

Gruppo  
**Almaviva**

**Almaviva**

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

**BOARD OF DIRECTORS MARCH 15<sup>TH</sup>, 2023**



**ALMAVIVA S.P.A. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 AND 2021**



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**REPORTS OF INDEPENDENT AUDITORS**



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

Consolidated financial statements as of December 31, 2022

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)



**EY**  
Building a better  
working world

EY S.p.A.  
Via Lombardia, 31  
00187 Roma

Tel: +39 06 324751  
Fax: +39 06 32475504  
ey.com

### 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, 2022, 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, 2022 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.

EY S.p.A.  
Sede Legale: Via Menavigli, 12 – 20123 Milano  
Sede Secondaria: Via Lombardia, 31 – 00187 Roma  
Capitale Sociale Euro 2.525.000,00 i.v.  
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi  
Codice fiscale e numero di iscrizione 00434000564 - numero R.E.A. di Milano 808158 - P.IVA 00891231003  
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Iscritta all'Albo Speciale delle società di revisione  
Consob al progressivo n. 2 delibera n. 10831 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, 2022 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, 2022 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, 2022 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 16, 2023

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, 2022 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, 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)



EY S.p.A.  
Via Lombardia, 31  
00187 Roma

Tel: +39 06 324751  
Fax: +39 06 324755504  
ey.com

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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, 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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## REPORTS OF INDEPENDENT AUDITORS (Continued)



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### 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

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

<i>(in thousands of Euro)</i>	Note	At December 31, 2022	Of which with related parties	At December 31, 2021	Of which with related parties
Intangible assets	7	90,999		79,317	
Goodwill		76,470		39,179	
Property, plant and equipment	8	87,563		86,094	
Investments accounted for using the equity method	9	243		237	
Non-current financial assets	10	1,256		1,237	
Deferred tax assets	11	21,367		23,181	
Other non-current assets	12	1,091		1,573	
<b>Total non-current assets</b>		<b>278,989</b>		<b>230,818</b>	
Inventories	13	18,811		12,168	
Contract assets	14	19,064		23,314	
Trade receivables	15	513,487	183	422,490	6,356
Current financial assets	16	14,533		3,578	
Other current assets	17	142,041	24,495	139,405	30,421
Cash and cash equivalents	18	164,660		169,622	
<b>Total current assets</b>		<b>872,596</b>		<b>770,577</b>	
Non-current assets held for sale	19	0		2,459	
<b>Total assets</b>		<b>1,151,586</b>		<b>1,003,854</b>	
Share capital		154,899		154,899	
Share premium reserve		17,788		17,788	
Stock grant reserve		7,693		4,670	
Other reserves		(105,428)		(155,462)	
Profit/(loss) for the period		72,344		57,908	
<i>Total group shareholders' equity</i>		<i>147,296</i>		<i>79,804</i>	
<i>Non-controlling interests</i>		<i>31,566</i>		<i>20,489</i>	
<b>Total shareholders' equity</b>	20	<b>178,862</b>		<b>100,292</b>	
Non-current liabilities for employee benefits	21	39,672		45,409	
Non-current provisions	22	8,040		11,210	
Non-current financial liabilities	23	380,717		395,982	
Deferred tax liabilities	24	84		2	
Other non-current liabilities	25	635		552	
<b>Total non-current liabilities</b>		<b>429,148</b>		<b>453,155</b>	
Current provisions	22	4,933		7,369	
Trade payables	26	351,526	140	272,904	271
Current financial liabilities	27	33,374		16,407	
Current tax liabilities	28	31,890		32,398	
Other current liabilities	29	121,853	29,900	121,329	31,519
<b>Total current liabilities</b>		<b>543,576</b>		<b>450,407</b>	
<b>Total liabilities</b>		<b>972,724</b>		<b>903,562</b>	
<b>Total equity and liabilities</b>		<b>1,151,586</b>		<b>1,003,854</b>	

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

For the twelve months ended December 31,

<i>(in thousands of Euro)</i>	Note	2022	Of which with related parties	2021	Of which with related parties
Revenues from contracts with customers	30	1,070,017	0	945,807	29,423
Other Income	31	24,999	29	28,102	815
<b>Total revenues and other income</b>		<b>1,095,016</b>		<b>973,910</b>	
Cost of raw materials and services	32	(443,550)	(445)	(366,779)	(2,530)
Personnel expenses	33	(466,256)	(3,020)	(442,287)	
Depreciation and amortization	34	(44,725)		(38,142)	
Profit/(Loss) from sale of non-current assets	34	45		73	
Other expenses	35	(14,186)		(19,301)	
<b>Operating profit/(loss)</b>		<b>126,343</b>		<b>107,474</b>	
Financial income	36	3,687		1,509	
Financial expenses	36	(32,479)		(33,889)	
Exchange gains/(losses)	36	(499)		(308)	
Profit/(loss) from investments accounted for using equity method	37	6		(869)	
<b>Profit/(Loss) before taxes</b>		<b>97,058</b>		<b>73,917</b>	
Income taxes	38	(21,957)		(14,018)	
<b>Profit/(Loss) from continuing operations</b>		<b>75,101</b>		<b>59,899</b>	
<b>Profit/(Loss) for the period</b>		<b>75,101</b>		<b>59,899</b>	
of which:					
Profit/(loss) pertaining to the group		72,344		57,908	
Profit/(loss) pertaining to non-controlling interests		2,756		1,990	
<b>Earning (Loss) per share (EPS) basic and diluted</b>					
Basic, earning (loss) for the year attributable to ordinary equity holders of the parent		€ 0.48		€ 0.39	
Diluted, earning (loss) for the year attributable to ordinary equity holders of the parent		€ 0.48		€ 0.39	

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

<i>(in thousands of Euro)</i>	<b>Note</b>	<b>For the twelve months ended December 31,</b>	
		<b>2022</b>	<b>2021</b>
<b>Profit/(loss) for the period</b>		<b>75,101</b>	<b>59,899</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>	7,298	890
<b>Total</b>		<b>7,298</b>	<b>890</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>	1,307	(663)
<b>Total</b>		<b>1,307</b>	<b>(663)</b>
<b>Comprehensive income/(loss) for the period</b>		<b>83,706</b>	<b>60,126</b>
of which:			
Comprehensive income/(loss) pertaining to the group		80,842	58,145
Comprehensive income/(loss) pertaining to non-controlling interests		2,864	1,981



**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, 2022</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>20,489</b>	<b>100,292</b>
<b>Profit/(loss) for the year</b>									<b>0</b>	<b>72,344</b>	<b>72,344</b>			<b>2,756</b>	<b>2,756</b>	<b>75,101</b>
Other movements pertaining Other comprehensive income							1,307	7,191	8,498		8,498		107		107	8,605
<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>1,307</b>	<b>7,191</b>	<b>8,498</b>	<b>72,344</b>	<b>80,842</b>	<b>0</b>	<b>107</b>	<b>2,756</b>	<b>2,863</b>	<b>83,706</b>
Allocation of prior year's profit/(loss)			2,674	55,234					55,234	(57,908)	0	1,990	(1,990)	0	0	0
Almawave increase in Equity due to M&A operations				7,682					7,682		7,682	4,535		4,535	12,217	
Dividends paid				(25,000)					(25,000)		(25,000)			0	(25,000)	
Changes in area and other movements				(146)		1	1,091		946		946	3,678		3,678	4,624	
Stock Grant reserve						3,022			3,022		3,022			0	3,022	
<b>Shareholders' Equity at December 31, 2022</b>	<b>154,899</b>	<b>17,788</b>	<b>15,139</b>	<b>(83,733)</b>	<b>4,493</b>	<b>7,693</b>	<b>4,927</b>	<b>(46,257)</b>	<b>(112,877)</b>	<b>72,344</b>	<b>147,295</b>	<b>29,799</b>	<b>(991)</b>	<b>2,757</b>	<b>31,566</b>	<b>178,862</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	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	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>

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

(in thousands of Euro)	Note	For the twelve months ended December 31,	
		2022	2021
<b>Profit/(loss) for the period</b>		<b>75,101</b>	<b>59,899</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Income Taxes	38	21,957	14,018
Financial income	36	(3,687)	(1,509)
Financial expenses	36	32,479	33,889
Exchange (gains)/losses	36	499	308
Depreciation, amortization and write-downs	34	44,720	37,081
Write-downs/(revaluations) of non-current financial assets and equity investments		(2)	1,930
Losses from sale of non-current assets	34	42	(73)
Other income deriving from transaction related to business unit transfer (Kline)		0	(7,153)
Interest received		3,460	1,509
Interest paid		(30,277)	(26,490)
Income taxes paid		(11,379)	(12,024)
<i>Cash flows generated from operating activities before changes in working capital</i>		<i>132,914</i>	<i>101,385</i>
Change in trade receivables excluding of the exchange rate effect and consolidation scope changes	15	(84,975)	(70,988)
Change in inventories excluding of the exchange rate effect and consolidation scope changes	13	(6,338)	(4,031)
Change in contract assets excluding of the exchange rate effect and consolidation scope changes	14	4,250	14,008
Change in trade payables excluding of the exchange rate effect and consolidation scope changes	26	75,701	1,982
Change in other assets excluding of the exchange rate effect and consolidation scope changes	12-17	4,487	(5,839)
Change in other liabilities excluding of the exchange rate effect and consolidation scope changes	25-29	(23,896)	(2,370)
Change in liabilities for employee benefits and provisions gross of exchange rate effect	21-22	(9,831)	(2,774)
Change in deferred tax liabilities (assets) excluding of exchange rate effect and consolidation scope changes		0	0
<i>Cash flows generated from operating activities changes in working capital</i>		<i>(40,603)</i>	<i>(70,012)</i>
<b>Cash-flow generated from/(absorbed by) operating activities (A)</b>		<b>92,311</b>	<b>31,373</b>
Investments in property, plant and equipment	8	(12,307)	(12,187)
Investments in intangible assets	7	(29,441)	(20,508)
Acquisition of investments accounted for using the equity method	9	(18)	(0)
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity method	9	627	0
Acquisition of subsidiaries net of cash and cash equivalents	6	(19,239)	1,243
Change in non-current financial asset	10	2,459	0
<b>Cash-flow generated from/(absorbed by) investing activities (B)</b>		<b>(57,920)</b>	<b>(31,452)</b>
Dividends		(25,000)	(20,148)
Proceeds from borrowings	23	3,730	343,405
Repayment of medium/long-term loans and non-current financial liabilities	23	(2,837)	(265,054)
Repayment of lease liabilities		(12,311)	(12,126)
Change in current and non-current financial liabilities	27	3,893	(3,366)
Change in current financial assets	16	(10,954)	576
Proceeds deriving from Almagave's share capital quotation		0	30,001
Fees paid for the Almagave listing		0	(2,312)
<b>Cash-flow generated from/(absorbed by) financing activities (C)</b>		<b>(43,479)</b>	<b>70,976</b>
<b>NET CASH FLOW BEFORE EXCHANGE RATE DIFFERENCES (A + B + C)</b>		<b>(9,087)</b>	<b>70,897</b>
<b>Effect of foreign exchange rates on cash and cash equivalents (D)</b>		<b>4,125</b>	<b>156</b>
<b>Cash flow of the year (A+B+C+D)</b>		<b>(4,962)</b>	<b>71,053</b>
Opening cash and cash equivalents		169,622	98,569
Closing cash and cash equivalents		164,660	169,622

