SIM, SGR and Private Banking sector, was completed. The acquisition of the 70% of the shar capital was completed through the transfer of the AlmagivA business unit to the same Kline.

In the last quarter of 2021, a process related to the business unit specialized in the banking sector of AlmagivA started. This process ended with the transfer of the business unit into the newco ReActive S.r.l. on January 1, 2022.

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 AlmagivA 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 AlmagivA'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 AlmagivA'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 AlmagivA'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.

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.



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

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).

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 2022 there will also be the start-up of activities related to entry visas: 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 will begin, carried out through the three subsidiaries Almaviva Russia LLC, Almaviva Egypt LLC and Almaviva Dominican Republic.

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 2021, 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 31.12.2021, show a reduction at revenues level of 6.1% compared to the same period of the previous year, maintaining the contraction already recorded in 2020.

The decrease at costs level of 7.5% 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 offset this impact and improve margins, recording an EBITDA improvement of Euro 2,616 thousand compared to the same period of the previous year.

The 2021 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.

## **ALMAVIVA S.P.A. AND SUBSIDIARIES**

### **EXPLANATORY NOTES (continued)**

Regarding the recent affair related to the ITA Airways contract, we highlight the positive achievement of the agreement with the trade unions and all the parties involved for the gradual transition to the new supplier of all the resources used to carry out the previous contract with Alitalia SpA.

For 2022, a further 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, is estimated to continue to be volatile also in the last part of 2022, with an average value equal to 6.5 EUR/BRL.

Inflation (HICP) should remain at high levels. The 2021 recorded inflation of 10.06% and a rate of 5.4% is expected for 2022. The Selic, the interest rate for the interbank market, is now at 10.75% per annum. This rate has seen an increase of 5.75 pp in 2021 from 2% to 7.75%, to currently stand at 10.75%, as mentioned. The increases are mainly due to contain the inflation phenomenon. The current rate was used as a reference for the 2022 budget.

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 in 2020 regulations were enacted aimed at countering the impact of the pandemic and guaranteeing the health and well-being of citizens. In this context, as in the other companies of the Group, extraordinary measures have been adopted aimed at adapting production methods, thanks to the use of home 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.

## **ALMAVIVA S.P.A. AND SUBSIDIARIES**

### **EXPLANATORY NOTES (continued)**

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 SpA, 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 the Iride and Audioma product platforms in the various technological and application components: in fact, new functions have been released that have allowed better integration between the various modules and optimize the architectures underlying the software suite. In particular, in March 2021 the new release of the Iride Voice product was launched, which introduced a series of out-of-the-box features to allow faster activation of solutions based on this software module.

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, 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 AlmavivA 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).

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

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 (November 2026) and coupon at 4.875%, reserved exclusively for institutional investors, was completed. On October 19, 2021, a € 70 million revolving credit line was also activated. The transaction also allowed the simultaneous full repayment of the previous senior secured bond debt for a value of € 250 million and the related revolving credit line for € 40 million. 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 (equal to € 100 million), is lower than the previous issue. As for the rating, the S&P agency raised the level to B + and the Fitch agency assigned BB-.

For 2022, financial management is expected to lead to a reduction in the NFP for the same consolidation area.

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

### **2.2 Basis of consolidation**

The Consolidated Financial Statements comprise the financial statements of Al MAVIVA S.p.A. and of the Italian and foreign companies controlled directly or indirectly by Al MAVIVA 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);

- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

### 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 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 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

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

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 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 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 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

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

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 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 at December 31, 2021 are listed in the following table. Compared to the consolidated financial statements as at December 31, 2020, consolidation area has changed or has had a dilution of share:

- due to the entry, in January, of Almaxwave S.p.A. in the share capital of Obda Systems S.r.l. with a 60% share. Obda Systems S.r.l. is an innovative startup born within the La Sapienza University of Rome that offers products and solutions with high technological value to extract key information from complex and large datasets.
- On January 11, 2021, the Shareholders' Meeting of Almaxwave S.p.A. has taken solutions aimed at implementing the Listing, including the transformation of the company from a limited liability company into a joint stock company. On March 9, 2021 Almaxwave S.p.A. received the admission of its ordinary shares to trading on AIM Italia, a multilateral trading system organized and managed by Borsa Italiana S.p.A. On March 11, 2021, trading of Almaxwave shares began on AIM Italia. The shares placed on the market, as of March 31, 2021, were n. 6,423,529 (which will become 7,058,823 including the shares relating to the total exercise of the greenshoe which took place in April 2021). Following this transaction, the share of Almaxviva S.p.A. in the capital of Almaxwave S.p.A. it changes from 100% to 75.69% as at March 31, 2021 to become 73.91% in April after the full exercise of the greenshoe option.
- On July 20, 2021, Almaxviva 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

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

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, AlmagivA Egypt, a company incorporated under Egyptian law, was established. The Share Capital is held 99% by AlmagivA SpA and 1% by AlmagivA 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 AlmagivA SpA participated in the aforementioned restricted procedure, the Limited Liability Company "AlmagivA Russia" was established, a company incorporated under Russian law in which AlmagivA 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 AlmagivA SpA and approximately 0.003% by AlmagivA Contact S.p.A.

Compared to the Consolidated financial statements as of December 31, 2020, the consolidation area has changed due to the following companies added: Obda Systems S.r.l., Kline S.r.l., AlmagivA Egypt, AlmagivA Russia, AlmagivA Republica Dominicana and due to the change in the minority of AlmagivA S.p.A.

The consolidated companies as at December 31, 2021 and 2020 are listed below:



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

<i>Companies and method of consolidation</i>	<b>Currency</b>	<b>Share held</b>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Almaviva S.p.A. (Parent Company) Rome, Italy	Euro	100.00%	Parent	Parent
Lombardia Gestione S.r.l. Milan, Italy	Euro	51.00%	Full	Full
Almaviva de Belgique S.A. Brussels, Belgium	Euro	100.00%	Full	Full
Almaviva Digitaltec S.r.l. Naples, Italy	Euro	100.00%	Full	Full
Wave S.r.l. Pianoro, Italy	Euro	100.00%	Full	Full
Sadel S.p.A. Castel Maggiore, Italy	Euro	84.05%	Full	Full
Wedoo Holding S.r.l. Torino, Italy	Euro	55.00%	Full	Full
Wedoo S.r.l. Torino, Italy	Euro	55.00%	Full	Full
Wedoo LLC Michigan, U.S.	US Dollar	55.00%	Full	Full
Spin Data (ex Arte) S.r.l. * Napoli, Italy	Euro	80.00%	Full	Full
Almaviva Saudi Arabia LLC * Riyad, Saudi Arabia	Saudi Riyal	100.00%	Full	Full
Almaviva Egypt LLC ** Cairo, Egypt	Egyptian pound	100.00%	Full	-
Kline S.r.l. *** Milan, Italy	Euro	70.00%	Full	-
Almaviva Republica Dominicana S.r.l. ** Santo Domingo, Dominican Republic	Dominican Peso	100.00%	Full	-
Almaviva Russia L.L.C. ** Moscow, Russian Federation	Ruble	40.00%	Full	-
Almaviva Contact S.p.A. Rome, Italy	Euro	100.00%	Full	Full
Almaviva do Brasil S.A. San Paolo, Brazil	Brazilian Real	99.58%	Full	Full
Aquarius Participações S.A. San Paolo, Brazil	Brazilian Real	99.58%	Full	Full
Chain Serviços e Contact Center S.A. San Paolo, Brazil	Brazilian Real	99.58%	Full	Full
Almacontact Bogotá, Colombia	Colombian Peso	99.58%	Full	Full
Italy Call S.r.l. Rome, Italy	Euro	100.00%	Full	Full
Almaviva Tunisie S.A. Ville de Tunisi, Tunisie	Tunisian Dinar	56.25%	Full	Full
Almaviva Services S.r.l. Iasi, Romania	Romanian Leu	100.00%	Full	Full
Almawave S.p.A. Rome, Italy	Euro	73.91%	Full	Full
Almawave do Brasil Ltda. San Paolo, Brazil	Brazilian Real	73.91%	Full	Full
Pervoice S.r.l. Trento, Italy	Euro	73.91%	Full	Full
Almawave USA Inc. San Francisco, U.S.	US Dollar	73.91%	Full	Full
OBDA Systems S.r.l. *** Rome, Italy	Euro	44.35%	Full	-
Agrisian S.C.p.A. in liquidazione Rome, Italy	Euro	50.86%	Full	Full
*Established in 2020 **Established in 2021 ***Acquired in 2021				
<i>Companies and method of consolidation (continued)</i>	<b>Currency</b>	<b>Share held</b>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
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
Consorzio Hypertix Rome, Italy	Euro	49.99%	Equity	Equity
TVEyes L.T. S.r.l. Trento, Italy	Euro	20.00%	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)**

In Note no. 9 shows more details of the investments valued using the equity method.

The ultimate parent Company

The ultimate parent company of the AlmagivA Group is AlmagivA Technologies S.r.l, a holding company domiciled in Italy.

Subsidiaries with significant minority interests

The information required by IFRS 12 relating to the significant minority interests that the subsidiaries have in the assets, liabilities and economic/cash flows of the Group is provided below:

<b>Company</b>	<b>Country</b>	<b>For the year ended December 31</b>	
		<b>2021</b>	<b>2020</b>
AlmagivA S.p.A.	Italy	26.09%	0%
Kline S.r.l.	Italy	30.00%	100%
Lombardia Gestione S.r.l.	Italy	49.00%	49.00%
AlmagivA Tunisie S.A.	Tunisia	43.75%	43.75%

**Accumulated balances of material non-controlling interest:**

*(in thousands of Euro)*

<b>Company</b>	<b>Country</b>	<b>For the year ended December 31</b>	
		<b>2021</b>	<b>2020</b>
AlmagivA S.p.A.	Italy	11,000	0
Kline S.r.l.	Italy	8,341	0
Lombardia Gestione S.r.l.	Italy	824	767
AlmagivA Tunisie S.A.	Tunisia	1,083	926

**Profit allocated to material non-controlling interest:**

*(in thousands of Euro)*

<b>Company</b>	<b>Country</b>	<b>For the year ended December 31</b>	
		<b>2021</b>	<b>2020</b>
AlmagivA S.p.A.	Italy	621	0
Kline S.r.l.	Italy	64	0
Lombardia Gestione S.r.l.	Italy	57	52
AlmagivA Tunisie S.A.	Tunisia	147	63

The minorities present in Sadel S.p.A., Agrisian ScpA in Liquidation, AlmagivA do Brasil SA, Wedoo Holding S.r.l., Wedoo S.r.l. and Wedoo LLC. are not considered significant because: i) Sadel was acquired through Wave S.r.l. in the first half of 2018 with a percentage of 84.05%, and therefore the contribution on the Consolidated Financial Statements at December 31, 2021 is not considered relevant; ii) the Pervoice S.p.A., Wedoo Holding S.r.l., Wedoo S.r.l., Wedoo LLC., OBDA System S.r.l. and AlmagivA Russia L.L.C. contribution volumes are irrelevant for the purposes of the disclosure presented in the Consolidated Financial Statements of AlmagivA S.p.A.; iii) for Agrisian SCpA in liquidation and for AlmagivA do Brasil minority interests in these companies are not relevant for the purposes of consolidation.

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations. The data relating to 2021 are affected by the change in the minority relating to AlmagivA S.p.A. and to Kline S.r.l., which arose during the year, as reported in the paragraph "Consolidation Area" relating to note 2.2. This information is based on the balance sheet balances before intercompany eliminations:

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

December 31, 2021	Almawave S.p.A.	Kline S.r.l.	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
<i>(in thousands of Euro)</i>				
Revenues from contracts with customers	28,769	4,213	2,085	2,689
Cost of raw materials and services	(13,713)	(879)	(174)	(401)
Personnel expenses	(10,264)	(1,882)	(1,682)	(1,497)
Depreciation and amortization	(2,598)	(1,368)	(34)	(233)
Depreciation and amortization	(384)	(16)	(13)	(45)
<b>Profit before taxes</b>	<b>2,761</b>	<b>72</b>	<b>163</b>	<b>418</b>
Income taxes	(380)	140	(52)	(83)
<b>Profit from continuing operations</b>	<b>2,381</b>	<b>212</b>	<b>111</b>	<b>335</b>
<b>Other comprehensive income for the year</b>	<b>2,333</b>	<b>212</b>	<b>116</b>	<b>335</b>
Other comprehensive income pertaining to the group	621	64	57	147
Dividends paid pertaining to non-controlling interests	0	0	0	0

December 31, 2020	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
<i>(in thousands of Euro)</i>		
Revenues from contracts with customers	2,037	2,267
Cost of raw materials and services	(477)	(360)
Personnel expenses	(1,963)	(1,331)
Depreciation and amortization	(47)	(238)
Depreciation and amortization	(18)	(57)
<b>Profit before taxes</b>	<b>134</b>	<b>198</b>
Income taxes	(25)	(53)
<b>Profit from continuing operations</b>	<b>109</b>	<b>145</b>
<b>Other comprehensive income for the year</b>	<b>106</b>	<b>145</b>
Other comprehensive income pertaining to the group	52	63
Dividends paid pertaining to non-controlling interests	686	0