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

### **1. GENERAL INFORMATION**

AlmavivA The Italian Innovation Company S.p.A. (hereinafter "AlmavivA" or the "Company") is the parent company of one of the leading Italian groups in the Information & Communication Technology sector, which operates globally with an organisational structure incorporating approximately 45,666 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, 2022, 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, 2022, together with the related explanatory notes thereto (hereinafter collectively as the "Consolidated Financial Statements"), compared with December 31, 2021.

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 15, 2023.

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 effects of the Covid-19 pandemic showed signs of slowing down during 2022 as travel restrictions, lockdowns and quarantine measures in general gradually decreased, until they were cancelled. This has contributed to re-establishing a situation of progressive normality.

As already highlighted in the consolidated financial reports of 2021, the AlmavivA Group was immediately able to respond positively to the impacts of the Covid-19 pandemic, both in terms of compliance with the restrictive measures to contain the virus, and in terms of attention to the management and safety of its personnel, activating, for example, 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, as can be seen from the positivity of the results as at December 31, 2022, that allowed the Management to be able to believe that there are no elements of discontinuity with respect to the short-term economic and financial objectives that the Group has set itself, as illustrated in more detail in Paragraph 2.1 to which reference should be made.

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

Overall, the direct effects produced by the Covid-19 pandemic on the economic result of the recurring 2022 operations of the AlmagivA Group are not to be considered significant and consequently no particular considerations have been made regarding the valuation of the Group's assets and liabilities, nor is it deemed necessary to provide additional information regarding uncertainties in the estimation processes as an effect deriving from the Covid-19..

### **2. BASIS OF PREPARATION**

#### **Standards**

The consolidated financial statements of the AlmagivA 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 AlmagivA Board of Directors, presented below in paragraph 2.1, assumes that there are no uncertainties (as defined in paragraph 25 of IAS 1) about the AlmagivA Group regarding the ability to continue its business.

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

The Consolidated Financial Statements of the AlmagivA 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.

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 December 31, 2021, except for the adoption of the new standards, amendments and interpretations in force from January 1<sup>st</sup>, 2022.

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;

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

- 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.

Making the consolidated financial statements, no critical issues arose that required recourse to derogations pursuant to IAS 1.

**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:

<b>Exact exchange rates</b>						
Amount of currency for 1 Euro						
<b>Country</b>	<b>Currency</b>	<b>ISO</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>	
Saudi Arabia	Riyal	SAR	3.9998	4.2473	4.6016	
Brazilian	Real	BRL	5.6386	6.3101	6.3735	
China	Yuan	CNY	7.3582	7.1947	8.0225	
Colombian	Peso	COP	5172.4700	4598.6800	4202.3400	
Dominican Republic	Peso	DOP	59.9444	64.9469	-	
Egypt	Lira	EGP	26.3990	17.8012	-	
Europe	Leu	RON	4.9495	4.9490	4.8683	
Russia	Rublo	RUB	74.3000	85.3004	-	
United States	Dollaro	USD	1.0666	1.1326	1.2271	
Tunisian	Dinaro	TND	3.3221	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, 2022</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>	
Saudi Arabia	Riyal	SAR	3.9489	4.4382	4.460225	
Brazilian	Real	BRL	5.4399	6.3814	5.8943	
China	Yuan	CNY	7.0788	7.634	7.8747	
Colombian	Peso	COP	4473.28	4427.2175	4217.06	
Dominican Republic	Peso	DOP	57.9251	64.3929	-	
Egypt	Lira	EGP	20.1636	18.3351	-	
Europe	Leu	RON	4.9313	4.9209	4.8383	
Russia	Rublo	RUB	74.3000	83.3012	-	
United States	Dollaro	USD	1.053	1.1835	1.1422	
Tunisian	Dinaro	TND	3.2509	3.2883	3.1997	

## **2.1 Going Concern**

During the 2022, AlmagivA Group consolidated the growth trends in revenues achieved in previous periods (reaching Euro 1,070.0 million, increased Euro 124.2 million compared to the previous year). The result as of December 31, 2022, shows consolidated operating profit growing compared to the previous year and equal to Euro 126,343 thousand (increased Euro 18,869 thousand compared to December 31, 2021). At the level of Net Profit there is a positive result of Euro 75,101 thousand.

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

As for the conflict situation between Russia and Ukraine, it's confirmed as the Group has not identified any significant impacts until now. AlmagivA carries out, on behalf of the Ministry of Foreign Affairs and the Italian Embassy, through the subsidiary AlmagivA Russia LLC, part of the activities related to the provision of visas for entry into Italy. At present day, there are no signs of issues related to these activities which, during 2022, carried out even more consistently than forecasts; continuity in the services provided is also expected for 2023. Except for the aforementioned subsidiary, there are currently no significant exposures to the affected markets and there are no supply relationships with Russian suppliers such as to slow down their supply chains. Activities are still in the start-up phase, therefore with reduced and optimized sizing on the current volumes; the overall volumes of the activities carried out are in any case not significant compared to the overall Group's revenues (approximately Euro 1 million which represents just 0.1% of the Group's revenues). The current crisis could, however, help to emphasize the effects related to the increase in costs of energy and raw materials, as well as rising interest rates on debt. Management verifies the evolution of the situation, sanctions, and restrictions on a daily basis.

As regards the health emergency relating to Covid-19, it is confirmed that AlmagivA Group has shown a not significant impact also during the entire year 2022.

Each Group's companies has adopted and continues to maintain all the measures necessary for emergency management, in line with the regulatory provisions issued by the various countries and local bodies in order to guarantee always a maximum level of safety with regard to its employees, suppliers and workplaces. In particular, temporary agile working methods (so-called smart working) continue to be adopted both in the IT and CRM fields; the supporting technological/connectivity infrastructure was also strengthened.

The adoption of the new working methods in progress at all Group companies, with greater use of temporary agile working methods and new support technological implementations, has also made it possible to aim at achieving significant levels of efficiency and increased productivity.

In the IT segment, after a two-year period 2020/2021 marked by the negative effects of the health emergency, 2022 saw a significant economic recovery for Italy. It was also the starting year of the National Recovery and Resilience Plan (PNRR), which initiated the Country's digital transformation: for resources allocated, digitization is the first of six "missions" identified by the Plan, with 27% of total funding earmarked for reforms to get out of the pandemic crisis. 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.

Opportunities associated with the possible increase in investments by customers in the field of cybersecurity, process digitization, data science, analytics, big data, resulting from the consolidated experience in this emergency period are highlighted.

The trend that began during the pandemic, which saw a rapid spread of smart working, has continued following a "hybrid" model, which includes office presence and remote work. In general, the benefits of digitization are now more than ever fundamental for the economic growth and development of companies of all sizes and sectors.

The digitization of the Public Administration has long been an important matter of government policies, aimed at bridging the country's digital gap. The digital growth strategy identifies several infrastructural actions aimed at ensuring easier and safer access to public services.

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

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

This strategy focuses on the principle of "digital first", through the switch-off of the traditional use of services from citizens, thanks to the diffusion of digital culture and the development of digital skills in businesses and citizens.

The Italian digital market is and will continue to be supported by investments by large companies, with an expected increase of over 6 billion euros only in private market, reaching +3.6% in the overall trend of the sector (Source: Anitec-Assinform, Digital in Italy 2022).

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

The forecast for 2023 estimates a development in revenues based especially in the areas relating to the Central and Local Public Administration (PA) thanks also to the opportunities connected to PNRR. AlmagivA has prepared itself to play a primary role especially for the Digital Healthcare, Culture, Environment and Cybersecurity areas, providing its customers with better tools and solutions.

In particular, we highlight the award, in RTI with Engineering (AlmagivA share equal to 40%), of the AGENAS concession for the design, construction and management of the National Telemedicine Platform. The duration of the entire concession is 10 years and a total value of €247.5 million. The activities include three phases: an initial phase of design and implementation will be followed by a management phase, in which the Platform will continue to increase its services, in line with the evolution of Digital Healthcare. The National Telemedicine Platform (PNT), by putting the Central Administration in communication with the local Administrations, will have as its main objective the centralized governance and monitoring of the Telemedicine processes implemented at the regional level, in line with what is indicated in the PNRR - "Mission 6 Component 1 sub-investment 1.2.3 "Telemedicine". The national telemedicine platform will make it possible to give timely and quality responses to the demand for health services in the area, opening a new phase in the perspective of modernization and rationalization of the Italian Health Service.

During 2022, in addition to the SPC L3 and L4 contract, other important tenders were acquired such as: the VTS of Guardia Costiera for assistance to maritime traffic, the two AQ Consip on Security (Meta-products and Remote Security), numerous projects for local Health (Aria Medical Record - Lombardy, Veneto and Friuli Regions) and Culture and Tourism for digitization of the Italian cultural heritage (Invitalia Digital Library and Ministry of Tourism DMS - Destination Management System). Furthermore, AlmagivA was positioned in the provisional ranking in the Consip Framework Agreements: Digital Health 2 relating to Healthcare Information Systems and Citizen Services, Digital Health 3 Management Information Systems, SAC 2 - Application Services from a Cloud perspective ed. 2 PAC Lot 1. The Consip Framework Agreements have been contracted: Digital Health 1 Clinical-assistance information systems, IaaS and PaaS Cloud Services, Security (Meta-products and remote security), Digital Transformation Lot 3, 4, 5, System Management ed. 3. During 2023, in addition to the increase in activities for the new Framework Agreements and direct contracts in the PAL, PAC area, an increase in activities in the Utilities and Industry area is expected with a particular focus on the water sector in the Smart Water Management area.

The ever-increasing importance of activities related to Cybersecurity has finally led to the establishment of a specific business area which, in addition to covering part of the activities related to the concession for the design, implementation and management of the National Telemedicine Platform, will focus on the development of the market and in maximizing the opportunities deriving from the relevant Framework Agreements.

As regard the Finance sector, the improvement process of the new company founded in January 2022, by a process of AlmagivA business unit specialized in the banking sector was completed, with the transfer of the business unit into ReActive S.r.l., is completed. The operation has the

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

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

same features of the previous acquisition of the company Kline S.r.l., company specialized in application platforms for Front-to-Back operations of the entire Wealth Management, SIM, SGR and Private Banking sector. That has allowed to further strengthen the Group's positioning in the reference market, having a more defined and specific identity. This also proceeded with the adoption of a new logo and with a complete rebranding of the new company.

The reference market confirms strong growth in all three of ReActive's focus industries (banking, insurance and wealth management), with strong attention from the financial services world to digitization and important investments expected on the digital transformation front.

In this market environment, ReActive launched the first projects and/or discussions with new important banking customers in 2022, as part of its commercial diversification strategy, and has negotiations with the main large banks in its pipeline. To support this growth, an activity is underway to reorganize and upgrade the delivery and commercial structures. These activities are considerably easier, thanks (i) to the industrial operation undertaken with the acquisition of Kline and (ii) to the transfer of the business unit ReActive.

As regards the Transport sector, while still feeling the negative effects of the pandemic, the sector has almost returned to pre-pandemic levels and dimensions, also thanks to the progressive materialization of investments related to the PNRR. However, the effects of this recovery are significantly influenced and partly mitigated by the current geopolitical crisis and its heavy repercussions, for example on operating costs.

As regards the supply of outsourced activities to the Ferrovie dello Stato Group (FSI), the first half of 2023 will be characterized by the completion of the transition activities due to the award to Almagia (in joint venture with other important players) of Tender 1, 2 and 5 (for which "inbound" transition activities are envisaged), and the release of the activities relating to tenders 3 and 4 (for which "outbound" transition activities and decommissioning/redevelopment of the related areas are envisaged business also through the transfer to the new assignees of the previously allocated resources), in which Almagia was unable to participate due to the constraints imposed by FSI, with the consequent awarding of the related activities to other operators. In particular: 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 Almagia'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 Almagia'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 Almagia's share of 37%).

As regards other markets, 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 the acquisition in September 2022 of 100% of the company TECNAU S.r.l. technology company specialized in CTC-Centralized Traffic Control, SCADA-Supervisory Control and Data Acquisition systems and cyber security in the transportation and utilities sector. The acquisition allows the Almagia Group to acquire know-how and products to be integrated into the current offer portfolio and into the proprietary Moova platform.

In 2023, the start of operational releases (first prototype carriages) is also expected as part of the WMATA project on the Washington metro.

The main development lines will be focused on the Smart Vehicle, Road, Local Public Transport and Mobility as a Service (TPL / MaaS) sectors; the development of the transportation sector at a national and international level will also be supported by an improvement of the commercial structure with direct and indirect controls on the regions of greatest interest (north-east Europe, Middle East, Brazil, USA).



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

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

The development process of the MoovA proprietary platform continues, which is increasingly becoming a fundamental asset for the development of new markets, with investments planned for the year for approximately € 1.3 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. At the moment, AlmovivA mobility systems and Passenger Information System solutions are present in Finland, Saudi Arabia, Switzerland, United States, but also in Qatar, United Arab Emirates, Egypt, Oman, Bahrain.

On the other hand, the absorption of the effects of the extra costs deriving from the increases in energy and raw materials (especially in relation to the subsidiaries Sadel and TECNAU, and in general in relation to supplies in Smart hub and Smart Road areas), which have been emphasized by the Ukraine crisis, is also expected in 2023.

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 AlmovivA de Belgique.

In 2022 activities related to entry visas started: in accordance with the award of the tenders of the Ministry of Foreign Affairs and in contracts with the Embassies of Italy, activities in Russia, Egypt and Santo Domingo started, carried out through the three subsidiaries AlmovivA Russia LLC, AlmovivA Egypt LLC and AlmovivA Dominican Republic.

At the moment the crisis situation in Russia is not having a significant impact on the activities. Further expansion of activities is planned for 2023, with participation for tenders proposed by the Ministry of Foreign Affairs and the development of a new dedicated IT platform.

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 2023, the Group will be able to receive benefit from the potential positive effects of the new Italian pension regulations, which could lead to an acceleration of the remix of resources in the production area with consequent professional optimization. We also highlight the possible productivity benefits associated with Union agreements on supplementary benefits signed in December 2022 on welfare and variable performance bonuses.

The use of Smart Working continued throughout the 2022, assisted by a specific company project that is guiding this transition, supporting the company population with a communication campaign and the related company procedures set (BECOME project); in accordance with the stabilization of the situation relating to the health emergency, the achievement of a new organizational and production model is expected in 2023, with the adoption of all internal procedures.

As regard AlmovivA Contact and AlmovivA Services subsidiaries, the financial statements as at December 31, 2022, show a reduction at revenues level compared to previous years (less 45%), maintaining the contraction already recorded in previous years.

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

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

The decrease in costs (-43% compared to the previous year) made it possible to offset the decrease at revenues level by confirming, net of extraordinary items, the process of improving the result in continuity with the previous year. In fact, 2022 shows a reduction (i) at personnel expense level, due to lower fte compared to the previous year, (i) at external costs level, due to the efficiency of the logistics structure, combined with the implementation of the effects of the new "Smart Working" model.

For 2023, concentration on high-margin customers is expected with the consequent transfer of resources to competitors, further actions on resources with the transfer to other companies of the group of employees who were trained during 2022 on IT activities and further efficiency improvements in the logistics structure.

Further outflows of resources are expected in 2023 and consequently a reduction at personnel expense level; next year will still show a transitory situation, the effects of which deriving from the optimizations undertaken will be more evident during 2024.

The 2022 showed a substantial reduction in the workforce, basically due to the transfer of resources to competitors who have acquired the closed businesses of AlmavivA Contact and AlmavivA Services companies. Compared to December 31, 2021, it's shown the departure of 1,799 employees in Italy (-54%) and 845 in Romania (-88%).

The Brazilian macroeconomic scenario has been more resilient to inflation dynamics than Italian and European scenario. The EUR/BRL exchange rate, which in 2022 had a decrease in terms of volatility compared to 2021, in the first months of 2023 an average value equal to 5.5 EUR/BRL and is estimated to continue to be volatile also during 2023, with an average value about 5.6 EUR/BRL.

Inflation (HICP) should remain at flat levels. The 2022 recorded inflation of 5.8%, with a flat trend of 5.7% confirmed for 2023. The Selic, the interest rate for the interbank market, is now at 13.75% per annum. This rate has seen an increase of 4.5% in 2022 from 9.25% to 13.75%. The increases are mainly due to contain the inflation phenomenon. Regarding 2023 a decrease of 1.5% is expected, with a value of 12.25% for the end of the year.

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

In this context, AlmavivA do Brasil acquired the company CRC - CENTRAL de RECUPERAÇÃO 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 AlmavivA 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 have one of the more interesting margins of market.

The evolution of the AlmavivA do Brasil Group, in line with the guideline that will also characterize the 2023 objectives, show a growth based on the diversification of the customers (acquisition of new customers in the finance, multiservice, industry, utilities sectors) and a focus on market sectors characterized by higher specialization and higher margins.

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

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

smart-working and to the strengthening of the technological infrastructure. This operating method has also made it possible to achieve operational efficiency and the maintenance of high-quality standards in the provision of the service; the continuation of production with the same methods is also expected for 2023.

In 2023, the process of reorganizing production on the various production sites will also continue, already begun in 2022 and also involving those acquired through the company that recently entered the scope of consolidation, with the aim of optimizing production efficiency, the quality of the services offered and cost management.

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

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

As regards Almax S.p.A., regarding technologies and offer, the Group intends to pursue its growth path in terms of technologies and offer investing heavily in order to increase and strengthen specific market requests ("Vertical AI" solutions) able to fully satisfy customer needs and solve characteristic cases of various Industries (Public Administration, Transport, Healthcare) using the "composite AI" approach.

In addition, the evolution of the core product technology platforms Iride®, Audioma and Mastro, will continue. The recruiting process of talents in support of laboratories and delivery structures will therefore be an important element of action, as happened in 2022.

In fact, the Group aims to strengthen its leadership in the Artificial Intelligence sector, proposing a distinctive vision based on its own complex technological assets and skills for the advanced interpretation of data and information. In particular, the strengthening of the value proposition and the consolidation of the distinctive positioning in the area of Insight & Analytics, as well as self-automated solutions (virtual voice and textual conversational agents), will continue towards all the reference markets. Furthermore, in the field of big data & digital transformation services, the path of synergistic and effective growth of the activities and the strengthening of the team are expected to continue.

The two recently acquired companies, The Data Appeal Company and Sistemi Territoriali, fit into this context, highlighting the strategic quality of the operations themselves and the speed of integration of the Almax model.