Summarized statement of financial position at December 31, 2021	Almawave S.p.A.	Kline S.r.l.	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
<i>(in thousands of Euro)</i>				
Non-current assets	21,754	28,612	120	661
Trade receivables	24,916	2,461	1,086	2,167
Current liabilities	(25,927)	(3,933)	(2,509)	(1,494)
Non-current liabilities	(1,752)	(1,225)	(350)	(181)
<b>Equity</b>	<b>42,160</b>	<b>27,804</b>	<b>1,682</b>	<b>2,476</b>
Pertaining to the group	31,160	19,463	858	1,393
Pertaining to non-controlling interests	11,000	8,341	824	1,083

Summarized statement of financial position at December 31, 2020	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
<i>(in thousands of Euro)</i>		
Non-current assets	195	616
Trade receivables	258	2,291
Current liabilities	(2,834)	(1,709)
Non-current liabilities	(472)	(59)
<b>Equity</b>	<b>1,566</b>	<b>2,116</b>
Pertaining to the group	799	1,190
Pertaining to non-controlling interests	767	926

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

<b>Summarized statement of cash flow Dicembre 31, 2021</b>	<b>Almaviva S.p.A.</b>	<b>Kline S.r.l.</b>	<b>Lombardia Gestione S.r.l.</b>	<b>Almaviva Tunisie S.A.</b>
<i>(in thousands of Euro)</i>				
Cash-flow generated from operating activities	4,777	1,548	(861)	555
Cash-flow absorbed by investing activities	(4,201)	(18,369)	0	(272)
Cash-flow absorbed by financing activities	11,422	16,800	5	147
<b>Cash flow of the year</b>	<b>11,998</b>	<b>(21)</b>	<b>(856)</b>	<b>430</b>

<b>Summarized statement of cash flow December 31, 2020</b>	<b>Lombardia Gestione S.r.l.</b>	<b>Almaviva Tunisie S.A.</b>
<i>(in thousands of Euro)</i>		
Cash-flow generated from operating activities	(285)	277
Cash-flow absorbed by investing activities	(1)	(81)
Cash-flow absorbed by financing activities	(1,403)	(363)
<b>Cash flow of the year</b>	<b>(1,689)</b>	<b>(167)</b>

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Accounting policies and measurement criteria

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 31 December 2020, except for the adoption of the new standards and amendments in force from 1 January 2021. The group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

The most significant accounting principles and valuation criteria adopted for the preparation of the financial statements at 31.12.2021 are described below. The Group applied for the first time some standards or amendments that have been in force since January 1, 2021. The application of these standards or amendments, for more details on which reference is made to paragraph 3.2 below, did not have any significant effects on the financial statements consolidated as at 31 December 2021.

#### Intangible assets

Intangible assets are identifiable assets lacking physical substance, controlled by the group and able to produce future economic benefits, as well as goodwill deriving from business combinations. Identifiability is defined with reference to the possibility of distinguishing the intangible asset acquired from goodwill. This requirement is normally satisfied when: (i) the intangible asset arises from a legal or contractual right, or (ii) the asset is separable, i.e. can be sold, transferred, leased or exchanged independently or as an integral part of other assets. Company's control consists of the power to obtain future economic benefits from the asset or the possibility of restricting others' access to those benefits.

As part of the transition to IFRS, the Almaviva Group decided not to retroactively apply *IFRS 3 - Business combinations* to acquisitions made prior to October 1, 2012; consequently, for these acquisitions, the carrying amounts of the intangible assets as at said date were maintained, calculated on the basis of the previous accounting standards.

Intangible assets are booked at historical cost, inclusive of any directly attributable accessory charges. No revaluations are permitted, even in application of specific laws.

Intangible assets with a definite useful life are amortised systematically over their useful life, understood as the estimate of the period in which the assets will be used by the company; amortization is recorded from the moment the asset is available for use, or is potentially able to generate the associated economic benefits. The annual depreciation rates used are as follows:

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

- Industrial patents and intellectual property rights: 10-33%;
- Concessions, licenses, trademarks and similar rights: 25%;
- Other intangible assets: 20%.

The costs relating to technological development activities are recorded under balance sheet assets when: (i) the cost attributable to the development activity can be reliably determined; (ii) there is the intention, the availability of financial resources and the technical capacity to render the asset available for use or sale; (iii) it can be demonstrated that the asset is able to produce future economic benefits.

In the presence of specific indicators of the risk of non-recovery of the carrying amount of the Intangible assets with a definite useful life, these are subject to impairment testing, as described in the specific section.

Goodwill and other intangible assets with an indefinite useful life are not subject to amortization; the recoverability of their book values is verified at least annually and, in any case, when events occur that indicate impairment. With reference to goodwill, the test is performed at the smallest aggregate level (cash generating unit) to which goodwill can be attributed on a reasonable and consistent basis; this aggregate represents the basis on which Company Management directly or indirectly assesses the investment return. When the book value of the cash generating unit inclusive of the goodwill attributed to it is higher than the recoverable value, the difference is subject to a write-down which is allocated, on a priority basis, to the goodwill up to the relevant amount; any excess of the write-down with respect to goodwill is charged on a pro-rata basis to the book value of the assets that comprise the cash generating unit.

### Property, plant and equipment

Property, plant and equipment, comprising investment property, are booked at historical cost, inclusive of any directly attributable accessory charges. The cost of Property, plant and equipment, whose use is limited over time, is systematically depreciated each year on a straight-line basis in relation to the estimated economic-technical life. If significant parts of these tangible assets have different useful lives, these components are accounted for separately. Depreciation is recorded from the moment the asset is available for use or is potentially able to generate the associated economic benefits. The annual depreciation rates used are as follows:

- Buildings: 3%;
- Plant and machinery: from 15% to 40%;
- Industrial and commercial equipment: from 15% to 30%;
- Other assets: from 12% to 40%.

In the presence of specific indicators of the risk of non-recovery of the carrying amount of the Property, plant and equipment, these are subject to impairment testing, as described in the specific section.

Property, plant and equipment are no longer stated in the financial statements following their transfer or when no future economic benefits are expected from their use, and any resulting profit or loss (calculated as the difference between the sale value, less costs to sell, and the carrying amount) is booked to the income statement in the year of disposal. Any ordinary maintenance costs are charged to the income statement.

Assets under a financial lease, or relating to agreements that, although not taking on the explicit form of a financial lease, provide for the substantial transfer of risks and rewards of ownership, are booked at fair value, net of contributions due from the lessee, or if lower, at the present value of minimum lease payments, under Property, plant and equipment as a contra-item to the financial liability due to the lessor and depreciated according to the criteria indicated below. When there is no reasonable certainty of exercising the right of redemption, the depreciation is charged in the shorter period between the duration of the lease and the useful life of the asset.

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

### Equity investments

An associate is an entity over which the Group has 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 those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant

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

financing components, noncash consideration, and consideration payable to the customer (if any).

The presentation of the revenues and the consequent contractual activities is done by contract and not by single obligation to do.

### *Variable consideration*

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. There are no arrangements that provide customers with a right of return and/or volume rebates; variable considerations are mainly referred to penalties applicable by customers for failure to achieve certain KPIs.

### *Significant financing component*

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

### Contract balances

#### *Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is condition.

#### *Trade receivables*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section "Financial instruments – Initial recognition and subsequent measurement"

#### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

### Inventories

Inventories are valued at the lower of the purchase or production cost and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

### Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

### Financial instruments – Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit and loss.

#### Equity instruments

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:



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

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual term.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

### Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### Fair value measurements

The fair value is the price that would be received for the sale of an asset or would be paid to transfer a liability in a regular market transaction (i.e. not in a forced liquidation or a below-cost sale) at the valuation date (exit price). The fair value of an asset or a liability is determined by adopting the valuation techniques that market operators would use in determining the price of the asset or liability. The fair value measurement also presumes that the asset or liability is exchanged in the principal market or, in its absence, in the most advantageous market the company has accessed. In calculating the fair value of a financial asset, it is necessary to include a fair value adjustment factor relating to counterparty risk defined as CVA - Credit Valuation Adjustment. This credit risk must be quantified in the same way in which a market operator would determine it in defining the purchase price of a financial asset. As for the determination of the fair value of a financial liability, as more expressly set forth in IFRS 13, it is necessary to quantify a fair value adjustment factor relating to own credit risk, i.e. DVA - Debit Valuation Adjustment. In determining the fair value, a hierarchy of criteria is defined based on the origin, type and quality of information used in the calculation. This classification aims to establish a hierarchy in terms of fair value reliability, prioritising the use of parameters observable on the market that reflect the assumptions that market investors would use in valuing assets/liabilities. The fair value hierarchy provides for the following levels: (i) level 1: inputs represented by prices quoted (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date; (ii) level 2: inputs other than quoted prices included in level 1, that are directly or indirectly observable for the asset or liability to be measured; (iii) level 3: unobservable inputs for the asset or liability.

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

### Leasing

The Group assesses when signing a contract whether it is, or contains, a lease. In other words, if the contract confers the right to control the use of an identified asset for a period of time in exchange for a fee. The Group adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low-value assets. The Group recognizes the liabilities relating to lease payments and the right-of-use asset which represents the right to use the asset underlying the contract. The Group recognizes the right-of-use assets on the lease start date (ie the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, net of accumulated depreciation and impairment, and adjusted for any remeasurement of leasing liabilities. The cost of the right-of-use assets includes the amount of recognized leasing liabilities, the initial direct costs incurred and the lease payments made on or before the commencement date, net of any incentives received. Right-of-use assets are amortized on a straight-line basis from the effective date to the end of the lease term as this is always less than the useful life of the leased asset. At the effective date of the lease, the Group recognizes the lease liabilities by measuring them at the present value of the payments due for the lease not paid at that date. Payments due include fixed payments (including fixed payments in substance) net of any lease incentives to be received, variable lease payments that depend on an index or rate and amounts that are expected to be paid under the of residual value guarantees. The lease payments also include the exercise price of a purchase option if it is reasonably certain that this option will be exercised by the Group and the lease termination penalty payments, if the lease term takes into account the exercise by the Group of the termination option of the lease itself. In calculating the present value of payments due, the Group uses the marginal loan rate at the start date based on the Group's debt. After the effective date, the amount of the lease liability increases to take into account the interest on the lease liability and decreases to consider the payments made. Furthermore, the book value of the lease payables is restated in the event of any changes to the lease or for the revision of the contractual terms for the modification of payments; it is also restated in the presence of changes regarding the valuation of the purchase option of the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine such payments

### Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### Treasury shares

Treasury shares are recognised at cost and booked as a reduction of shareholders' equity. The economic effects of any subsequent sales are booked to shareholders' equity.

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

### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features. Provisions are periodically updated to reflect changes in the estimates of costs, the expected timing of occurrence and discounting rate; changes in estimates are accounted for in the same item of the income statement where previously had been recognised the expense.

### Employee benefits

The cost related to short-term benefits granted to employees is mainly related to salaries and wages and is recognized by the Group during the course of the employment relationship based on the contractual arrangements in force with each employee.

Costs and related liabilities to employee benefits also include post-employment benefits such as the employee severance indemnities. The provision for employee severance indemnities, which is mandatory for Italian companies, is considered:

- a defined-benefit plan with respect to the benefits that vested up to December 31, 2006, as well as with respect to benefits vesting from January 1, 2007 (or, where applicable, until the subsequent date of subscription to the supplementary pension fund);
- a defined-contribution plan with respect to benefits vesting from January 1, 2007 on for employees who opted for alternative pension plans and, in the case of companies with more than 50 employees, employees who chose to leave their vested benefits with the company.

The provision for employee severance indemnities, which can be construed as a defined-benefit plan, is valued by the Projected Unit Credit Method, based on actuarial and financial assumptions (actuarial assumptions: mortality, turnover, disability of the population included in the plan; financial assumptions: discount rate, rate of wage increases, capitalization rate) and is presented net of advances paid. The valuation of liabilities is performed by independent actuaries.

The increase in the present value of the provision for employee severance indemnities is recognized as personnel expense except for the revaluation of the net liability related to actuarial gains and losses which are recorded in the statement of other comprehensive income and are not subsequently booked to the income statement; the cost for interest is recognised in the income statement, under the line item Financial expenses.

### Grants

Capital grants are recognised when there is reasonable assurance that the conditions required by the granting government bodies to obtain them will be satisfied and are recorded on an accrual basis through the gradual recognition to the income statement based on the process of amortisation of the assets to which they refer.

Operating grants are recognised in the income statement on an accrual basis, consistent with the costs incurred to which they are related.

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

*Tax Credit according to Law 194/2014*

The tax credit deriving from Art. 1, paragraph 198-209, of the law of 27 December 2019, n. 160 was assimilated, in the absence of specific indications, to a public grant and as such treated pursuant to IAS 20. The latter is recognized in the financial statements only where there is reasonable certainty about its reliable determination and recognition and, in particular, the latter requirement is considered satisfied upon the release of the specific technical report drawn up by specifically appointed professional firms.

The amount of the grant is determined on the basis of specific expenses recognized in the income statement and on the basis of development costs then capitalized among intangible assets.

The Company, in accounting for contributions pursuant to IAS 20, applies the income method and the systematic recognition criterion can be summarized as follows: the amount of accrued credit passes to the income statement up to the total of the specific expenses that generated it and only on a residual basis it refers to development costs capitalized among intangible assets. In the latter case, the benefit deriving from the tax credit is accrued in the income statement in the years in which the amortization of the aforementioned intangible assets is charged and in the same proportion.