Particular emphasis will be placed on commercial development at national and international level, aimed at the growing diversification of the customer base. To support this path, adequate investments in marketing functional to market positioning will be allocated.

The Public Administration Market, in its various structural components such as Public Finance, Smart Territory, Healthcare and Security, will see a further strengthening and focus by the company, also due to the important implementation challenges related to the implementation of the PNRR and won tenders and framework agreements operating in support of business. A growth path is also expected for the Enterprise and Transportation market, both on the existing customer base and through the acquisition of new customers, also through qualified partners.

The aim will be to strengthen the positioning on the international market, with investments in targeted business development. On the Latam market, where the group already has a consolidated presence from many years, development will continue, aiming to make the most of all the capabilities and assets of the Group as well as the skills and activities already present in the area.

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

In this regard, in July Almaxwave gave rise to the strengthening of its activities in South America through the launch of an activity dedicated to the tourism, fintech and location intelligence sectors in Sao Paulo (Brazil) through its subsidiary The Data Appeal Company, in particular through the analysis and combination of geographic data, sentiment and market trends, essential for making strategic decisions quickly and effectively, both in the public and private sectors.

The European market and the United States, on the other hand, represent high potential markets for the company, where some good results have also been obtained through partners, it is intended to continue and strengthen the path undertaken.

As part of the market expansion process, also through non-organic, vertical and transversal growth, the Almaxviva 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, finance, cybersecurity and smart utilities management sectors, both in Italy and abroad) and in the Foreign CRM sector (focused on expanding and differentiating the current positioning).

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

From a financial point of view, on November 3, 2021, Almaxviva issued a new senior secured bond for a value of Euro 350 million, maturing in five years (October 2026), reserved exclusively for institutional investors. 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. On October 19, 2021, a € 70 million revolving credit line was also activated, fully available as at December 31, 2022. As for the rating, Fitch agency assigned a "BB-" to Almaxviva Group; rating agency Standard & Poor's Global Ratings (S&P) communicated on September 29, 2022, the upward revision of the rating on Almaxviva Group, taking it to "BB-" from "B+", with a flat Outlook. In 2023, the payment of the two half-yearly coupons (April 30, 2023 and October 30, 2023) for a total annual amount of €17.1 million, is expected. For 2023, a reduction in Net Financial Debt, is expected.

### **2.2 Basis of consolidation**

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

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

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 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

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

difference related to the portion of investment acquired or sold is attributed to the shareholders' equity of the Group or of the non-controlling interests, respectively. Goodwill and adjustments at fair value, generated when allocating the purchase price of a foreign operation as part of a business combination, are recognized in the related currency and then translated at year-end exchange rate.

### *Business combinations and goodwill*

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

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

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

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

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

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

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

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

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 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, 2022 are listed in the following table. Compared to the consolidated financial statements as at December 31, 2021, consolidation area has changed or has had a dilution of share:

- On February 22, 2022, Almagiva S.p.A. has completed the acquisition of the entire share capital of Tilbranhill S.L.U., a company incorporated under Spanish law, simultaneously renamed Almagiva Digital España S.L.;
- On March 3, 2022, the purchase, by Almagiva do Brasil, of the entire share capital of CENTRAL DE RECUPERAÇÃO DE CREDITOS LTDA was completed. (in turn owner of the entire share capital of CRC DIGITAL LTDA.), a Brazilian company operating in the financial segment;

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

- On April 13, 2022, Almaxwave S.p.A. has completed the acquisition of the entire share capital of The Data Appeal Company S.p.A. ("TDAC"), a company based in Florence active in the development of vertical AI analytics solutions, a leader in the tourism, fintech and location intelligence sectors. The transaction was carried out, as regards 24.24% of TDAC' share capital, through a purchase by cash, and as regards the remaining 75.76% of TDAC' share capital, through an in-kind contribution to Almaxwave against an Almaxwave' share capital increase reserved for TDAC shareholders, corresponding to no. 2,155,172 newly issued shares;
- On May 25, 2022, Almaxwave S.p.A. has completed the acquisition of the entire share capital of SISTEMI TERRITORIALI S.r.l., a company based in Cascina (PI) 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;
- On June 27, 2022, Almaxviva Finland Oy was established, a company under Finnish law whose capital is entirely held by Almaxviva S.p.A., which will operate mainly in the IT segment, Transportation sector;
- On September 14, 2022, Almaxviva S.p.A. has completed the acquisition of the entire share capital of TECNAU TRANSPORT DIVISION S.r.l., a company based in Trezzano sul Naviglio (MI) active in the supply and integration of technological systems for rail and underground transport, airports, and industries, as well as for the sector water / purification.

Compared to the Consolidated Financial Statements as of December 31, 2021, the consolidation area has changed due to the following added companies: Almaxviva Digital España S.L. (previously Tilbranhill S.L.U.), Central De Recuperacao De Créditos Ltda; CRC Digital Ltda; The Data Appeal Company S.p.A.; Sistemi Territoriali Srl; Almaxviva Finland Oy and Tecnaul Transport Division S.r.l.

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



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

Companies and method of consolidation	Currency	Share held	At December 31, 2022	At December 31, 2021
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. Planoro, 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
Data Jam (ex Spin Data) 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	Full
Kline S.r.l. ** Milan, Italy	Euro	70.00%	Full	Full
Reactive S.r.l. * Milan, Italy	Euro	100.00%	Full	-
Almaviva Digital Espana *** Madrid, Espana	Euro	100.00%	Full	-
Almaviva Republica Dominicana S.r.l. * Santo Domingo, Dominican Republic	Dominican Peso	100.00%	Full	Full
Almaviva Russia L.L.C. * Moscow, Russian Federation	Ruble	40.00%	Full	Full
Tecnu Transport Division S.r.l. *** Milan, Italy	Euro	100.00%	Full	-
Almaviva Finland Oy **** Helsinki, Finland	Euro	100.00%	-	-
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
CRC Central de Recup de credits *** San Paolo, Brazil	Brazilian Real	99.58%	Full	-
CRC Digital *** San Paolo, Brazil	Brazilian Real	99.58%	Full	-
Almacontact S.A.S. 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 Tunis, 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	66.01%	Full	Full
Almawave do Brasil Ltda. San Paolo, Brazil	Brazilian Real	66.01%	Full	Full
Pervice S.r.l. Trento, Italy	Euro	66.01%	Full	Full
Almawave USA Inc. San Francisco, U.S.	US Dollar	66.01%	Full	Full
OBDA Systems S.r.l. ** Rome, Italy	Euro	39.61%	Full	Full
The Data Appeal S.p.A.*** Florence, Italy	Euro	66.01%	Full	-
Sistemi Territoriali S.r.l.*** Cascina (PI), Italy	Euro	66.01%	Full	-
Agrisian S.C.p.A. in liquidazione Rome, Italy	Euro	50.86%	Full	Full
*Established in 2021				
**Acquired in 2021				
***Acquired in 2022				
****Established in 2022				
Companies and method of consolidation (continued)	Currency	Share held	At December 31, 2022	At December 31, 2021
CCID - Almaviva Inform. Technol. Co. Ltd Shanghai, 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

**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 Almoviva Group is Almoviva 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>2022</b>	<b>2021</b>
Almawave S.p.A.	Italy	33.99%	26.09%
Kline S.r.l.	Italy	30.00%	30.00%
Lombardia Gestione S.r.l.	Italy	49.00%	49.00%
Almoviva 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>2022</b>	<b>2021</b>
Almawave S.p.A.	Italy	19,821	11,000
Kline S.r.l.	Italy	8,563	8,341
Lombardia Gestione S.r.l.	Italy	881	824
Almoviva Tunisie S.A.	Tunisia	1,197	1,083

**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>2022</b>	<b>2021</b>
Almawave S.p.A.	Italy	826	609
Kline S.r.l.	Italy	222	64
Lombardia Gestione S.r.l.	Italy	362	57
Almoviva Tunisie S.A.	Tunisia	136	147

The minorities present in Sadel S.p.A., Agrisian ScpA in Liquidation, Almoviva do Brasil SA, Wedoo Holding S.r.l., Wedoo S.r.l. and Wedoo LLC., Data Jam S.r.l., OBDA System S.r.l., Kline S.r.l. e della Almoviva Russia LLC. are not considered significant because for consolidation purposes.

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations:

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

December 31, 2022	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	37,418	11,649	1,307	3,242
Cost of raw materials and services	(19,124)	(2,316)	(167)	(419)
Personnel expenses	(13,328)	(5,501)	(1,458)	(1,917)
Depreciation and amortization	(2,875)	(3,035)	(19)	(273)
Depreciation and amortization	(193)	(49)	(12)	(21)
<b>Profit before taxes</b>	<b>2,746</b>	<b>755</b>	<b>134</b>	<b>405</b>
Income taxes	(542)	(153)	(41)	(93)
<b>Profit from continuing operations</b>	<b>2,204</b>	<b>602</b>	<b>93</b>	<b>312</b>
<b>Other comprehensive income for the year</b>	<b>2,429</b>	<b>739</b>	<b>115</b>	<b>312</b>
Other comprehensive income pertaining to the group	826	222	56	136
Dividends paid pertaining to non-controlling interests	0	0	0	0

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	(13,714)	(846)	(174)	(401)
Personnel expenses	(10,264)	(1,915)	(1,682)	(1,497)
Depreciation and amortization	(2,598)	(1,368)	(34)	(233)
Depreciation and amortization	(386)	(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)	(82)
<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>2333</b>	<b>212</b>	<b>116</b>	<b>335</b>
Other comprehensive income pertaining to the group	609	64	57	147
Dividends paid pertaining to non-controlling interests	0	0	0	0

Summarized statement of financial position at December 31, 2022	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	44,930	26,083	70	644
Trade receivables	34,383	2,707	427	2,641
Current liabilities	(33,777)	(5,382)	(1,880)	(1,429)
Non-current liabilities	1,928	941	307	54
<b>Equity</b>	<b>58,313</b>	<b>28,543</b>	<b>1,797</b>	<b>2,735</b>
Pertaining to the group	34,994	19,980	916	1,538
Pertaining to non-controlling interests	23,319	8,563	881	1,197

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 cash flow Dicembre 31, 2022	Almawave S.p.A.	Kline S.r.l.	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
<i>(in thousands of Euro)</i>				
Cash-flow generated from operating activities	4,493	5,668	323	44
Cash-flow absorbed by investing activities	(12,997)	(756)	0	(165)
Cash-flow absorbed by financing activities	2,314	(158)	0	(216)
<b>Cash flow of the year</b>	<b>(6,190)</b>	<b>4,754</b>	<b>323</b>	<b>(337)</b>

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

Summarized statement of cash flow 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>				
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>

### 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 December 31, 2021, except for the adoption of the new standards and amendments in force from January 1<sup>st</sup>, 2022. 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 December 31, 2022 are described below.

The Group applied for the first time some standards or amendments that have been in force since January 1<sup>st</sup>, 2022. 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 December 31, 2022.

#### 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:

- 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;

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

(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.

### 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

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

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 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.

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

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

#### *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.

#### 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.

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

### 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:

- 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



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

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.

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.

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

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.

### 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

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

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.

### 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.

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

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

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.

#### 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 treaty 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.

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

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.

### 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.

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

### 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, 2022, 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.

#### 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.

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

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 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.

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

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

#### 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.

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

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

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

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract



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

as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

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

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

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

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

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

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

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

## **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, 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

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

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.

### **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's financial statements.

### **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 revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

### **Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12**

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a

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

deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The Group is currently assessing the impact of the amendments.

### **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 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 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 Almagora CGU, in which there are the company ReActive and the finance business unit of Almagora SpA, to which the goodwill called Almagora Finance is specifically associated; the Almagora Contact CGU to which the goodwill called Alicos and Almagora Contact refers; the Sadel CGU to which the goodwill called Wave refers; the Almagora CGU to which the goodwill referred to as Gempliss refers; the Pervoice CGU to which the goodwill called PerVoice refers; the Data Appeal CGU to which the goodwill called Data Appeal refers; the Sistemi Territoriali CGU to which the goodwill called Sistemi Territoriali refers; the Wedoo CGU to which the goodwill called Wedoo refers; the Kline CGU to which the goodwill called Kline refers; the TECNAU CGU to which the goodwill called TECNAU refers. In th end, the Almagora do Brasil CGU to which the goodwill called Almagora Do Brasil and Central de Recuperacao de Creditos 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.

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

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

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

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

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

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

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

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

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

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

The corresponding values for the previous period are not reclassified.

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

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

for the previous period, where present, are reclassified and reported separately in the income statement, net of tax effects, for comparative purposes.

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

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

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

### Identification of cash-generating units (CGUs)

In application of IAS 36, the goodwill recognized in the 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: AlmavivA Finance; AlmavivA Contact; Sadel; Pervoice; The Data Appeal; Wedoo; Kline; Tecna; AlmavivA do Brasil S.A.

### 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 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.

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

### *Revenue from contracts with customers*

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

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

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the 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.

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

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

#### *Recoverability of non-current assets*

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

#### *Provisions for risks*

In relation to the legal risks to which the 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, 2022, 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.



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

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**

Information on business segments is provided consistently with what is used by top management also in their role as Chief Operating Decision Maker of the Group. In fact, they analyse the results of these operating segments separately, in order to make decisions on resource allocation and performance evaluation. The performance of the segment is evaluated on the basis of profit or loss and is valued consistently with the income statement in the consolidated financial statements.

The operating segments identification process is made:

- a) Based on quantitative criteria highlighted in IFRS 8 and this is the case of the IT Services and CRM International operating segments;
- b) Based on qualitative criteria: specifically, the segment that do not satisfy any of the quantitative criteria referred to IFRS 8 can be considered subject of separate disclosure if top management believes that information relating to the segment is useful for stakeholders. On the basis of this criteria, Almaxwave – New Technology was identified as the operating segment subject to disclosure.

Compared to last year, due to the decrease in volumes and considering qualitative elements, the management does not believe that CRM Europe segment can be identified as an operating segment subject to disclosure. Therefore, comparative data as at December 31, 2021, "restated" were presented as required by the standard. There were no sector aggregations in order to determine the operating segments subject to disclosure; however, information relating to operating areas that are not subject to disclosure have been aggregated and presented in the "Others" category.

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 organization into segments is based on the products and services provided as follows:

- a. IT Services, provide ICT and Cloud Computing solutions, includes the following companies: Almaxviva, Lombardia Gestione, Almaxviva de Belgique, Agrisian, Almaxviva Digitaltec, Sadel, Wave, Wedoo Holding, Wedoo Srl, Wedoo LLC, Data Jam S.r.l. (already Spin Data S.r.l.), Almaxviva Saudi Arabia for information Technology LLC, Almaxviva Egypt L.L.C., Kline S.r.l., Almaxviva Republica Dominicana S.r.l., Reactive S.r.l., Almaxviva Russia L.L.C.; Almaxviva Digital España S.L. (previously Tilbranhill S.L.U.); Almaxviva Finland Oy and Tecnav Transport Division S.r.l.;
- b. CRM International, provides Contact Center and others services in South America and in Africa, includes the following companies: Almaxviva do Brasil, Almacontact, Aquarius Participacoes, Chain Serviços and Contact Center, Almaxviva Tunisie, Central De Recuperacao De Créditos Ltda and CRC Digital Ltda..
- c. Almaxwave – New Technology, segment operating in the supply of innovative solutions geared towards the best interaction with work instruments, aimed at improving the

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

people experience, includes the following companies: Almaxwave, Pervoice, Almaxwave do Brasil, Almaxwave USA Inc, OBDA Systems S.r.l., The Data Appeal Company S.p.A. e Sistemi territoriali S.r.l.

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

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

**For the twelve months ended December 31, 2022**

<i>(in thousands of Euro)</i>	<b>IT Services</b>	<b>CRM International</b>	<b>Almaxwave New Technology</b>	<b>Others</b>	<b>Adjustments, eliminations and other</b>	<b>Consolidated</b>
<b>Revenue</b>						
Revenues from contracts with customers	714,536	275,198	40,402	39,881	(0)	1,070,017
Inter-segment	3,767	54	7,581	7,100	(18,502)	0
<b>Total revenues from contracts with customers</b>	<b>718,303</b>	<b>275,252</b>	<b>47,983</b>	<b>46,981</b>	<b>(18,502)</b>	<b>1,070,017</b>
<b>Income/(Expenses)</b>						
Cost of raw materials and services	(359,039)	(72,373)	(21,093)	(12,747)	21,702	(443,550)
Personnel expenses	(261,383)	(148,415)	(18,113)	(39,127)	781	(466,256)
Depreciation and amortization and write-downs	(23,908)	(15,295)	(3,813)	(2,022)	313	(44,725)
Losses from sale of non-current assets	331	0	0	(286)	0	45
Other operating income	24,085	1,064	1,611	1,844	(3,606)	24,999
Other operating expenses	(12,671)	(208)	(171)	(1,337)	201	(14,186)
<b>Operating Profit</b>	<b>85,718</b>	<b>40,025</b>	<b>6,404</b>	<b>(6,694)</b>	<b>889</b>	<b>126,343</b>
% Revenue	11.9%	14.5%	13.3%	n.d.	n.d.	11.8%
<b>At December 31, 2022</b>						
<b>Total assets</b>	<b>1,015,901</b>	<b>228,617</b>	<b>99,013</b>	<b>167,593</b>	<b>(396,695)</b>	<b>1,114,429</b>
<b>Total liabilities</b>	<b>444,257</b>	<b>63,032</b>	<b>37,787</b>	<b>41,671</b>	<b>(60,088)</b>	<b>526,659</b>

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

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

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

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

**For the twelve months ended December 31, 2022**

<i>(in thousands of Euro)</i>	<b>IT Services</b>	<b>CRM International</b>	<b>Almawave New Technology</b>	<b>Others</b>	<b>Adjustments, eliminations and other</b>	<b>Consolidated</b>
<b>Operating profit</b>	<b>85,718</b>	<b>40,025</b>	<b>6,404</b>	<b>(6,694)</b>	<b>889</b>	<b>126,343</b>
(+) Depreciation and amortization	23,908	15,295	3,813	2,022	(313)	44,725
(+) Losses from sale of non-current assets	(331)	0	0	286	(0)	(45)
<b>Earning before interests, taxes, depreciation and amortization (EBITDA)</b>	<b>109,295</b>	<b>55,320</b>	<b>10,217</b>	<b>(4,386)</b>	<b>576</b>	<b>171,023</b>
% Revenue	15.2%	20.1%	21.3%	n.d.	n.d.	16.0%

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

<i>(in thousands of Euro)</i>	<b>IT Services</b>	<b>CRM International</b>	<b>Almawave New Technology</b>	<b>Others</b>	<b>Adjustments, eliminations and other</b>	<b>Consolidated</b>
<b>Operating profit</b>	<b>79,256</b>	<b>26,870</b>	<b>4,655</b>	<b>(4,281)</b>	<b>973</b>	<b>107,474</b>
(+) Depreciation and amortization	22,753	9,664	3,108	3,034	(417)	38,142
(+) Losses from sale of non-current assets	(85)	0	(6)	18	0	(73)
<b>Earning before interests, taxes, depreciation and amortization (EBITDA)</b>	<b>101,924</b>	<b>36,534</b>	<b>7,757</b>	<b>(1,229)</b>	<b>556</b>	<b>145,543</b>
% Revenue	15.6%	19.3%	23.6%	n.d.	n.d.	15.4%

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

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

**Reconciliation of Operating Profit**

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Segment profit</b>	<b>126,343</b>	<b>107,474</b>
Finance income	3,687	1,509
Finance costs	(32,479)	(33,889)
Exchange gains/(losses)	(499)	(308)
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	6	(869)
Inter-segment income/expenses (elimination)		
<b>Profit/(loss) before taxes</b>	<b>97,058</b>	<b>73,917</b>