*Impairment test of assets and corresponding reversal*

At the balance sheet date or at least once per year, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

For assets excluding goodwill, an assessment is made at the balance sheet date or at least once per year to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December or at least once per year and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

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

### Costs

Costs are recognized when the related goods and services are sold or consumed during the year, when they are allocated on a systematic basis or when their future economic benefits cannot be identified.

Operating lease fees are booked to the income statement over the duration of the lease.

Costs incurred for the acquisition of new know-how, the study of alternative products or processes, of new techniques or models, for the design and construction of prototypes or, nonetheless, incurred for other scientific research or technological development activities that do not meet the conditions for recognition in balance sheet assets are considered current costs and booked to the income statement in the year they are incurred.

### Income taxes

Current income taxes are calculated on the basis of the estimate of taxable income; the expected payable is booked to the item "current tax liabilities". Tax payables and receivables for current income taxes are booked at the value that is expected to be paid/recovered to/from the tax authorities, by applying the applicable tax rates and regulations or essentially approved at the end of the reporting period.

Deferred income taxes are calculated on the temporary differences between the values of assets and liabilities booked to the financial statements and the corresponding values recognised for tax purposes on the basis of the rates and regulations in force. Deferred tax assets are recognised when their recovery is considered likely; the recoverability of deferred tax assets is considered likely when taxable income is expected to be available, in the year in which the temporary difference will be cancelled, such as to allow the tax deduction to be carried out. Similarly, unused tax credits and deferred tax assets on tax losses are recognised within the limits of their recoverability.

Deferred taxes are booked to the income statement, with the exception of those related to items recognised directly in shareholders' equity; based on said assumption, also the associated deferred taxes are booked to shareholders' equity.

Prepaid and deferred taxes are offset where there is a legal right which allows current tax assets and current tax liabilities to be offset and deferred taxes refer to the same taxpayer and same tax authority.

### Tax consolidation

Up to December 31, 2021, the parent company and its Italian investees, as they met the legal requirements, exercised the option of participating in the tax consolidation under the parent company AlmagivA Technologies S.r.l.

The economic and financial relations arising from the participation in the tax consolidation are governed by a single contract.

Given that the tax basis of the tax consolidation is the sum of the taxable amounts and the tax losses that the individual entities assign to the consolidating company, any loss transferred to the tax consolidation is recognised under the consolidating company and based on the reasonable certainty of recovery assessed on a consolidated basis.

The agreements also provide the option of assigning to the consolidating company any excess taxes against which the consolidating company and the consolidated companies recognise reciprocal equity balances.

Recognition in equity requires the replacement of the tax payables and receivables with payables and receivables among consolidated entities. In particular, the recognition is made as follows:

#### Consolidating company

Only recognitions in equity (Tax Authorities and the consolidated company) are made against the taxable amounts acquired, with the deferred tax assets recognised only if the requirements above are satisfied.

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

### Consolidated company

Recognises current tax expenses (income from participation in the tax consolidation) against taxable amounts (losses) concerning a payable (receivable) to the consolidating company.

Where provided for pursuant to specific consolidation agreements, any retrocession of tax losses transferred during the consolidation period requires the adjustment of the payable to the consolidating company against an expense for participation in the tax consolidation.

### Offsetting of financial assets and liabilities

Financial assets and liabilities are offset in the balance sheet when an entity currently has a legally enforceable right of set-off and intends either to settle on a net basis or to realise the financial asset and settle the liability simultaneously.

### Assets held for sale and discontinued operations

Non-current assets and current and non-current assets of disposal groups are classified as held for sale if the relative carrying amount will be recovered mainly through sale rather than continuous use. This condition is considered respected when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present conditions. An entity that is committed to a sale plan involving a loss of control of a subsidiary should classify all the assets and liabilities of the subsidiary as held for sale, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale. Verification of respect for the conditions set forth for the classification of an item as held for sale requires the company management to carry out subjective evaluations by formulating reasonable and realistic assumptions based on the information available. Non-current assets held for sale, current and non-current assets relating to disposal groups and directly associated liabilities are booked to the balance sheet separately from other company assets and liabilities. Immediately prior to the classification as held for sale, assets and liabilities falling under a disposal group are measured according to the applicable accounting standards. Subsequently, non-current assets held for sale are not subject to amortisation/depreciation and are measured at the lower of the carrying amount and the associated fair value, less costs to sell.

The classification of an equity investment valued according to the equity method, or a portion of said shareholding, as an asset held for sale, entails the suspension of the application of said measurement method to the entire equity investment or solely to the portion classified as asset held for sale; therefore, in this case, the carrying amount is actually equal to the value deriving from the application of the equity method at the reclassification date. Any shareholdings not classified as held for sale continue to be measured according to the equity method until the conclusion of the sale plan. Following the sale, the residual shareholding is measured by applying the criteria indicated in previous point "Non-current financial assets - Equity investments", except where said item continues to be measured according to the equity method. Any difference between the carrying amount of the non-current assets and the fair value less the costs to sell is booked to the income statement as impairment; any subsequent write-backs are recognised up to the amount of the write-downs recorded previously, including therein those recognised prior to the qualification of the asset as held for sale. Non-current assets and current and non-current assets of disposal groups, classified as held for sale, constitute discontinued operations if, either: (i) they represent a separate major line of business or geographical area of operations (ii) are part of a plan to dispose of a separate major line of business or geographical area of operations; or (iii) are a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations, as well as any capital gain/loss realised as a result of disposal, are indicated separately in the appropriate item of the income statement, net of the associated tax effects; the income statement values of discontinued operations are also indicated for the years being compared. When events are verified that no longer allow non-current assets or disposal groups to be classified as held for sale, they are reclassified to the respective items of the balance sheet and recognised at the lower between: (i) the carrying amount on the date

## **ALMAVIVA S.P.A. AND SUBSIDIARIES**

### **EXPLANATORY NOTES (continued)**

of classification as held for sale, adjusted for amortisation/depreciation, impairment and write-backs that would have been recognised if the assets or disposal groups had not been classified as held for sale; and (ii) the recoverable value at the reclassification date. If the interruption of the sale plan concerns a subsidiary, a joint operation, a joint venture or an associated company, or a shareholding in a joint venture or an associated company, the values presented in the financial statements are re-stated from the moment of the classification as held for sale/discontinued operations. In the event in which a discontinued operation is reclassified as held for use, the economic results, previously stated in a separate item of the income statement, are reclassified and included under continuing operations for all the years presented.

#### Share-based payment

Some key figures of the Group (including executives) are included in the 2021-2023 Stock Grant Plan which gives them the right to the free assignment of a number of shares of Almax S.p.A. as part of the remuneration.

The cost of the aforementioned transaction is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 33.

That cost is recognised in employee benefits expense or costs of services in the period in which the conditions relating to the achievement of objectives and/or the provision of the service are met; at the same time, a corresponding increase in the shareholders' equity allocated to a specific reserve called the "Stock Grant Reserve" is recognized. The cumulative expense recognised for these transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of the Plan are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.



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

### **3.2 New standards, interpretations and amendments adopted by the Group**

#### **Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

#### **Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

### **3.3 Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### *IFRS 17 Insurance Contracts*

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement,

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

presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

### *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

### *Reference to the Conceptual Framework – Amendments to IFRS 3*

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 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 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

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

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling 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 recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

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

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. 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 amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these 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.

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

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

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

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. 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 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first

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

applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

### *IAS 41 Agriculture – Taxation in fair value measurements*

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. 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. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Group.

### *Definition of Accounting Estimates - Amendments to IAS 8*

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

### *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group’s accounting policy disclosures.

## **4. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT**

The preparation of the Consolidated Financial Statements in accordance with IFRS requires the adoption of judgement by management as well as the formulation of estimates and assumptions

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

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: Atesia, Alicos, AlmavivA Contact and InAction; 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

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

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

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.

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

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

- 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 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: AlmovivA Contact S.p.A.; AlmovivA do Brasil SA.; In Action; AlmovivA Finance; Pervoice; Almovawe; 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 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 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

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

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 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).

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.



## **ALMAVIVA S.P.A. AND SUBSIDIARIES**

### **EXPLANATORY NOTES (continued)**

#### *Provisions for risks*

In relation to the legal risks to which the AlmagivA 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". 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 December 31, 2021, the 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.

Please refer to paragraph 3.1 "Accounting policy and measurement criteria" above, for more details on each relevant financial item included in each category of estimates. Verification of the recoverability of deferred tax assets in the consolidated financial statements at 31 December 2021 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

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

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 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: AlmagivA, Lombardia Gestione, AlmagivA de Belgique, Agrisian, AlmagivA Digitaltec, Sadel, Wave, Wedoo Holding, Wedoo Srl, Wedoo LLC, Spin Data (already Arte Srl), AlmagivA Saudi Arabia for information Technology LLC, AlmagivA Egypt L.L.C., Kline S.r.l., AlmagivA Republica Dominicana S.r.l. and AlmagivA Russia L.L.C.;
- 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 and AlmagivA Tunisie.
- d. Almawave – 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: Almawave, Pervice, Almawave do Brasil, Almawave 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.

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

**For the twelve months ended December 31, 2021**

<i>(in thousands of Euro)</i>	<b>IT Services</b>	<b>CRM Europe</b>	<b>CRM International</b>	<b>Almawave New Technology</b>	<b>Total Segments</b>	<b>Adjustments, eliminations and other</b>	<b>Consolidated</b>
<b>Revenue</b>							
Revenues from contracts with customers	648,822	80,486	189,375	27,124	945,808	(0)	945,807
Inter-segment	3,621	5,317	160	5,766	14,864	(14,864)	0
<b>Total revenues from contracts with customers</b>	<b>652,443</b>	<b>85,803</b>	<b>189,535</b>	<b>32,890</b>	<b>960,672</b>	<b>(14,864)</b>	<b>945,807</b>
<b>Income/ (Expenses)</b>							
Cost of raw materials and services	(308,363)	(15,942)	(45,891)	(14,320)	(384,516)	17,738	(366,779)
Personnel expenses	(252,299)	(71,355)	(107,133)	(12,008)	(442,796)	509	(442,287)
Depreciation and amortization and write-downs	(22,753)	(3,034)	(9,664)	(3,108)	(38,559)	417	(38,142)
Losses from sale of non-current assets	85	(18)	0	6	73	0	73
Other operating income	26,313	3,348	120	1,264	31,044	(2,942)	28,102
Other operating expenses	(16,170)	(3,082)	(97)	(68)	(19,416)	116	(19,301)
<b>Operating Profit</b>	<b>79,256</b>	<b>(4,281)</b>	<b>26,870</b>	<b>4,655</b>	<b>106,501</b>	<b>973</b>	<b>107,474</b>
% Revenue	12.1%	n.d.	14.2%	14.2%			11.4%
<b>At December 31, 2021</b>							
<b>Total assets</b>	<b>1,020,352</b>	<b>186,045</b>	<b>165,024</b>	<b>69,953</b>	<b>1,441,374</b>	<b>(467,974)</b>	<b>973,400</b>
<b>Total liabilities</b>	<b>392,806</b>	<b>51,378</b>	<b>30,923</b>	<b>27,876</b>	<b>502,983</b>	<b>(44,210)</b>	<b>458,773</b>

**For the twelve months ended December 31, 2020**

<i>(in thousands of Euro)</i>	<b>IT Services</b>	<b>CRM Europe</b>	<b>CRM International</b>	<b>Almawave New Technology</b>	<b>Total Segments</b>	<b>Adjustments, eliminations and other</b>	<b>Consolidated</b>
<b>Revenue</b>							
Revenues from contracts with customers	558,799	87,406	204,216	20,875	871,296	(0)	871,296
Inter-segment	3,174	6,532	104	5,992	15,802	(15,802)	0
<b>Total revenues from contracts with customers</b>	<b>561,973</b>	<b>93,938</b>	<b>204,320</b>	<b>26,867</b>	<b>887,098</b>	<b>(15,802)</b>	<b>871,296</b>
<b>Income/ (Expenses)</b>							
Cost of raw materials and services	(249,835)	(19,414)	(54,282)	(12,024)	(335,554)	18,407	(317,148)
Personnel expenses	(239,082)	(78,558)	(116,959)	(9,269)	(443,868)	415	(443,452)
Depreciation and amortization and write-downs	(23,216)	(3,113)	(10,634)	(2,619)	(39,582)	417	(39,165)
Losses from sale of non-current assets	767	(78)	0	116	805	(116)	689
Other operating income	19,001	960	1,191	778	21,930	(2,565)	19,365
Other operating expenses	(11,954)	(771)	(1,203)	(166)	(14,094)	203	(13,890)
<b>Operating Profit</b>	<b>57,654</b>	<b>(7,037)</b>	<b>22,433</b>	<b>3,684</b>	<b>76,734</b>	<b>960</b>	<b>77,694</b>
% Revenue	10.3%	-7.5%	11.0%	13.7%			8.9%
<b>At December 31, 2020</b>							
<b>Total assets</b>	<b>528,460</b>	<b>133,042</b>	<b>149,541</b>	<b>47,942</b>	<b>858,985</b>	<b>(41,447)</b>	<b>817,538</b>
<b>Total liabilities</b>	<b>377,040</b>	<b>54,712</b>	<b>30,657</b>	<b>23,124</b>	<b>485,533</b>	<b>(38,602)</b>	<b>446,930</b>

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)**

For the twelve months ended December 31,		
(in thousands of Euro)	2021	2020
<b>Segment profit</b>	<b>107,474</b>	<b>77,694</b>
Finance income	1,509	1,040
Finance costs	(33,889)	(32,968)
Exchange gains/(losses)	(308)	(622)
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	(869)	0
Inter-segment income/expenses (elimination)	0	0
<b>Profit/(loss) before taxes</b>	<b>73,917</b>	<b>45,145</b>
<b>Reconciliation of Total assets</b>		
(in thousands of Euro)	At December 31, 2021	At December 31, 2020
<b>Segment operating assets</b>	<b>973,400</b>	<b>817,538</b>
Deferred tax assets	23,181	14,770
Current financial assets	3,578	4,152
Non-current financial assets	1,237	1,229
Non-current assets held for sale	2,459	2,459
<b>Total assets</b>	<b>1,003,854</b>	<b>840,148</b>
<b>Reconciliation of Total liabilities</b>		
(in thousands of Euro)	At December 31, 2021	At December 31, 2020
<b>Segment operating liabilities</b>	<b>458,773</b>	<b>446,930</b>
Non-current financial liabilities	395,982	317,233
Current financial liabilities	16,407	22,937
Current tax liabilities	32,398	27,650
Deferred tax liabilities	2	2
<b>Total liabilities</b>	<b>903,562</b>	<b>814,752</b>

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

For the twelve months ended December 31, 2021							
(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almavive New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
<b>Operating profit</b>	<b>79,256</b>	<b>(4,281)</b>	<b>26,870</b>	<b>4,655</b>	<b>106,501</b>	<b>973</b>	<b>107,474</b>
(+) Depreciation and amortization	22,753	3,034	9,664	3,108	38,559	(417)	38,142
(+) Losses from sale of non-current assets	(85)	18	0	(6)	(73)	0	(73)
<b>Earning before interests, taxes, depreciation and amortization (EBITDA)</b>	<b>101,924</b>	<b>(1,229)</b>	<b>36,534</b>	<b>7,757</b>	<b>144,987</b>	<b>556</b>	<b>145,543</b>
% Revenue	15.6%	n.d.	19.3%	23.6%	15.1%		15.4%
<b>For the twelve months ended December 31, 2020</b>							
(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almavive New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
<b>Operating profit</b>	<b>57,654</b>	<b>(7,037)</b>	<b>22,433</b>	<b>3,684</b>	<b>76,734</b>	<b>960</b>	<b>77,694</b>
(+) Depreciation and amortization	23,216	3,113	10,634	2,619	39,582	(417)	39,165
(+) Losses from sale of non-current assets	(767)	78	0	(116)	(805)	116	(689)
<b>Earning before interests, taxes, depreciation and amortization (EBITDA)</b>	<b>80,103</b>	<b>(3,845)</b>	<b>33,067</b>	<b>6,186</b>	<b>115,511</b>	<b>659</b>	<b>116,170</b>
% Revenue	14.3%	n.d.	16.2%	23.0%	13.0%		13.3%

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

**Geographic information**

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
<i>Revenues from external customers</i>		
Italy	745,856	659,862
Brazil	171,246	192,120
Tunisia	2,529	2,164
Colombia	15,664	10,012
Europe	5,300	5,877
Other	5,212	1,261
<b>Total</b>	<b>945,807</b>	<b>871,296</b>
<b>Of which:</b>		
<i>Revenues recognized over the time</i>	<b>935,602</b>	<b>856,543</b>
<i>Revenues detected at a point in time</i>	<b>21,173</b>	<b>20,076</b>

**6. SIGNIFICANT TRANSACTIONS IN THE PERIOD**

During the period ended as of December 31, 2021, there are significant corporate transactions relating to business combinations, which involved Almawave S.p.A. and Almagiva S.p.A., which a brief description is provided below. On 11 January 2021, the transaction relating to the agreement that led to the purchase by Almawave S.p.A. was concluded 60% of the share capital of Obda Systems S.r.l.

The acquisition resulted in the payment of a fee of Euro 30,000 thousand gross of the cash acquired in the transaction. The valuation of the acquired company was found to be in line with the corresponding book value of the net assets acquired, and therefore with the book net equity, determining the lack of need to proceed with the recognition of a goodwill equal to Euro 1 thousand as part of the transaction.

Effective on August 1, 2021, Almagiva S.p.A., through the transfer of a business unit, has subscribed of the share capital (approximately 70%) of Kline S.r.l. company specializing in integrated software platforms for front and back-office operations of the entire wealth management sector: SIM, SGR and private banking. The transaction, signed on July 2021, effective on August 1, 2021, resulted in the inclusion of Kline in the Almagiva Group, combining the efficiency of the products with (i) a multiplicity of skills in the FinTech field, (ii) design consultancy skills and (iii) an important customer portfolio, with the aim of establish itself in a growing market.

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

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

	<b>Accounting values on the acquisition date</b>
<i>(in Euro thousand)</i>	
Intangible assets	10,827
Property, plant and equipment	38
Other non-current assets	191
<b>Total non-current assets</b>	<b>11,056</b>
Trade receivables	471
Other current assets	110
Cash and cash equivalents	1,237
<b>Total current assets</b>	<b>1,818</b>
<b>Total assets</b>	<b>12,874</b>
Non-current liabilities for employee benefits	476
<b>Total non-current liabilities</b>	<b>476</b>
Trade payables	6
Current financial liabilities	500
Current tax liabilities	317
Other current liabilities	1,075
<b>Total current liabilities</b>	<b>1,898</b>
<b>Total liabilities</b>	<b>2,374</b>
<b>Fair value of Net Assets</b>	<b>10,500</b>
<b>Of which 70%: Almaviva share acquired</b>	<b>7,350</b>
Consideration paid	0
Carrying amount of the business unit transferred *: Kline's share	(197)
<b>Total amount of the transaction</b>	<b>(197)</b>
<b>Bargain purchase</b>	<b>7,153</b>
<b>Cash and cash equivalents acquired</b>	<b>1,237</b>
Consideration paid	0
<b>Net acquired cash flow</b>	<b>1,237</b>

\* It should be noted that the business unit transferred by Almaviva to Kline was the subject of a sworn appraisal pursuant to art. 2343 of the Italian Civil Code which determined the fair value at Euro 17,000 thousand. This value has not been recognized in the consolidated financial statements in accordance with the provisions of IFRS3 §38. Therefore, the Group referred to the book values of the business unit itself to determine the accounting effect of the transaction.

From the date of acquisition, Kline has contributed Euro 1,404 thousand to consolidated revenues and a negative value of Euro 156 thousand to consolidated pre-tax profit.

Regarding this transaction, Almaviva S.p.A. has carried out the procedure under IFRS 3 in order to identify or not the presence of a possible "purchase at favorable prices". For this purpose, the company verified if, during the acquisition process, it had correctly identified all the assets

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

acquired and the liabilities assumed and if any further assets or liabilities identified during this further verification were to be recognized. Then, it verified at the acquisition date for all of the following:

- the identifiable assets acquired and the identifiable liabilities assumed;
- any minority interests in the acquiree;
- any interests in the acquiree previously held by the purchaser;
- the consideration transferred.

Following this analysis, a bargain purchase emerged, for further details please refer to Note 31.

## 7. INTANGIBLE ASSETS

The intangible assets of the Group amount to Euro 118,496 thousand (Euro 104,818 thousand as at 31 December 2020) and are broken down as follows:

<i>(in thousands of Euro)</i>	<b>Goodwill</b>	<b>Industrial patent and intellectual property rights</b>	<b>Concessions, licences, trademarks and similar rights</b>	<b>Other intangible assets</b>	<b>Assets under construction</b>	<b>Total</b>
<b>At January 01, 2021</b>	<b>39,461</b>	<b>26,402</b>	<b>732</b>	<b>19,888</b>	<b>18,336</b>	<b>104,818</b>
Additions	0	4,399	838	52	115	5,404
Capitalisation for internal projects	0	909	0	400	13,794	15,103
Amortization	0	(7,697)	(234)	(8,747)	0	(16,678)
Disposals	0	0	0	0	0	0
Reclassifications and other	(1,061)	6,226	(1)	7,351	(13,576)	(1,061)
Change in consolidation area	784	0	0	10,032	0	10,816
Foreign exchange differences	(5)	84	7	0	7	93
<b>At December 31, 2021</b>	<b>39,179</b>	<b>30,323</b>	<b>1,342</b>	<b>28,976</b>	<b>18,676</b>	<b>118,496</b>

<i>(in thousands of Euro)</i>	<b>Goodwill</b>	<b>Industrial patent and intellectual property rights</b>	<b>Concessions, licences, trademarks and similar rights</b>	<b>Other intangible assets</b>	<b>Assets under construction</b>	<b>Total</b>
<b>At January 01, 2020</b>	<b>39,455</b>	<b>28,312</b>	<b>387</b>	<b>11,585</b>	<b>23,258</b>	<b>102,996</b>
Additions	208	2,338	728	50	217	3,541
Capitalisation for internal projects	0	479	0	173	14,567	15,219
Amortization	0	(7,454)	(472)	(6,357)	0	(14,283)
Disposals	(52)	0	0	0	(35)	(87)
Reclassifications and other	0	5,056	185	14,437	(19,643)	35
Foreign exchange differences	(150)	(2,329)	(96)	0	(28)	(2,603)
<b>At December 31, 2020</b>	<b>39,461</b>	<b>26,402</b>	<b>732</b>	<b>19,888</b>	<b>18,336</b>	<b>104,818</b>

The Group's investments at 31 December 2021 amounted to Euro 5,404 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 Almaxwave - New Technology segments.

The Group also made further investments in the reference period, through capitalization for internal work, for a total of Euro 15,103 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 Almaxwave - 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 6,226 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 30,323 thousand and which highlights the

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

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 2021 did not highlight any impairment indicators such as to formulate specific reflections on the recoverability of the aforementioned values.

The change in the area equal to Euro 10,032 thousand refers to the entry of Kline S.r.l. in the consolidation area and its relative software.

The amortization of the period on intangible assets amounts to Euro 16,678 thousand. The main depreciation ratios adopted as at 31 December 2021 are included in the following ranges:

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

The exchange differences equal to Euros 93 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>	<b>At January 01, 2021</b>	<b>Exchange differences</b>	<b>Additions</b>	<b>Disposals</b>	<b>At December 31, 2021</b>
Alicos	<b>2,007</b>				<b>2,007</b>
Almaviva Contact	<b>26,533</b>				<b>26,533</b>
Almaviva do Brasil	<b>1,748</b>				<b>1,748</b>
Almaviva Finance	<b>745</b>				<b>745</b>
Atesia	<b>44</b>			(44)	<b>0</b>
Gempliss	<b>198</b>				<b>198</b>
In Action	<b>1,017</b>			(1,017)	<b>0</b>
Pervoice	<b>314</b>				<b>314</b>
Wave	<b>5,121</b>				<b>5,121</b>
Wedoo	<b>630</b>				<b>630</b>
Kline	<b>0</b>		784		<b>784</b>
Third	<b>1,104</b>	(5)			<b>1,099</b>
<b>Total</b>	<b>39,461</b>	<b>(5)</b>	<b>784</b>	<b>(1,061)</b>	<b>39,179</b>

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.



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

The plans taken as a reference, for the impairments illustrated below, relate to the period 2020-2025. Impairments are based on assumptions consistent with the company's business model. All the companies included in the plan are complying with the aforementioned assumptions without significant deviations.

The Almagiva 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.

The results of the impairment tests carried out as of 31 December 2021 confirmed excess values in use with respect to the book values of all the goodwill identified in the Management recruitment paragraph. Therefore, potential impacts on the consolidated financial statements of the Almagiva Group due to the recognition of impairment losses on the goodwill in question are excluded. This also in the event of a shock-down (-20%) of the margins and shock-up (+ 2%) of the discount rates of the cash flows considered.

The discount rate corresponding to the average cost of capital (WACC) referring to goodwill from Atesia, Alicos, Almagiva Contact, Almagiva do Brasil and In Action was determined using the following assumptions:

<b>At December 31, 2021</b>			
<b>CRM Business</b>	<b>Brasile</b>	<b>Colombia</b>	<b>Others</b>
Beta	1	1	1
Risk Free Rate	9.8%	6.9%	0.7%
Expected Market Return	4.0%	4.0%	4.0%
Average Cost of Debt	5.7%	5.7%	5.7%
Debt/Equity Ratio (%)	70.0	70.0	30.0
Taxes	34%	33%	24.0%
<b>WACC</b>	<b>8.6%</b>	<b>7.8%</b>	<b>5.5%</b>

While as regards the discount rate you correspond to the average cost of capital (WACC) referred to the goodwill Almagiva and Wave Srl, it was determined using the following assumptions:

<b>At December 31,</b>	
<b>IT SERVICES</b>	<b>2021</b>
Beta	1
Risk Free Rate	0.75%
Expected Market Return	4.00%
Average Cost of Debt	5.69%
Debt/Equity Ratio (%)	30-70
Taxes	24.0%
<b>WACC</b>	<b>5.5%</b>

For the purposes of the Impairment Test on goodwill from Gempliss and Pervoice within the Almagiva - New Technology segment, due to the listing of Almagiva S.p.A., it was based directly on the share market value on Borsa Italiana.