**Reconciliation of Total assets**

<i>(in thousands of Euro)</i>	<b>At December 31,</b>	<b>At December 31,</b>
	<b>2022</b>	<b>2021</b>
<b>Segment operating assets</b>	<b>1,114,429</b>	<b>973,400</b>
Deferred tax assets	21,367	23,181
Current financial assets	14,533	3,578
Non-current financial assets	1,256	1,237
Non-current assets held for sale	0	2,459
<b>Total assets</b>	<b>1,151,586</b>	<b>1,003,854</b>

**Reconciliation of Total liabilities**

<i>(in thousands of Euro)</i>	<b>At December 31,</b>	<b>At December 31,</b>
	<b>2022</b>	<b>2021</b>
<b>Segment operating liabilities</b>	<b>526,659</b>	<b>458,773</b>
Non-current financial liabilities	380,717	395,982
Current financial liabilities	33,374	16,407
Current tax liabilities	31,890	32,398
Deferred tax liabilities	84	2
<b>Total liabilities</b>	<b>972,724</b>	<b>903,562</b>

The following table shows revenues for geographic areas as at December 31, 2022, compared with the previous year:

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<i>Revenues from external customer</i>		
Italy	783,728	745,856
Brazil	251,208	171,246
Tunisia	3,188	2,529
Colombia	20,898	15,664
Europe	3,263	5,300
Other	7,732	5,212
<b>Total</b>	<b>1,070,017</b>	<b>945,807</b>

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

**6. SIGNIFICANT TRANSACTIONS IN THE PERIOD**

During the period ended December 31, 2022, there were significant corporate transactions relating to business combination, which involved Almagora do Brasil of which a brief description is provided below. On March 3, 2022, the purchase of the entire share capital of CENTRAL DE RECUPERAÇÃO DE CRÉDITOS LTDA was completed, which, in turn, owns the entire share capital of CRC DIGITAL LTDA. The latter is a company with about 4,000 employees operating in Fortaleza with an annual turnover of about 200 million reais. On April 13, 2022, Almagora S.p.A. has completed the acquisition of the entire share capital of The Data Appeal Company S.p.A. ("TDAC"), a company based in Florence active in the development of vertical AI analytics solutions, a leader in the tourism, fintech and location intelligence sectors. On May 25, 2022, Almagora S.p.A. has completed the acquisition of the entire share capital of SISTEMI TERRITORIALI S.r.l., a company based in Cascina (PI) 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. In the end, on September 14, 2022, Almagora S.p.A. has completed the acquisition of the entire share capital of TECNAU TRANSPORT DIVISION S.r.l., a company based in Trezzano sul Naviglio (MI) active in the supply and integration of technological systems for rail and underground transport, airports, and industries, as well as for the sector water / purification.

The fair values of the assets acquired, and liabilities assumed of the Brazilian companies at the acquisition date are shown below:

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

<b>Fair value on the acquisition date</b>
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**ASSETS**

(Euro/000)

**NON-CURRENT ASSETS**

<i>Property, plant and equipment</i>	6,564
<i>Intangible assets</i>	130
<i>Investments</i>	1,388
<i>Non-current financial assets</i>	0
<i>Deferred tax assets</i>	0
<i>Other non-current assets</i>	0
<b>TOTAL NON-CURRENT ASSETS</b>	<b>8,082</b>

**CURRENT ASSETS**

<i>Inventories and amount due from customers</i>	0
<i>Trade receivables</i>	573
<i>Current financial assets</i>	0
<i>Other current assets</i>	1,089
<i>Cash and cash equivalents</i>	4,809
<b>TOTAL CURRENT ASSETS</b>	<b>6,471</b>

<b>TOTAL ASSETS</b>	<b>14,553</b>
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**NON-CURRENT LIABILITIES**

<i>Non-current liabilities for employee benefits</i>	0
<i>Non-current financial liabilities</i>	3,697
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3,697</b>

**CURRENT LIABILITIES**

<i>Trade payables</i>	1,089
<i>Current financial liabilities</i>	6,870
<i>Current tax liabilities</i>	0
<i>Other current liabilities</i>	1,707
<b>TOTAL CURRENT LIABILITIES</b>	<b>9,666</b>

<b>TOTAL LIABILITIES</b>	<b>13,363</b>
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<i>Fair value of net assets</i>	1,190
<i>Minorities</i>	0
<i>Goodwill</i>	14,950
<b>Purchase Price</b>	<b>16,140</b>

<i>Cash and cash equivalents acquired</i>	4,809
<i>Consideration paid</i>	(14,950)
<b>Net acquired cash flow</b>	<b>(10,141)</b>

Regarding this M&A transaction, the PPA was defined on a non-definitive basis as it was based on provisional fair value valuations. Furthermore, there are no uncertainties regarding the full recoverability of trade receivables.

From acquisition date, CENTRAL DE RECUPERAÇÃO DE CRÉDITOS LTDA and CRC DIGITAL LTDA. contributed with Euro 36,365 thousand to Group revenues and a positive value of Euro 6,937 thousand to the Group's net profit.

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

The fair values of the assets acquired, and liabilities assumed of The Data Appeal Company SpA at the acquisition date are shown below:

	<b>Fair value on the acquisition date</b>
<b>ASSETS</b>	
<i>(Euro/000)</i>	
<b>NON-CURRENT ASSETS</b>	
<i>Property, plant and equipment</i>	2
<i>Intangible assets</i>	681
<i>Investments</i>	0
<i>Non-current financial assets</i>	0
<i>Deferred tax assets</i>	246
<i>Other non-current assets</i>	0
<b>TOTAL NON-CURRENT ASSETS</b>	<b>929</b>
<b>CURRENT ASSETS</b>	
<i>Inventories and amount due from customers</i>	0
<i>Trade receivables</i>	788
<i>Current financial assets</i>	0
<i>Other current assets</i>	383
<i>Cash and cash equivalents</i>	739
<b>TOTAL CURRENT ASSETS</b>	<b>1,910</b>
<b>TOTAL ASSETS</b>	<b>2,839</b>
<b>NON-CURRENT LIABILITIES</b>	
<i>Non-current liabilities for employee benefits</i>	226
<i>Non-current financial liabilities</i>	354
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>580</b>
<b>CURRENT LIABILITIES</b>	
<i>Trade payables</i>	356
<i>Current financial liabilities</i>	502
<i>Current tax liabilities</i>	126
<i>Other current liabilities</i>	812
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,796</b>
<b>TOTAL LIABILITIES</b>	<b>2,376</b>
<i>Fair value of net assets</i>	463
<i>Minorities</i>	0
<i>Goodwill</i>	16,037
<b>Purchase Price</b>	<b>16,500</b>
<i>Cash and cash equivalents acquired</i>	739
<i>Consideration paid</i>	(4,000)
<b>Net acquired cash flow</b>	<b>(3,261)</b>

Regarding this M&A transaction, the purchase price allocation (PPA) process of fair values of the assets acquired and liabilities assumed is still to be considered on a provisional basis and will be completed in 2023 in line with the timing allowed by accounting standard. As regards the nature of intangible, these refer to costs incurred for the purchase of Internet domains and costs for the implementation and development of the web platform and website, whose useful life is aligned with the Group Amaviva's intangible. Furthermore, there are no uncertainties regarding the full recoverability of trade receivables.

From acquisition date, The Data Appeal Company contributed with Euro 3,216 thousand to Group revenues and a positive value of Euro 417 thousand to the Group's net profit.

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

The fair values of the assets acquired, and liabilities assumed of Sistemi Territoriali Srl at the acquisition date are shown below:

	<b>Fair value on the acquisition date</b>
<b>ASSETS</b>	
<i>(Euro/000)</i>	
<b>NON-CURRENT ASSETS</b>	
<i>Property, plant and equipment</i>	1
<i>Intangible assets</i>	43
<i>Investments</i>	0
<i>Non-current financial assets</i>	0
<i>Deferred tax assets</i>	0
<i>Other non-current assets</i>	302
<b>TOTAL NON-CURRENT ASSETS</b>	<b>346</b>
<b>CURRENT ASSETS</b>	
<i>Inventories and amount due from customers</i>	0
<i>Trade receivables</i>	673
<i>Current financial assets</i>	0
<i>Other current assets</i>	159
<i>Cash and cash equivalents</i>	2,247
<b>TOTAL CURRENT ASSETS</b>	<b>3,079</b>
<b>TOTAL ASSETS</b>	<b>3,425</b>
<b>NON-CURRENT LIABILITIES</b>	
<i>Non-current liabilities for employee benefits</i>	429
<i>Non-current financial liabilities</i>	0
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>429</b>
<b>CURRENT LIABILITIES</b>	
<i>Trade payables</i>	306
<i>Current financial liabilities</i>	331
<i>Current tax liabilities</i>	266
<i>Other current liabilities</i>	370
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,273</b>
<b>TOTAL LIABILITIES</b>	<b>1,702</b>
<i>Fair value of net assets</i>	1,723
<i>Minorities</i>	0
<i>Goodwill</i>	2,677
<b>Purchase Price</b>	<b>4,400</b>
<i>Cash and cash equivalents acquired</i>	2,247
<i>Consideration paid</i>	(4,020)
<b>Net acquired cash flow</b>	<b>(1,773)</b>

Regarding this M&A transaction, the purchase price allocation (PPA) process of fair values of the assets acquired and liabilities assumed is still to be considered on a provisional basis and will be completed in 2023 in line with the timing allowed by accounting standard; there are no uncertainties regarding the full recoverability of trade receivables.

From acquisition date, Sistemi Territoriali Srl contributed with Euro 1,440 thousand to Group revenues and a positive value of Euro 394 thousand to the Group's net profit.