**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 86,094 thousand (Euro 81,918 thousand as at 31 December 2020) 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
<b>At January 01, 2021</b>	<b>7,428</b>	<b>9,206</b>	<b>383</b>	<b>26,006</b>	<b>38,844</b>	<b>52</b>	<b>81,918</b>
Additions	110	4,606	200	5,732	14,444	1,530	26,622
Capitalisation for internal project	0	0	0	10	0	0	10
Depreciation	(785)	(2,535)	(149)	(6,902)	(10,032)	0	(20,403)
Disposals	0	(8)	0	(83)	(2,525)	0	(2,616)
Reclassifications and other	0	20	1	34	550	(51)	554
Change in consolidation area	0	2	0	36	0	0	38
Foreign exchange differences	0	58	0	124	(211)	0	(29)
Historical cost	19,255	213,585	3,867	166,886	64,171	1,531	<b>469,295</b>
Accumulated amortization	(12,502)	(202,236)	(3,432)	(141,929)	(23,101)	0	<b>(383,200)</b>
<b>At December 31, 2021</b>	<b>6,753</b>	<b>11,349</b>	<b>435</b>	<b>24,957</b>	<b>41,070</b>	<b>1,531</b>	<b>86,094</b>

<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
<b>At January 01, 2020</b>	<b>8,141</b>	<b>12,456</b>	<b>364</b>	<b>26,143</b>	<b>53,601</b>	<b>730</b>	<b>101,435</b>
Additions	69	2,318	143	9,894	24,649	25	37,098
Capitalisation for internal project	0	0	0	0	0	12	12
Depreciation	(782)	(2,678)	(124)	(6,798)	(14,499)	0	(24,881)
Disposals	0	(228)	0	(81)	(19,751)	0	(20,060)
Reclassifications and other	0	28	0	1,569	(46)	(715)	836
Change in consolidation area	0	434	0	0	499	0	933
Foreign exchange differences	0	(3,124)	0	(4,721)	(5,609)	0	(13,454)
Historical cost	19,145	209,604	3,667	162,980	54,850	52	<b>450,298</b>
Accumulated amortization	(11,717)	(200,398)	(3,284)	(136,974)	(16,006)	0	<b>(368,379)</b>
<b>At December 31, 2020</b>	<b>7,428</b>	<b>9,206</b>	<b>383</b>	<b>26,006</b>	<b>38,844</b>	<b>52</b>	<b>81,918</b>

Investments are equal to Euro 26,622 thousand at 31 December 2021, of which those not relating to the application of IFRS 16 amounted to Euro 14,444 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.

The capitalizations are equal to Euro 10 thousand.

Depreciation amounts to Euros 20,403 thousand, the main depreciation coefficients adopted at 31 December 2021, with the exclusion of the rights of use deriving from the application of IFRS 16, are included in the following ranges:

	<b>Rates %</b>
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 2,616 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 reclassifications and other changes equal to Euro 554 thousand mainly refer to ROU Asset adjustment related to AlmagivA Tunisie.

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

The exchange differences from the translation of the financial statements of companies operating with functional currencies other than the Euro of negative Euro 29 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 6,753 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 December 31, 2021 amounts to Euro 41,071 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 1,479 thousand, mainly referring to the IT Services operating sector and to a lesser extent to the CRM Europe.

Regarding the risk of recoverability of the value of Tangible Assets as at December 31, 2021, 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>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
CCID – AlmagivA Inform. Technol. Co. Ltd	117	988
Consorzio Hypertix in liquidation	99	99
TVEyes L.T. S.r.l.	21	19
SIN S.p.A.	0	0
<b>Total</b>	<b>237</b>	<b>1,106</b>

The sole joint venture of the Group is the 50% equity investment in CCID-AlmagivA 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>	<b>At January 01, 2021</b>	<b>Income Statement effect</b>	<b>Increases (Decreases)</b>	<b>At December 31, 2021</b>
CCID – AlmagivA Inform. Technol. Co. Ltd	988	(871)	0	117
Consorzio Hypertix in liquidation	99	0	0	99
TVEyes L.T. S.r.l.	19	2	0	21
SIN S.p.A.	0	0	0	0
<b>Total</b>	<b>1,106</b>	<b>(869)</b>	<b>0</b>	<b>237</b>

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 consolidated financial statements.

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

	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 December 31, 2021, there are no impairment indicators regarding the risk of recoverability of the investment.

**10. NON-CURRENT FINANCIAL ASSETS**

Non-current financial assets of the Almoviva Group amount to Euro 1,237 thousand (Euro 1,229 thousand as at 31 December 2020) and are broken down as follows:

<i>(in thousands of Euro)</i>	At December 31, 2021	At December 31, 2020
Long-term loans	1,188	1,188
Others Equity investments	49	41
<b>Non-current financial assets</b>	<b>1,237</b>	<b>1,229</b>

<i>(in thousands of Euro)</i>	At December 31, 2021	At December 31, 2020
Amount failling due within 12 month	0	0
Amount failling due between 1-5 ye	1,188	1,188
<b>Non-current financial receivables</b>	<b>1,188</b>	<b>1,188</b>

Non-current financial receivables, equal to Euro 1,188 thousand (Euro 1,188 thousand as at 31 December 2020) 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 41 as a t December 31, 2020), are classified in accordance with IAS 32, and are broken down as follows:

**Other Equity investments**

<i>(in thousands of Euro)</i>	At December 31, 2021	At December 31, 2020
Conai	1	1
Calpark	5	5
Banca Brutia	5	5
Uirnet	5	5
Consorzio Namex	3	3
Other	30	22
<b>Total</b>	<b>49</b>	<b>41</b>

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.

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

At December 31, 2021, 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 23,181 thousand (Euro 14,770 thousand as at 31 December 2020) 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, 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 December 31, 2021, 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>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
<b>Deferred Tax Assets</b>	<b>23,181</b>	<b>14,770</b>

Divided in:

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Italian subsidiaries	17,843	8,225
Foreign subsidiaries	5,338	6,545
<b>Total Deferred Tax Assets</b>	<b>23,181</b>	<b>14,770</b>

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.

The increase of the year is mainly due to the deferred tax assets' provision (for Euro 8,537 thousand) related to the tax realignment of the goodwill in Almaviva SpA, pursuant to Law Decree no. 104 - *Urgent measures to support and relaunch the economy* - Article 110 "*General revaluation of business assets and shareholdings 2020*".

As at December 31, 2021, 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 31 December 2020.

**12. OTHER NON-CURRENT ASSETS**

Other non-current assets amount to Euro 1,573 thousand as at December 31, 2021 compared to an amount of Euro 1,491 thousand as at December 31, 2020, as illustrated in the table below:

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

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Security deposits	1,162	805
Prepaid expenses	407	682
Other receivables	4	4
<b>Other non-current assets</b>	<b>1,573</b>	<b>1,491</b>

Prepayments mainly refer to the portion attributable to the training costs of AlmagivA Contact (Euro 126 thousand), AlmagivA Services (Euro 263 thousand) and AlmagivA Digitaltec (Euro 18 thousand) not pertaining to the period.

### 13. INVENTORIES

Inventories of the Group are equal to Euro 12,168 thousand (Euro 8,137 thousand as at December 31, 2020) and are composed as follows:

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Raw materials (at cost)	3,873	2,382
Work in progress (at cost)	2,809	2,055
Finished goods (at lower of cost and net realizable value)	5,486	3,700
<b>Total inventories at the lower of cost and net realizable value</b>	<b>12,168</b>	<b>8,137</b>

During 2021 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 9,692 thousand, to AlmagivA S.p.A. for Euro 2,471 thousand and Pervoice for Euro 5 thousand.

### 14. CONTRACT ASSETS

As at December 31, 2021, contract assets are equal to Euro 23,314 thousand (Euro 37,322 thousand as at December 31, 2020).

They decrease overall by Euros 14,008 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 December 31, 2021, trade receivables are equal to Euro 422,490 thousand (Euro 351,030 thousand as at December 31, 2020) with an increase of the year equal to Euro 71,460 thousand:

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

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Trade receivables, gross amount	442,640	368,303
Trade receivables, amount retained as a guarantee	2,816	3,833
Bad debt provision	(22,966)	(21,106)
<b>Trade receivables</b>	<b>422,490</b>	<b>351,030</b>

Trade receivables are exposed net of bad debt provision equal to Euro 22,966 thousand (Euro 21,106 thousand as at December 31,2020). The increase of the year is related to AlmagivA SpA for Euro 1,762 thousand and to AlmagivA Tunisie for Euro 97 thousand.

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
<b>Balance at the beginning of the year</b>	<b>21,106</b>	<b>21,037</b>
Provisions	1,859	85
Uses	(9)	(22)
Other	10	6
<b>Balance at the end of the year</b>	<b>22,966</b>	<b>21,106</b>

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 December 31, 2021 and 2020:

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Amount not yet due	372,187	308,966
Amount due by less than 30 days	10,562	9,292
Amount due between 30-60 days	9,614	3,687
Amount due between 61-90 days	3,696	1,235
Amount due between 91-120 days	4,400	943
Amount due by more than 120 days	42,181	44,180
<b>Trade receivables, gross amount</b>	<b>442,640</b>	<b>368,303</b>

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

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

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 SpA 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. Due to this, the forecasts for the collection of these receivables were updated and a financial charge of Euro 987 thousand was recognized in the financial statements for their discounting.

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 31 December 2021, current financial assets amounted to Euro 3,578 thousand (Euro 4,152 thousand as at 31 December 2020). They refer mainly to AlmagivA SpA for Euro 3,382 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 196 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>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
<b>Current financial assets</b>	<b>3,578</b>	<b>4,152</b>

### **17. OTHER CURRENT ASSETS**

Other current assets amount to Euro 139,405 thousand as at December 31, 2021, compared to Euro 133,147 thousand as at December 31, 2020. The amount is composed as follow:



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

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Receivables due from personnel	3,787	3,578
Receivables due from social security institutions	1,572	1,987
Receivables due from tax authorities	45,019	39,601
Receivables related to tax consolidation	30,251	32,177
Prepaid expenses	11,519	11,468
Advances to suppliers	3,442	3,686
Sundry items	43,815	40,650
<b>Other current assets</b>	<b>139,405</b>	<b>133,147</b>

In particular, it should be noted that the item Receivables from social security institutions, equal to Euro 1.572 thousand, includes almost all receivables from INPS not yet collected relating mainly to):

- To the receivable from the INPS treasury in Almaviva SpA;
- Cig credits in derogation Fis Covid of Almaviva Contact;

Tax consolidation credits for Euro 30,251 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 31,375, as reported in Note 29.

Prepayments for Euro 11,519 thousand include future costs mainly of Almaviva SpA (Euro 10,624 thousand), Almaviva Services (Euro 178 thousand), Almaviva Contact (Euro 321 thousand), Almaxwave (Euro 144 thousand), Kline (Euro 63 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 4,835 thousand relating to Almaviva SpA for Euro 3,855 thousand, Almaviva Contact for Euro 257 thousand, Agrisian for Euro 348 thousand, Almaxwave Euro 187 thousand and to a lesser extent to the other companies of the Group; (ii) receivables for indirect taxes equal to Euro 40,184 thousand relating mainly to Almaviva S.p.A., Almaviva Services and the Brazilian companies. Regarding to the receivables of Almaviva SpA for indirect taxes they refer to the credit for the Group VAT (Euro 13,345 thousand) and the credit for VAT already requested as a refund (Euro 10,718 thousand).

Advances to suppliers decreased by Euro 244 thousand, passing from Euro 3,686 thousand as at 31 December 2020 to Euro 3,442 thousand as at 31 December 2021.

Sundry items equal to Euro 43,815 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 equal to Euro 5,782 thousand;
- Receivables for reimbursements which refer:
  - To the amounts paid in advance by Almaviva Contact to former employees in respect of a reinstatement judgment readily contested through an appeal in the process of being settled equal to about Euro 1,300 thousand.
  - 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 Almaviva Group (collectively the "Almaviva Companies"), as well as third parties. The US litigation ended - both at first and second instance - with

## **ALMAVIVA S.P.A. AND SUBSIDIARIES**

### **EXPLANATORY NOTES (continued)**

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 AlmagivA 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 AlmagivA Companies. The AlmagivA 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 169,622 thousand (Euro 98,560 thousand as at December 31, 2020) refers to credit balances at banks in existence as at December 31, 2021 and the amounts held at the Group treasuries. The increase for the year, as highlighted in the cash flow statement, is essentially attributable to financial management thanks to the completion of the listing operation of AlmagivA SpA which took place in March 2021 and the renegotiation of the Bond Debt successfully completed in November 2021. These voices are not subject to any restriction and are not foresee disinvestment costs.

#### **19. NON-CURRENT ASSETS HELD FOR SALE**

Assets held for sale equal to Euro 2.459 thousand (Euro 2.459 thousand as at 31 December 2020) 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 SpA, originally scheduled for 19 September 2016, was postponed until completion by Consip SpA 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.

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

**20. SHAREHOLDERS' EQUITY**

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Share capital	154,899	154,899
Share premium reserve	17,788	17,788
Legal reserve	12,465	7,619
Other reserves:		
<i>FTA reserve</i>	4,493	4,493
<i>OCI reserve</i>	2,529	3,192
<i>stock grant reserve</i>	4,670	
<i>Translation reserve</i>	(53,448)	(54,348)
<i>Other reserves</i>	(121,503)	(148,561)
	(163,259)	(195,223)
Profit/(loss) for the year	57,908	35,143
<b>Total group shareholders' equity</b>	<b>79,804</b>	<b>20,228</b>
Reserves pertaining to NCIs:		
<i>Translation reserve</i>	(1,098)	(1,088)
<i>Other reserves</i>	19,596	5,250
	18,499	4,162
Profit/(loss) for the year pertaining to NCIs	1,990	1,006
<b>Total non-controlling interests</b>	<b>20,489</b>	<b>5,168</b>
<b>Total Shareholders' equity</b>	<b>100,292</b>	<b>25,397</b>

The total Shareholders' equity as at December 31, 2021 is equal to Euro 100,292 thousand (Euro 25,397 thousand as at December 31, 2020) showing an increase of Euro 74,895 thousand. This increase in Equity of the Almagiva Group was affected not only by the final results for the period (Euro 59,899 thousand) and the recognition of the comprehensive income statement, but also, (i) by the listing of Almagiva which resulted in an increase of the share capital of the subsidiary and the recognition of the share premium reserve net of the listing costs incurred (equal to Euro 27,667 thousand), (ii) by the distribution of reserves approved by Almagiva SpA during 2021 (for an amount of Euro 20,350 thousand).

**Share Capital**

The Share capital as at December 31, 2021 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.

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

<i>in number of shares</i>	<b>Ordinary shares</b>	<b>"Class A" special shares</b>	<b>"Class B" special shares</b>	<b>Total shares</b>	<b>% of Total shares</b>
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%
<b>Share capital</b>	<b>107,567,301</b>	<b>32,331,764</b>	<b>15,000,000</b>	<b>154,899,065</b>	<b>100.00%</b>

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 December 31, 2021 and increased by Euro 4,846 thousand compared to December 31, 2020.

**Share premium reserve**

The Share premium reserve amounted to Euro 17,788 thousand as at December 31, 2021 and remained unchanged compared to December 31, 2020.

**Stock Grant reserve**

The stock grant reserve equal to Euro 4,670 thousand as at December 31, 2021, includes the fair value valuation at the same date regarding the Stock Grant Plan introduced by Almawave SpA and Almaviva SpA during the year. Please to refer to Note 33 for more details.

**FTA reserve**

The FTA reserve amounted to Euro 4,493 thousand as at December 31, 2021, as detailed below:

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

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

**OCI reserve**

The OCI reserve is equal to Euro 2,529 thousand as at December 31, 2021 (Euro 3,192 thousand as at December 31, 2020).

**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 December 31, 2021, it was a negative Euro 54,546 thousand (of which the Group's share was a negative Euro 53,448 thousand and the portion pertaining to non-controlling interests amounted to negative Euro 1,098 thousand).

**Other reserves**

The Other reserves is equal to negative Euro 121,479 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 20,466 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 Almax 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 December 31, 2021 is summarised in the following table.

<i>(in thousands of Euro)</i>	<i>Note</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Non current Net Financial Position	23	(395,982)	(317,233)
Current Net Financial Position	16-18-27	156,793	79,784
Non current financial receivables	10	1,237	1,229
<b>Financial indebtness ("Debt")</b>		<b>(237,952)</b>	<b>(236,220)</b>
Total Group Shareholder Equity	20	79,804	20,228
Non Controlling Interests	20	20,489	5,168
<b>Total Shareholders' Equity ("Equity")</b>	20	<b>100,292</b>	<b>25,397</b>
<b>Debt/Equity ratio</b>		<b>(2.37)</b>	<b>(9.30)</b>

Financial indebtness as at December 31, 2021, equal to Euro 237,952 thousand, includes the values deriving from the application of IFRS 16 for an amount equal to Euro 44,894 thousand (Euro 44,988 thousand as at December 31, 2020) of which Euro 35,697 thousand (Euro 33,582 thousand as at December 31, 2020) relating to non-current financial liabilities and Euro 9,197 thousand (Euro 11,406 as at December 31, 2020) relating to current financial liabilities. The value before application of IFRS 16 would have been equal to Euro 193,058 thousand (Euro 191,232 as at December 31, 2020).

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

**21. LIABILITIES FOR EMPLOYEE BENEFITS**

Liabilities for employee benefits equal to Euro 45,409 as at December 31, 2021 are reported below:

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
<b>Liabilities for employee benefits</b>	<b>45,409</b>	<b>48,531</b>

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.

Liabilities for employee benefits valued on the basis of actuarial techniques are analysed as follows:

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
<b>Balance at the beginning of the year</b>	<b>48,531</b>	<b>51,286</b>
Change of the consolidatament area	892	0
Service cost	911	756
Interest cost	1,288	1,371
Payments / Utilizations	(6,876)	(4,611)
Actuarial gains/(losses) recognized in OCI	663	(271)
<b>Balance at the end of the year</b>	<b>45,409</b>	<b>48,531</b>
of which:		
Non-current portion	37,945	45,413
Current portion	7,464	3,118

The main assumptions made for the actuarial estimate process of the employee severance indemnity as at December 31, 2021 are summarised below:

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

<b>Financial Assumptions</b>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Discount rate	3.254%	2.653%
Inflation rate	1.800%	1.500%
Annual rate of TFR increase	2.850%	2.630%
Annual rate of salary increase	variable according to seniority	variable according to seniority
Annual turnover rate	variable according to seniority	variable according to seniority
Annual rate of disbursement of advances	variable according to seniority	variable according to seniority

Below is presented a sensitivity analysis in order to quantifying the effect produced on the determination of the current average value of the services in correspondence with the change in the discount rate, applying a shift of +/- 50 basis points compared to the curve of the data detected at the date of reference:

<i>(in thousands of Euro)</i>	<i>Rate +50 bp</i>	<i>Rate -50 bp</i>
Past Service Liability	44,071	46,485
Actuarial Profit/(loss)	216	2,631

<b>Demographic Assumptions</b>	<b>For the year ended December 31, 2021 and 2020</b>
Mortality	Table RG 48 State General Accounting Office
Disability	INPS Table - Commerce Sector
Retirement	General Mandatory Insurance requirements

No payments of contributions on defined benefit plans to employees are envisaged for the next year.

## **22. PROVISIONS**

Provisions are equal to Euro 18,579 as at December 31, 2021 (Euro 17,085 as at December 31, 2020) and are reported below:

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Non-current portion of provisions for risks and charges	11,210	5,836
Current portion of provisions for risks and charges	7,369	11,249
<b>Provisions for risks and charges</b>	<b>18,579</b>	<b>17,085</b>

**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 legal disputes	Other provisions for risks and charges	Total
<b>Balance as at January 1, 2020</b>	<b>585</b>	<b>2,591</b>	<b>134</b>	<b>2,201</b>	<b>9,982</b>	<b>15,493</b>
Accruals	0	4,365	0	1,336	4,062	9,763
Utilizations	(519)	0	0	0	(3,928)	(4,447)
Decreases	0	(2,513)	0	(684)	(1,128)	(4,325)
Other changes not recorded through income statement	0	0	0	358	243	601
<b>Balance as at December 31, 2020</b>	<b>66</b>	<b>4,443</b>	<b>134</b>	<b>3,211</b>	<b>9,231</b>	<b>17,085</b>
of which:						
Non-current portion	66	22	134	0	5,614	5,836
Current portion	0	4,421	0	3,211	3,617	11,249

  

<i>(in thousands of Euro)</i>	Provision for taxes	Provision for redundancy incentives	Provision for guarantees granted	Provisions for legal disputes	Other provisions for risks and charges	Total
<b>Balance as at January 1, 2021</b>	<b>66</b>	<b>4,443</b>	<b>134</b>	<b>3,211</b>	<b>9,231</b>	<b>17,085</b>
Accruals	0	1,066	0	316	8,713	10,275
Utilizations	0	0	0	0	(3,394)	(3,394)
Decreases	0	(3,747)	0	(1,531)	(123)	(5,401)
Other changes not recorded through income statement	0	(50)	0	8	56	14
<b>Balance as at December 31, 2021</b>	<b>66</b>	<b>1,712</b>	<b>134</b>	<b>2,004</b>	<b>14,483</b>	<b>18,579</b>
of which:						
Non-current portion	66	22	134	0	10,988	11,210
Current portion	0	1,690	0	2,004	3,495	7,369

Information and comments on the various provisions are provided below.

"Non-current tax provision" equal to Euro 66 thousand relates to Almoviva Contact SpA, 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 1,712 thousand (Euro 4,443 thousand as at December 31, 2020) mainly relating to employees of Almoviva SpA 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 2,004 thousand is related to IT Services segment for Euro 1,101 thousand, to CRM International segment for Euro 857 thousand and to Almoviva - New Technology segment for Euro 46 thousand.

The line items, including non-current and current portion, for a total of Euro 14,483 thousand (Euro 9,231 thousand at 31 December 2020) relating to prudential provisions on commercial risks relating to penalties for Euro 2,186 thousand of Almoviva SpA, for Euro 65 thousand of Almoviva Contact and for Euro 89 thousand of Lombardia Gestione; the Project Workers stabilization fund for Euro 512 thousand of Almoviva Contact, provisions for disputes both



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

towards personnel and for other civil disputes for Euro 98 thousand of Almaviva Contact, commercial guarantee funds for Euro 9,679 thousand of Almaviva SpA 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 395,982 thousand (Euros 317,233 thousand as at December 31, 2020), 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.

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>	
Banks	6,442	26,320	
Bond	337,943	242,973	
Amounts due to other lenders	15,900	14,358	
Financial liabilities associated with leasing	35,697	33,582	
<b>Non-current financial liabilities</b>	<b>395,982</b>	<b>317,233</b>	
<i>(in thousands of Euro)</i>	> 12 months	< 5 years	> 5 years
Banks	6,442	6,442	0
Bond	337,943	337,943	0
Amounts due to other lenders	15,900	15,900	0
Financial liabilities associated with leasing	35,697	35,697	0
	<b>395,982</b>	<b>395,982</b>	<b>0</b>

The fair value of the main financing component, relating to the bond issued on the Luxembourg market, was equal to Euro 351,715 thousand as at 31 December 2021.

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

<i>(in thousands of Euro)</i>	<b>At January 1, 2021</b>	<b>Proceeds from borrowings</b>	<b>Repayments of borrowings</b>	<b>Reclassificatio n and other adjustments</b>	<b>At December 31, 2021</b>
Almaviva S.p.A.	266,332	340,705	(264,488)	289	342,838
Sadel S.p.A.	290	2,700	(566)	(68)	2,356
Almaviva do Brasil	5,929	0	0	(1,866)	4,063
SIMEST Operation	11,000	0	0	0	11,000
Wedoo S.r.l.	100	0	0	(78)	22
Obda Systems S.r.l.	0	0	0	6	6
Financial liabilities associated with leasing	33,582	11,133	(2,179)	(6,839)	35,697
<b>Non-current financial liabilities</b>	<b>317,233</b>	<b>354,538</b>	<b>(267,233)</b>	<b>(8,556)</b>	<b>395,982</b>
<i>(in thousands of Euro)</i> <th style="text-align: right;"><b>At January 1, 2020</b></th> <th style="text-align: right;"><b>Proceeds from borrowings</b></th> <th style="text-align: right;"><b>Repayments of borrowings</b></th> <th style="text-align: right;"><b>Reclassificatio n and other adjustments</b></th> <th style="text-align: right;"><b>At December 31, 2020</b></th>	<b>At January 1, 2020</b>	<b>Proceeds from borrowings</b>	<b>Repayments of borrowings</b>	<b>Reclassificatio n and other adjustments</b>	<b>At December 31, 2020</b>
Almaviva S.p.A.	257,854	20,727	(15,731)	3,482	266,332
Sadel S.p.A.	1,570	300	(181)	(1,399)	290
Almaviva do Brasil	11,671	0	0	(5,742)	5,929
SIMEST Operation	11,000	0	0	0	11,000
Wedoo S.r.l.	203	0	0	(103)	100
Financial liabilities associated with leasing	40,225	21,424	(9,771)	(18,296)	33,582
<b>Non-current financial liabilities</b>	<b>322,523</b>	<b>42,451</b>	<b>(25,683)</b>	<b>(22,058)</b>	<b>317,233</b>

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

As regards the monetary movements of the period, it should be noted that on November 3, 2021, Almoviva SpA issued a Senior Secured Bond Debt reserved for institutional investors of Euro 350,000,000.00, with a fixed rate coupon of 4.875%, with half-yearly payment on the dates of April 30 and October 30 of each year. The Bond maturing in five years and is listed on the Luxembourg stock exchange on the Euro MTF Market (unregulated market). The Debt is also linked to a Revolving Facility line amounting to Euro 70 million that can be used for general purposes relating to business activities. Regarding this Revolving Facility line, compliance with a covenant defined as the "Net Senior Leverage Covenant Test" is assessed on a quarterly basis. The assessment takes place only if the amount of the line used, net of the cash held, exceeds 40% of the total of the aforementioned Revolving Facility. As at December 31, 2021, the company has not carried out any draft on the aforementioned line.

This Bond Debt was used for (i) the repayment of the bond debt stipulated in October 2017 for Euro 250 million (maturing in October 2022) and the portion committed with respect to the total value of Euro 40 million of the related Revolving Facility line, (ii) the payment the expenses and commissions of the new operation.

The amount of Bond Debt was increased, compared to the previous one with maturity in October 2022, in order to give to the Group new and increased cash availability, compared to the liquidity already owned, necessary to support growth through external channels, through a program of new acquisitions and organic growth through targeted investments.

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 December 31, 2021, of Euro 337,943 thousand.

Liabilities to banks equal to Euro 6,442 thousand relate to Almoviva do Brasil (Euro 4,063 thousand), Wedoo Srl (Euro 22 thousand), Sadel (Euro 2,356 thousand) and Almoviva SpA (Euro 1 thousand).