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

The fair values of the assets acquired, and liabilities assumed of TECNAU TRANSPORT DIVISION Srl at the acquisition date are shown below:

	<b>Fair value on the acquisition date</b>
<b>ASSETS</b>	
<i>(Euro/000)</i>	
<b>NON-CURRENT ASSETS</b>	
<i>Property, plant and equipment</i>	15
<i>Intangible assets</i>	1
<i>Investments</i>	2
<i>Non-current financial assets</i>	0
<i>Deferred tax assets</i>	0
<i>Other non-current assets</i>	10
<b>TOTAL NON-CURRENT ASSETS</b>	<b>28</b>
<b>CURRENT ASSETS</b>	
<i>Inventories and amount due from customers</i>	305
<i>Trade receivables</i>	470
<i>Current financial assets</i>	0
<i>Other current assets</i>	170
<i>Cash and cash equivalents</i>	903
<b>TOTAL CURRENT ASSETS</b>	<b>1,848</b>
<b>TOTAL ASSETS</b>	<b>1,876</b>
<b>NON-CURRENT LIABILITIES</b>	
<i>Non-current liabilities for employee benefits</i>	104
<i>Non-current financial liabilities</i>	0
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>104</b>
<b>CURRENT LIABILITIES</b>	
<i>Trade payables</i>	207
<i>Current financial liabilities</i>	0
<i>Current tax liabilities</i>	223
<i>Other current liabilities</i>	88
<b>TOTAL CURRENT LIABILITIES</b>	<b>518</b>
<b>TOTAL LIABILITIES</b>	<b>622</b>
<i>Fair value of net assets</i>	1,254
<i>Minorities</i>	0
<i>Goodwill</i>	2,410
<b>Purchase Price</b>	<b>3,664</b>
<i>Cash and cash equivalents acquired</i>	903
<i>Consideration paid</i>	(3,464)
<b>Net acquired cash flow</b>	<b>(2,561)</b>

Regarding this M&A transaction, the purchase price allocation (PPA) process of fair values of the assets acquired and liabilities assumed is still to be considered on a provisional basis and will be completed in 2023 in line with the timing allowed by accounting standard; there are no uncertainties regarding the full recoverability of trade receivables.

From acquisition date, TECNAU TRANSPORT DIVISION Srl contributed with Euro 806 thousand to Group revenues and a positive value of Euro 133 thousand to the Group's net profit.

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

**7. INTANGIBLE ASSETS**

The intangible assets of the Group amount to Euro 167,469 thousand (Euro 118,496 thousand as at December 31, 2021) 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 1, 2022</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>
Investments and new acquisition	36,074	6,578	1,263	304	282	44,501
Capitalisation for internal projects	0	1,400	0	840	18,774	21,014
Amortization	0	(8,615)	(407)	(10,411)	0	(19,433)
Disposals	0	(11)	(14)	0	0	(25)
Reclassifications and other	0	5,730	0	10,230	(15,960)	0
Change in consolidation area	0	129	1	655	0	785
Foreign exchange differences	1,217	771	123	0	21	2,132
<b>At December 31, 2022</b>	<b>76,470</b>	<b>36,305</b>	<b>2,308</b>	<b>30,594</b>	<b>21,793</b>	<b>167,469</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, 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>

The Group's investments as at December 31, 2022 amounted to Euro 44,501 thousand and mainly refer to (i) goodwill recognized on a non-definitive basis following business combinations completed over the period and (ii) "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 21,014 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 5,730 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 36,305 thousand and which highlights the Group's endowment of software tools and IT applications developed internally and for evolutionary maintenance carried out on them. The Group, in relation to these assets, periodically carries out an analysis in correspondence with the closing of the financial statements aimed at finding their recoverable value with respect to that of recognition in the financial statements on the basis of the expected future economic benefits associated with them (active contracts of planned acquisition). Moreover, the economic performance of 2022 did not highlight any impairment indicators such as to formulate specific reflections on the recoverability of the aforementioned values.

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

The amortization of the period on intangible assets amounts to Euro 19,433 thousand. The main depreciation ratios adopted as at December 31, 2022 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 rate differences equal to Euro 2,132 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>Business Area</b>	<b>At January 1, 2022</b>	<b>Exchange differences</b>	<b>Additions</b>	<b>At December 31, 2022</b>
Alicos	CRM and other	<b>2,007</b>			<b>2,007</b>
Almaviva Contact	CRM and other	<b>26,533</b>			<b>26,533</b>
Almaviva do Brasil	CRM and other	<b>1,748</b>			<b>1,748</b>
Almaviva Finance	Finance	<b>745</b>			<b>745</b>
Gempliss	New Technolgy	<b>198</b>			<b>198</b>
Pervoice	New Technolgy	<b>314</b>			<b>314</b>
Wave	Transportation	<b>5,121</b>			<b>5,121</b>
Wedoo	IT	<b>630</b>			<b>630</b>
Kline	Finance	<b>784</b>			<b>784</b>
CRC Central de Recup de creditos	CRM and other	<b>0</b>	1,178	14,950	<b>16,128</b>
The Data Appeal Company	New Technolgy	<b>0</b>		16,037	<b>16,037</b>
Sistemi Territoriali	New Technolgy	<b>0</b>		2,677	<b>2,677</b>
Tecnav	Transportation	<b>0</b>		2,410	<b>2,410</b>
Third	CRM and other	<b>1,099</b>	39		<b>1,138</b>
<b>Total</b>		<b>39,179</b>	<b>1,217</b>	<b>36,074</b>	<b>76,470</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.

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

The results of the impairment tests carried out as of December 31, 2022, 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

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

the Almoviva 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 Alicos, Almoviva Contact, Almoviva do Brasil and CRC was determined using the following assumptions:

<b>At December 31, 2022</b>			
<b>CRM Business</b>	<b>Brasile</b>	<b>Colombia</b>	<b>Others</b>
Beta	1	1	1
Risk Free Rate	12.2%	11.5%	3.0%
Expected Market Return	4.0%	4.0%	4.0%
Average Cost of Debt	5.8%	5.8%	5.8%
Debt/Equity Ratio (%)	30-70	30-70	30-70
Taxes	34%	33%	24.0%
<b>WACC</b>	<b>9.4%</b>	<b>9.2%</b>	<b>7.2%</b>

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

<b>At December 31,</b>	
<b>IT SERVICES</b>	<b>2022</b>
Beta	1
Risk Free Rate	3.0%
Expected Market Return	4.0%
Average Cost of Debt	5.8%
Debt/Equity Ratio (%)	30-70
Taxes	24.0%
<b>WACC</b>	<b>7.2%</b>

While as regards the discount rate you correspond to the average cost of capital (WACC) referred to the goodwill The Data Appeal Company and Sistemi Territoriali it was determined using the following assumptions:

<b>At December 31,</b>	
<b>Almawave - New Technology</b>	<b>2022</b>
Beta	1
Risk Free Rate	3.0%
Expected Market Return	4.0%
Average Cost of Debt	5.8%
Debt/Equity Ratio (%)	30-70
Taxes	24.0%
<b>WACC</b>	<b>7.2%</b>

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

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

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

**8. PROPERTY, PLANT AND EQUIPMENT**

The tangible assets of the AlmagivA Group, owned and leased, amount to Euro 87,563 thousand (Euro 86,094 thousand as at December 31, 2021) and are broken down as follows:

<i>(in thousands of Euro)</i>	Land and buildings	Plant and machinery owned and leased	Industrial and commercial equipment owned and leased	Other assets owned and leased	ROU Asset	Assets under construction and payments on account	Total
<b>At January 01, 2022</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>
Additions	126	5,957	106	5,936	17,653	181	29,959
Capitalisation for internal project	0	0	0	0	0	0	0
Depreciation	(789)	(3,626)	(160)	(7,979)	(12,734)	0	(25,288)
Disposals	0	(145)	(15)	(780)	(11,518)	(27)	(12,485)
Reclassifications and other	0	301	1	1,203	0	(1,505)	0
Change in consolidation area	0	1,386	13	1,615	3,666	0	6,680
Foreign exchange differences	0	915	0	1,403	285	0	2,603
Historical cost	19,383	224,743	3,983	170,670	65,888	180	<b>484,847</b>
Accumulated amortization	(13,293)	(208,606)	(3,603)	(144,315)	(27,466)	0	<b>(397,283)</b>
<b>At December 31, 2022</b>	<b>6,090</b>	<b>16,137</b>	<b>380</b>	<b>26,355</b>	<b>38,422</b>	<b>180</b>	<b>87,563</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, 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>

Investments are equal to Euro 29,959 thousand at December 31, 2022, of which those not relating to the application of IFRS 16 amounted to Euro 12,306 thousand; they mainly refer to the items "other assets" and "plant and machinery" for the acquisition of hardware, network and plant upgrades of the IT Services, CRM International operating segments and, to a lesser extent, the other sectors.

Depreciation amounts to Euros 25,288 thousand, the main depreciation coefficients adopted at December 31, 2022, 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.

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

The disposals of Euros 12,485 thousand mainly refer to the early termination of some rental contracts held by IT Services segment, AlmagivA Contact and AlmagivA Services falling within the application of IFRS 16.

The exchange differences from the translation of the financial statements of companies operating with functional currencies other than the Euro of positive Euro 2,603 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 6,090 thousand relating to the building located in Rome, in via dello Scalo Prenestino, owned by 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, 2022 amounts to Euro 38,422 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 180 thousand, mainly referring to the IT Services segment.

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

**9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

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

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
CCID – AlmagivA Inform. Technol. Co. Ltd	117	117
Consorzio Hypertix in liquidation	99	99
TVEyes L.T. S.r.l.	27	21
<b>Total</b>	<b>243</b>	<b>237</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 December 31, 2021</b>	<b>Income Statement effect</b>	<b>Increases (Decreases)</b>	<b>At December 31, 2022</b>
CCID – AlmagivA Inform. Technol. Co. Ltd	117	0	0	117
Consorzio Hypertix in liquidation	99	0	0	99
TVEyes L.T. S.r.l.	21	6	0	27
<b>Total</b>	<b>237</b>	<b>6</b>	<b>0</b>	<b>243</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, 2022, 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 1,256 thousand (Euro 1,237 thousand as at December 31, 2021) and are broken down as follows:

<i>(in thousands of Euro)</i>	At December 31, 2022	At December 31, 2021
Long-term loans	1,188	1,188
Others Equity investments	68	49
<b>Non-current financial assets</b>	<b>1,256</b>	<b>1,237</b>

<i>(in thousands of Euro)</i>	At December 31, 2022	At December 31, 2021
Amount falling due within 12 months	0	0
Amount falling due between 1-5 years	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 December 31, 2021) are all instrumental to operating activities and relate to loans to personnel for Euro 7 thousand and financial assets to Auselda for Euro 1,181 thousand.