Liabilities to other lenders equal to Euro 15,900 thousand mainly refer to subsidized loans received on projects financed by Almoviva SpA (Euro 4,894 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 Almoviva do Brasil subscribed by SIMEST. This transaction makes provision, inter alia, for the irrevocable obligation of the subsidiary Almoviva 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 35,697 thousand, the reclassifications for Euro 6,839 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

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

**24. DEFERRED TAX LIABILITIES**

Deferred tax liabilities are equal to Euro 2 thousand as at December 31, 2021 and have not any change in the period:

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
<b>Deferred tax liabilities</b>	<b>2</b>	<b>2</b>

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
<b>Balance at the beginning of the year</b>	<b>2</b>	<b>1,394</b>
Increases	0	0
Decreases	0	(1,392)
<b>Balance at the end of the year</b>	<b>2</b>	<b>2</b>

**25. OTHER NON-CURRENT LIABILITES**

Other non-current liabilities equal to Euro 552 thousand as at December 31, 2021 (Euro 808 thousand as at December 31, 2020) are reported below:

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Deferred income on capital grants	552	808
<b>Other non-current liabilities</b>	<b>552</b>	<b>808</b>

The fully amount refers to deferred income on capital grants.

**26. TRADE PAYABLES**

Trade payables are equal to Euro 272,904 thousand as at December 31, 2021 and increased for Euro 2,060 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 51,288 thousand (Euro 69,093 thousand as of December 31, 2020) while those not due and due within 12 months amount to Euro 221,616 thousand (Euro 201,751 thousand as of December 31, 2020).

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
<b>Trade payables</b>	<b>272,904</b>	<b>270,844</b>

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

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

**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>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Payables due to banks	3,103	6,719
Current portion bonds	2,686	3,834
Payables due to other lenders	716	725
Financial lease payables	0	2
Accrued liabilities from financial exp	201	251
Other financial payables	504	0
Financial liabilities for leasing IFRS :	9,197	11,406
<b>Current financial liabilities</b>	<b>16,407</b>	<b>22,937</b>

Short-term financial liabilities for Euro 16,407 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 31 December 2021 they generated a cash absorption equal to Euro 3,366 thousand; (ii) at 31 December 2020 they generated a cash absorption equal to Euro 2,536 thousand.

**28. TAX PAYABLES**

Tax payables as at December 31, 2021, equal to Euro 32,398 thousand (Euro 27,650 thousand as at December 31, 2020) are reported below:

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Income taxes	924	1,422
Other taxes	31,474	26,228
<b>Tax payables</b>	<b>32,398</b>	<b>27,650</b>

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 December 31, 2021, equal to Euro 121,329 thousand (Euro 109,663 thousand as at December 31, 2020) are reported below:

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

<i>(in thousands of Euro)</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Payables due to social security institutions	18,301	18,700
Payables due to personnel	35,560	34,850
Miscellaneous payables	41,943	38,474
Deferred income	25,525	17,639
<b>Other current liabilities</b>	<b>121,329</b>	<b>109,663</b>

The payables to social security institutions equal to Euro 18,301 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 AlmavivA Contact S.p.A. and AlmavivA Services, to the monthly payment for the month of December, the payment of which took place in the first days of January 2022, as per the ordinary management of salary payments.

Miscellaneous payables equal to Euro 41,943 thousand mainly include payables to project workers, payables to insurance companies, payables for collections to be paid to partners, payables to the parent company AlmavivA Technologies for tax consolidation (equal to Euro 31,375 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 25,525 thousand relates to economic components pertaining to future years.

### 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>	<b>For the twelve months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Revenues from sales and services	935,602	856,543
Revenues from sale of goods	21,173	20,076
Revenues from contract work in progress	(10,968)	(5,323)
<b>Revenues from contracts with customers</b>	<b>945,807</b>	<b>871,296</b>

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

<b>Timing of revenue recognition</b>	<b>2021</b>	<b>2020</b>
Goods transferred at a point in time	21,173	20,076
Services transferred over time	924,634	851,220
<b>Total revenue from contracts with customers</b>	<b>945,807</b>	<b>871,296</b>

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 AlmavivA S.p.A. in the contracts relating to the Transportation sector.

The table below shows a breakdown of revenues by Operating segments for years ended December 31, 2021 and 2020. Inter-segment elimination has not been considered and eliminated.

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

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
IT Services	648,822	558,799
CRM Europe	80,486	87,406
CRM International	189,375	204,216
Almawave – New Technology	27,124	20,875
<b>Revenues from contracts with customers</b>	<b>945,807</b>	<b>871,296</b>

Revenues in the IT Services segment on 31 December 2021 increased by Euro 90,023 thousand, equal to 16.1% 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 and Other business areas. This growth was partially offset by a reduction in revenues attributable to the Utilities, Ministries, Agriculture, Health Treasury and Public Finance business area.

The revenues of the CRM Europe segment recorded a decrease of Euro 6,920 thousand (7.9%) 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.

Revenues from contracts with customers in the CRM International segment at 31 December 2021 show a decrease of Euro 14,841 thousand, equal to 7.3% compared to the previous period. The decrease is attributable to the Telco / Media and Finance business areas, partially offset by the growth in Other business area.

Revenues from contracts with customers in the Almawave-New Technology segment increased by Euro 6,249 thousand, up 30% 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 and Other areas, partially offset by the slight decrease in revenues from customers in the Telco / Media, Finance and Utilities areas.

Revenues from contracts with AlmagivA 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 at 31 December 2021, based on the contracts already acquired by the Group, amount to Euro 2,400,256 thousand, of which Euro 609,319 thousand to be absorbed within the following year and Euro 1,790,937 thousand to be absorbed beyond the next year.

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

**31. OTHER INCOME**

Other income are reported in the following table:

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Recovery of personnel costs	1,106	905
Recovery of costs of service provision	3,805	4,274
Recovery of costs of use of assets	67	49
Reversal of provisions	3,394	5,329
Other income	11,221	5,198
Operating grants	3,417	2,563
Reversal of over-accruals of trade payables	5,092	1,047
<b>Other income</b>	<b>28,102</b>	<b>19,365</b>

Other income amount to Euro 28,102 thousand (Euro 19,365 thousand as at December 31, 2020) 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.

Operating grants mainly refer to the contribution for the Research & Development tax credit. As fully described in the Management Report, the Group made use of the tax credit provided for in accordance with Art. 1, paragraphs 198-209 of the law of 27 December 2019, n. 160, in order to use it according to the procedures provided for by the aforementioned legislation.

The item "other income" shows mainly the positive effect, at the consolidated level of the AlmagivA Group, for Euro 7,153 thousand, deriving from the bargain purchase of Kline's 70% of through the transfer of a company branch mentioned above.

**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>	<b>For the twelve months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Raw materials, consumables, supplies and goods	41,855	33,195
Costs for services	324,838	282,623
Costs of use of third party assets	5,506	5,606
Costs for services capitalised for assets created internally	(3,238)	(3,545)
Changes in inventories	(2,182)	(732)
<b>Cost of raw materials and services</b>	<b>366,779</b>	<b>317,148</b>

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

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
IT Services	308,363	249,835
CRM Europe	15,942	19,414
CRM International	45,891	54,282
Almawave New Technology	14,320	12,024
Adjustments eliminations and other	(17,738)	(18,407)
	<b>366,779</b>	<b>317,148</b>

The item increased during the period by Euro 49,164 thousand. The increase is generally attributable to higher revenues in the IT Services sector, with a consequent increase in service costs (Euro 56,141 thousand), as well as in the Almawave-New Technology segment (increase in costs of Euro 2,296 thousand). This effect was partially offset in the CRM Europe segment where service costs decreased by Euro 3,472 thousand and by the CRM International segment (decrease in costs by Euro 8,391 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 December 31, 2021 and 2020:

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Maintenance	34,243	29,594
Insurance	3,019	2,620
Consultancy and professional services	187,137	141,163
Advertising, promotion and entertainment	947	543
Telephone expenses	4,292	4,573
Travel and stays	1,930	1,916
Energy and fluids	6,841	8,559
Distribution and warehousing	2,133	2,534
Other costs for services	92,494	91,121
Stock Grant costs	2,148	0
Transaction costs for services related to Bond Debt	(10,346)	0
<b>Costs for services</b>	<b>324,838</b>	<b>282,623</b>

The costs for the assignment of Stock Grants refer to the plan to key figures of the Group as fully anticipated in Note 3 and as better detailed below in personnel expenses.

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, cleaning, purchase of masks and gloves). The increase in costs is related to the increase in turnover volumes. Furthermore, the remuneration due to the Directors equal to Euros 3,026 thousand, the remuneration due to the Board of Statutory Auditors for Euro 266 thousand and to the Independent Auditors for Euro 596 thousand are also included.



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

**33. PERSONNEL EXPENSES**

Personnel expenses are broken down as follows:

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Salaries and wages	359,254	359,248
Social security contributions	70,234	70,261
Employee benefit expenses	16,006	15,788
Other costs	2,042	6,554
Stock Grant costs	2,522	0
Agency work	4,104	3,267
Personnel expenses capitalised for assets created internally	(11,875)	(11,686)
<b>Personnel expenses</b>	<b>442,287</b>	<b>443,452</b>

Personnel expenses decreased by Euro 1,166 thousand, or 0.26%.

During the year, the Stock Grant Plan reserved for strategic employees of the Group by Almawave S.p.A. and by Almagiva S.p.A., was introduced.

The Plans are divided into three tranches, each of which has specific performance objectives to be calculated with reference, respectively, to the financial years 2021, 2022 and 2023. Upon reaching these and if the employees indicated in the plans are still in force at the date of maturity of the right, the shares will be free assigned to them. The objectives set out for each tranche are linked both to the achievement of certain economic performances of the Almawave Group (substantially correlated to a final EBITDA equal to a value in the range 85% -105% of the target EBITDA value) and to the achievement of objectives of growth of the Almawave group by external lines through acquisitions of companies that comply with the strategic guidelines of the Almawave Group and certain economic and financial parameters; these acquisitions have to be completed within the approval of the Almawave Group's financial statements of the relating exercise of accrual of the right.

The *fair value* of the shares to be paid to employees is estimated on the basis of the market value of the company's shares on the date on which the company itself and the employees mutually understood the terms and conditions of the Stock Grant Plan (Euro 4.25). The number of shares accrued as at 31 December 2021 were calculated on the achievement of the objectives set for the current year; at the same time, the number of the share that could accrue in the year 2022 and 2023 were estimated through forecasts for achieving the objectives listed above.

The cost of employee with share-based payment is equal to Euro 2,522 thousand as at December 31, 2021; there were no cancellations or changes to the plan during the year.

The number of employees as at December 31, 2021 is equal to 44,689 and the average number of employees of companies included in the consolidation area, broken down by category, is as follows:

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

	At December 31, 2021	At December 31, 2020
Executives	265.8	246.9
Middle managers	929.9	889.5
White-collar employees	43,420.2	44,750.4
<b>Total Group average employees</b>	<b>44,615.8</b>	<b>45,886.8</b>
Agency workers	134.0	102.8
<b>Total workforce</b>	<b>44,749.8</b>	<b>45,989.7</b>

**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 twelve months ended December 31,	
	2021	2020
Industrial patent and intellectual property rights	7,697	7,454
Concession, licence and trademarks	234	472
Other	8,747	6,357
<b>Total Intangible Depreciation and Amortization</b>	<b>16,676</b>	<b>14,284</b>
Civil and industrial buildings	785	782
Industrial and commercial equipment	149	124
Plants and machinery owned	2,535	2,678
Other assets owned and leased	6,902	6,798
ROU Asset - Civil and industrial buildings IFRS16	8,852	13,478
ROU Asset - Other assets owned and leased IFRS16	1,180	1,021
<b>Total Tangible Depreciation and Amortization</b>	<b>20,403</b>	<b>24,881</b>
<i>Impairment Loss of Intangible asset</i>	1,061	0
<b>Total Depreciation and Amortization</b>	<b>38,140</b>	<b>39,165</b>
<i>(in thousands of Euro)</i>	For the twelve months ended December 31,	
	2021	2020
<i>Disposals of Intangible Assets</i>	0	(87)
<i>Disposals of Tangible Assets</i>	75	841
<i>Disposals of Financial Assets</i>	(2)	(65)
<b>Total profit (losses) from sale on non-current assets</b>	<b>73</b>	<b>689</b>

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

**35. OTHER EXPENSES**

Other operating expenses are broken down as follows:

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Provisions for risks	8,893	4,669
Taxes and duties	280	373
Membership fees	724	687
Other expenses	4,399	3,299
<b>Other operating expenses</b>	<b>19,301</b>	<b>13,890</b>

Net provisions for risks and charges are recorded for Euro 8,713 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.

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

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

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Financial income	1,509	1,040
Financial expenses	(29,808)	(28,675)
Exchange gains/(losses)	(308)	(622)
Financial expenses for leasing IFRS 16	(4,081)	(4,293)
<b>Net financial result</b>	<b>(32,689)</b>	<b>(32,549)</b>

As shown in the previous table, the result is negative as at 31 December 2021 for Euro 32,689 thousand, against a negative result of Euro 32,549 thousand as at 31 December 2020, with an increase of Euro 140 thousand.

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

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	(869)	0
<b>Net result from equity investments</b>	<b>(869)</b>	<b>0</b>

Gains/(losses) on equity investments and loss from investments accounted for using equity method shows a negative amount of Euro 869 thousand as at 31 December 2021 compared to an amount of 0 as at December 31, 2020. This is due to the negative effect of the valuation according to the equity method related to the investment in CCID-Almaviva Inform. Tech. Co.

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

Ltd for Euro 871 thousand and due to the revaluation of the equity investment in TVEyes LT Srl for Euro 2 thousand.

**38. INCOME TAXES**

Income taxes are broken down as follows:

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Italian Companies		
<i>IRAP (Regional business tax)</i>	3,714	2,305
<i>IRES (Corporate income tax)</i>	11,637	13,290
<i>(Income) expenses from compliance with tax consolidation</i>	(548)	(5,027)
	<b>14,803</b>	<b>10,568</b>
Foreign companies		
<i>Other current taxes</i>	8,097	3,631
	<b>8,097</b>	<b>3,631</b>
<b>Current Taxes</b>	<b>22,900</b>	<b>14,199</b>
Italian Companies		
<i>IRAP (Regional business tax)</i>	(1,322)	(183)
<i>IRES (Corporate income tax)</i>	(8,242)	(1,154)
	<b>(9,564)</b>	<b>(1,337)</b>
Foreign companies		
<i>Other deferred taxes</i>	1,164	(3,667)
	<b>1,164</b>	<b>(3,667)</b>
<b>Deferred taxes</b>	<b>(8,400)</b>	<b>(5,004)</b>
<b>Income taxes for the year - Non recurring portion</b>	<b>(483)</b>	<b>(199)</b>
<b>Total Income taxes</b>	<b>14,018</b>	<b>8,997</b>

Deferred taxes IRES equal to Euro 8,242 thousand are mainly due to the deferred tax assets' provision (for Euro 8,537 thousand) related to the tax realignment of the goodwill in AlmagivA SpA, pursuant to Law Decree no. 104 - *Urgent measures to support and relaunch the economy* - Article 110 "General revaluation of business assets and shareholdings 2020".

**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>	<b>For the twelve months ended December 31,</b>			
	<b>2021</b>		<b>2020</b>	
<b>Income before taxes</b>	<b>73,917</b>	<b>100.0%</b>	<b>45,145</b>	<b>100.0%</b>
<b>Theoretical taxes (*)</b>	<b>17,740</b>	<b>24.0%</b>	<b>10,835</b>	<b>24.0%</b>
<b>Effective tax charge</b>	<b>14,018</b>	<b>18.96%</b>	<b>8,997</b>	<b>19.93%</b>
<b>differences between theoretical and effective tax charge</b>	<b>(3,722)</b>	<b>-5.04%</b>	<b>(1,838)</b>	<b>-4.07%</b>
<b>1) different foreign tax rates</b>	2,174	2.94%	2,274	5.04%
<b>1a) Exchange rate differences</b>	0	0.00%	0	0.00%
<b>2) permanent differences:</b>				
<b>2a) IRAP and other italian region</b>	3,714	5.02%	2,305	5.10%
<b>2b) taxes of prior periods</b>	(483)	-0.65%	(199)	-0.44%
<b>2c) tax credit R&amp;D</b>	(469)	-0.64%	(393)	-0.87%
<b>2d) consolidation adjustments</b>	(2,192)	-2.96%	(4,886)	-10.82%
<b>2e) IAS 19</b>	0	0.00%	125	0.28%
<b>2f) other differences (**)</b>	(6,466)	-8.75%	(1,064)	-2.36%
<b>Total differences</b>	<b>(3,722)</b>	<b>-5.04%</b>	<b>(1,838)</b>	<b>-4.07%</b>

(\*) 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 December 31, 2021:

- personal guarantees of Euro 216,958 thousand (Euro 218,697 thousand as at December 31, 2020), 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 10,375 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 9,982 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 Servicos 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

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

from latter. As a further guarantee of this loan, the shares held by Almoviva Technologies S.r.l. have also been pledged. equal to 95.11% of the share capital in Almoviva S.p.A.

- guarantees provided through pledges on the shares held by Almoviva 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, 2020) and refer to third party assets held by Almoviva S.p.A.

**41. RISKS AND OTHER INFORMATION**

***Credit risk***

The maximum theoretical exposure to credit risk for the Almoviva 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 Almoviva 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 Almoviva 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>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
- Amount falling due	372,187	308,966
- Past due	47,487	38,231
<b>Trade receivables net of Bad debt provision</b>	<b>419,674</b>	<b>347,197</b>

***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. Almoviva 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 consolidated financial statements

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

(economic result and shareholders' equity) due to translating assets and 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 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 consolidated financial statements for the valuation of the number of shares of Almaxwave SpA 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 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 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 ottobre 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 novembre 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.

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

*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 appeal. RTI Agriconsulting brought a cross-appeal. By judgment of 1 July 2021, the Lazio Regional Administrative Court dismissed the appeals of RTI Almaviva and Engineering. RTI



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

AlmavivA 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 AlmavivA and Engineering.

*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 RipreseAeree S.p.A.) / Ministero delle politiche agricole alimentari e forestali/ 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 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 set for 23 March 2022.

*RTI AlmavivA 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 AlmavivA 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 AlmavivA 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./ AlmavivA S.p.A. (agent of the constituting RTI with Servizi di Informazione Territoriale S.r.l. and New Technology Engineering Italia S.r.l.)*

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 AlmavivA of the tender for "the assignment of the detailed design, supply, installation and management of an integrated technologically advanced surveillance system for the detection

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

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. The substantive hearing was set for 31 March 2022.

*Engineering Ingegneria Informatica S.p.A./ Regione Autonoma della Sardegna/ RTI AlmavivA 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 AlmavivA 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 AlmavivA (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 AlmavivA 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 AlmavivA 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/ AlmavivA S.p.A.*

TLS has appealed to the Lazio Regional Administrative Court for the annulment of the award order in favour of AlmavivA 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 AlmavivA 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 AlmavivA of lot 1 of the "open tender for the award of a framework agreement concerning the supply of Cloud IaaS 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 spa (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*

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

*Italia spa)/ Consip SpA/ GPI SpA (agent of constituting RTI with VODAFONE ITALIA S.P.A., AGFA GEVAERT S.P.A., NUVYTA 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 COMPUTING 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.

*AlmagivA S.p.A. + others/ Lloyd's Insurers (at Lloyd's General Representative for Italy)*

AlmagivA 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 AlmagivA 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.

### **Almagwave 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./ Almagwave 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 Almagwave 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 Almagwave 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 Almagwave 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 S.P.A. AND SUBSIDIARIES EXPLANATORY NOTES (continued)**

### **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.)*

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 AlmavivA 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 was set for 7 April 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./ AlmavivA 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./ AlmavivA 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 AlmavivA 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 was set for 7 April 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./ AlmavivA 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)*

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

*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./ Almoviva 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 Almoviva 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 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 was set for 7 April 2022.

### **Almoviva Contact S.p.A.**

*3G S.p.A. / Consip S.p.A. /Almoviva 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. The substantive hearing has not yet been scheduled. The outcome of the risk assessment did not determine the need to enter risk funds.

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

Alicos S.p.A., in data 14 novembre 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. Almoviva 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., Almoviva Contact S.p.A. challenged the passive status. This opposition was rejected and Almoviva Contact S.p.A. appealed to the Court of Cassation. The Court dismissed the appeal by order, against which Almoviva 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 Almoviva Contact S.p.A./Alitalia Servizi S.p.A. in A.S.*

Alicos S.p.A., in data 19 gennaio 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. Almoviva 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., Almoviva Contact S.p.A. challenged the passive status. This opposition was rejected and Almoviva Contact S.p.A. appealed to the Court of Cassation. The management,

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

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.

*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 is scheduled for March 31, 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, numerous judgments were filed by the Court of Cassation that rejected the appeals of over a thousand workers, confirming the appeal judgments.

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

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.

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 SpA (later merged into AlmagivA Contact SpA), 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 31 December 2021" 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:

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

**Business and miscellaneous relationships**

*thousands of euros*

	31.12.2021		31.12.2021					
	Credits	Debts	Costs			Revenues		
			Goods	Services	Other	Goods	Services	Other
Almaviva Technologies Srl	30,393	31,552	-	318	-	-	-	2
Consortium Hypertix in liquidazione	68	-	-	-	-	-	-	-
Sin Srl	6,189	167	-	-	-	-	29,423	793
TVEyes L.T.	8	71	-	6	-	-	-	20
Almaviva CCID	119	-	-	-	-	-	-	-
Consortium Namex	-	-	-	11	-	-	-	-
<b>Strategic employees</b>								
Stock Grant Plan				2,148	2,522			
Other:								
Elvit Consultoria e Participacoes LTDA	-	-	-	47	-	-	-	-
<b>Total</b>	<b>36,777</b>	<b>31,790</b>	-	<b>2,530</b>	<b>2,522</b>	-	<b>29,423</b>	<b>815</b>

*migliaia di euro*

	31.12.2020		31.12.2020					
	Credits	Debts	Costs			Revenues		
			Goods	Services	Other	Goods	Services	Other
Almaviva Technologies Srl	32,348	23,560	-	300	-	-	10	2
Consorzio Hypertix in liquidazione	68	-	-	-	-	-	-	-
Sin Srl	9,405	167	-	-	-	-	33,281	755
TVEyes L.T.	-	36	-	10	-	-	-	15
Almaviva CCID	119	-	-	-	-	-	-	8
Altri:								
Elvit Consultoria e Participacoes LTDA	-	-	-	42	-	-	-	-
<b>Total</b>	<b>41,940</b>	<b>23,763</b>	-	<b>352</b>	-	-	<b>33,291</b>	<b>780</b>

#### 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 IN THE DATA APPEAL*

On February 7, 2022, the Extraordinary Shareholders' Meeting of Almaxwave S.p.A. approved the proposal to grant the Board of Directors the power, pursuant to Article 2443 of the Civil Code, to increase the share capital for a fee, with the exclusion of the option right pursuant to Article 2441, paragraph 4, of the Civil Code, for a total amount of Euro 12,500,000.00, including the surcharge, through the issue of a maximum of 2,155,172 ordinary shares, to service the acquisition of the share capital of The Data Appeal Company S.p.A.

Following the above, on March 4, 2022, the Board of Directors of Almaxwave S.p.A. implemented the aforementioned proxy by deliberating a capital increase of Euro 12,500,000.00 which will be released through the contribution in kind of ordinary shares of The Data Appeal representing a total of 75.76% of the share capital of The Data Appeal.

The execution of the capital increase is subject to the fulfilment of conditions precedent provided for by law and / or in the agreements in place with the shareholders of The Data Appeal, usual for this type of operation.



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

### *AQUARIUS PARTICIPAÇÕES S.A. – TRANSACTION ON SHARE CAPITAL*

In February 2022, a reduction in the share capital of R\$ 37,000,249.31 was approved by the sole shareholder Almagora do Brasil Telemarketing and Informática SA. The share capital therefore stood at R\$ 26,600,000.

The reduction of the share capital will take effect after 60 days from the publication of the resolution.

### *ALMAVIVA S.P.A. – CORPORATE ACQUISITION*

On February 22, 2022, Almagora S.p.A. signed a contract for the purchase of the entire share capital of Almagora Digital España S.L. (formerly Tilbranhill S.L.U.).

### *ALMAWAVE S.P.A.: CORPORATE ACQUISITION*

On February 22, 2022, Almagora S.p.A. signed a binding agreement ("Agreement") for the acquisition of 100% of the share capital of Sistemi Territoriali S.r.l., a company based in Cascina (PI), active in the development of solutions and projects in the Field of Data Science, focused on Open Data Analytics, Spatial Intelligence and Decision Support System platforms, for the Multi-utilities and Government sectors.

The execution of the Agreement remains subject to the occurrence of customary conditions precedent for operations of this type. For further information on the transaction, please refer to the press release made available on the Almagora SpA website.

### *AWARD OF TENDERS OF FERROVIE GROUP*

On February 22, 2022, Ferservizi SpA in the name and on behalf of FSTechnology SpA and in the interest of the companies of the Ferrovie dello Stato Italiane Group, awarded the following three procedures to the Group consisting of the agent Almagora SpA and the principals Leonardo SpA and Telecom Italia SpA contract:

- the procedure concerning the assignment of ICT services for the development, evolutionary, corrective and adaptive maintenance and management of applications of railway infrastructure systems with a value of Euro 575 million in 7 years (Tender 1);
- the procedure concerning the contract relating to the award of ICT services for the development, evolutionary, corrective and adaptive maintenance, management of transport operator applications with a value of Euro 478 million in 7 years (Tender 2) ;
- the procedure concerning the award of ICT services for the management of systems and hardware, hosting, housing and IaaS infrastructures with a value of Euro 795 million in 7 years (Tender 5).

### *RUSSIA-UKRAINE CONFLICT*

In February 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.

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

The aforementioned measures include stringent sanctions on several sectors: from the economic 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.

### *ALMAVIVA DO BRASIL TELEMARKETING E INFORMÁTICA S.A. – CORPORATE ACQUISITION*

On March 3, 2022, the purchase of the entire share capital of CENTRAL DE RECUPERAÇÃO DE CRÉDITOS LTDA was completed, which, in turn, is the owner of the entire share capital of CRC DIGITAL LTDA. This one is a company with about 4,000 employees operating in Fortaleza with an annual turnover of about reais 200 million.

### *SPIN DATA S.R.L. .: CHANGE OF COMPANY NAME*

On March 18, 2022, the Shareholders' Meeting approved to change the company name to Data Jam S.r.l..