The investments on equity instruments are equal to Euro 68 thousand (Euro 49 as at December 31, 2021), 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, 2022	At December 31, 2021
Conai	1	1
Calpark	5	5
Banca Brutia	5	5
Uirnet	5	5
Consorzio Namex	3	3
Other	49	30
<b>Total</b>	<b>68</b>	<b>49</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, 2022, no impairment losses were recorded on the item in question. In this case, the impairment was determined following the analytical model described in the preparation criteria.

**11. DEFERRED TAX ASSETS**

Deferred tax assets amount to Euro 21,367 thousand (Euro 23,181 thousand as at December 31, 2021) and are shown net of deferred tax liabilities, if they can be offset under the Italian and / or foreign reference regime, and have been allocated, within the limits of the values that it is expected to recover in future years based on the capacity of the expected taxable income, 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, 2022, the management concluded that the capacity of taxable income will allow the use of the deferred tax assets recorded.

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
<b>Deferred Tax Assets</b>	<b>21,367</b>	<b>23,181</b>

Divided in:

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Italian subsidiaries	16,842	17,843
Foreign subsidiaries	4,525	5,338
<b>Total Deferred Tax Assets</b>	<b>21,367</b>	<b>23,181</b>

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

**12. OTHER NON-CURRENT ASSETS**

Other non-current assets amount to Euro 1,091 thousand as at December 31, 2022 compared to an amount of Euro 1,573 thousand as at December 31, 2021, as illustrated in the table below:

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Security deposits	1,056	1,162
Prepaid expenses	31	407
Other receivables	4	4
<b>Other non-current assets</b>	<b>1,091</b>	<b>1,573</b>



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

**13. INVENTORIES**

Inventories of the Group are equal to Euro 18,811 thousand (Euro 12,168 thousand as at December 31, 2021) and are composed as follows:

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Raw materials (at cost)	5,334	3,873
Work in progress (at cost)	4,254	2,809
Finished goods (at lower of cost and net realizable value)	9,223	5,486
<b>Total inventories at the lower of cost and net realizable value</b>	<b>18,811</b>	<b>12,168</b>

During 2022 have not been accounted any expenses for inventories to carry them at net realizable value. The total amount is related to Sadel S.p.A. for Euro 13,889 thousand, to AlmagivA S.p.A. for Euro 4,406 thousand and to Tecnav for Euro 516 thousand.

**14. CONTRACT ASSETS**

As at December 31, 2022, contract assets are equal to Euro 19,064 thousand (Euro 23,314 thousand as at December 31, 2021).

They decrease overall by Euros 4,250 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, 2022, trade receivables are equal to Euro 513,487 thousand (Euro 422,490 thousand as at December 31, 2021) with an increase of the year equal to Euro 90,997 thousand:

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Trade receivables, gross amount	533,735	442,640
Trade receivables, amount retained as a guarantee	3,534	2,816
Bad debt provision	(23,782)	(22,966)
<b>Trade receivables</b>	<b>513,487</b>	<b>422,490</b>

The increase of the year is mainly due to: (i) M&A operations completed during the year; (ii) an increase in terms of revenues (refers to Note 30 of P&L). Trade receivables are exposed net of bad debt provision equal to Euro 23,782 thousand (Euro 22,966 thousand as at December 31, 2021). The increase of the year for Euro 816 thousand is related to AlmagivA Tunisie, to AlmagivA Services, to AlmagivA Contact and to the change in consolidation area due to the acquisition of The Data Appeal Company and Sistemi Territoriali.

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

<b>Balance at the beginning of the year</b>	<b>22,966</b>	<b>21,106</b>
Provisions	624	1,859
Uses	(49)	(9)
Change in consolidation area	57	0
Other	184	10
<b>Balance at the end of the year</b>	<b>23,782</b>	<b>22,966</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, 2022 and 2021:

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Amount not yet due	455,157	372,187
Amount due by less than 30 days	16,422	10,562
Amount due between 30-60 days	5,212	9,614
Amount due between 61-90 days	2,754	3,696
Amount due between 91-120 days	5,676	4,400
Amount due by more than 120 days	48,514	42,181
<b>Trade receivables, gross amount</b>	<b>533,735</b>	<b>442,640</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.

The Group – supported by an internal and external legal opinion further substantiated by recent case-law – considers pre-deductible and consequently fully recoverable the net receivables from Alitalia - Società Aerea Italiana S.p.A. in A.S. (as at May 2, 2017).

Therefore, the application for insinuation into the bankruptcy liabilities was proposed requesting the recognition of the credits on a pre-deductible basis and, alternatively, on an unsecured basis.

It should also be noted that following the extraordinary administration of Alitalia - Società Aerea Italiana S.p.A. in A.S., the Group continued to provide services to it, confirming the strategic nature of its role for the aircraft operator even in the context of crisis. These services, during 2021, were only interrupted following the evolution of the matter in question which took place in the establishment of the new Italian flag carrier Italia Trasporto Aereo S.p.A. (better known as "ITA Airways"). The new company has chosen another supplier for the provision of Contact Center services and an agreement was positively reached with the trade unions and with all the parties involved for the progressive transition to the new supplier of the main workforce of the AlmamivA Group used to carry out the previous contract with Alitalia - Società Aerea Italiana S.p.A. in A.S.

With a communication dated February 6, 2023, the creditors were informed of the enforceability into the bankruptcy liabilities. The credit was almost entirely recognized on an unsecured basis. Therefore, an appeal to the bankruptcy liabilities was lodged.

It should also be noted that the revocatory judgment pursuant to art. 67 of the Bankruptcy Law filed in 2020 by Alitalia in A.S. S.p.A. was recently settled transactively; as a result, a further request for insinuation into the bankruptcy liabilities of Alitalia Società Italiana S.p.A. in A.S. was lodged, in relation to the claim of about Euro 1.2 million deriving from the "revocatory

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

recognition". The request of insinuation was proposed on an unsecured basis. It's waiting to receive the project bankruptcy liabilities with the evaluation of the application for the claim.

The future developments of the insolvency procedure and the recently filed opposition proceedings will be carefully monitored in order to assess any changes in conditions that led the management to assume the position referred to above. The forecast of the timing of collection of these receivables can only depend on the evolution of the extraordinary administration process.

In the expectation that the timing of the collection of these receivables may depend on the evolution of the "A.S. Procedure", a financial expense was recorded. At present day, the value of the receivable has been prudently adjusted by approximately 50%.

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**

As at December 31, 2022, current financial assets amounted to Euro 14,533 thousand (Euro 3,578 thousand as at December 31, 2021). The increase of the year mainly refers to an amount of AlmavivA S.p.A. whose bank payment was made and communicated in the last days of 2022 and collected in the first days of 2023.

The other amount mainly refers (i) to AlmavivA SpA for Euro 3,236 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, and (ii) for Euro 199 thousand to AlmavivA Contact, 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, 2022</b>	<b>At December 31, 2021</b>
<b>Current financial assets</b>	<b>14,533</b>	<b>3,578</b>

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

Other current assets amount to Euro 142,041 thousand as at December 31, 2022, compared to Euro 139,405 thousand as at December 31, 2021. 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, 2022</b>	<b>At December 31, 2021</b>
Receivables due from personnel	4,224	3,787
Receivables due from social security institutions	5,636	1,572
Receivables due from tax authorities	35,481	45,019
Receivables related to tax consolidation	24,540	30,251
Prepaid expenses	15,041	11,519
Advances to suppliers	3,424	3,442
Sundry items	53,695	43,815
<b>Other current assets</b>	<b>142,041</b>	<b>139,405</b>

In particular, it should be noted that the item Receivables from social security institutions, equal to Euro 5,636 thousand, includes almost all receivables from INPS not yet collected relating mainly to):

- To the receivable from the INPS treasury in AlmagivA SpA;
- Cigs, Cigd and Fis credits of AlmagivA Contact;

Tax consolidation credits for Euro 24,540 thousand derive from the transfer to the parent company AlmagivA 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 29,767, as reported in Note 29.

Prepayments for Euro 15,041 thousand include future costs mainly of AlmagivA SpA (Euro 13,292 thousand), AlmagivA Digitaltec (Euro 313 thousand), ReActive (Euro 461 thousand), AlmagivA Contact (Euro 195 thousand), AlmagivAve (Euro 398 thousand), The Data Appeal Company (Euro 163 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 5,099 thousand relating to AlmagivA SpA for Euro 3,898 thousand, AlmagivA Contact for Euro 273 thousand, Agrisian for Euro 362 thousand, AlmagivAve for Euro 186 thousand, Sistemi Territoriali for Euro 211 thousand and to a lesser extent to the other companies of the Group; (ii) receivables for indirect taxes equal to Euro 30,382 thousand relating mainly to AlmagivA S.p.A., AlmagivA Contact and the Brazilian companies. Regarding to the receivables of AlmagivA S.p.A. for indirect taxes they refer mainly to the credit for the Group VAT for Euro 21,386 thousand. Regarding to the Group VAT receivables related to December 31, 2021, and already requested for reimbursement, it should be noted that during 2022, Euro 10,718 thousand was collected. Regarding to the Group VAT receivables related to fiscal year 2022, it should be noted that Euro 19,466 thousand was collected.

Advances to suppliers decreased by Euro 17 thousand, from Euro 3,442 thousand as at December 31, 2021 to Euro 3,424 thousand as at December 31, 2022.

Sundry items equal to Euro 53,695 thousand are mainly included:

- CRM International receivables for judicial deposits on disputes pending with employees;
- Receivables due from the State and Public Authorities for projects financed and R&D projects equal to Euro 7,746 thousand;
- Receivables for reimbursements which refer:
  - the credit for the request for reimbursement, submitted to a well-known insurance company, of the legal costs incurred in the context of a dispute initiated in the United States by an American company (the "US Litigation") against some of the companies of the AlmagivA Group (collectively the "AlmagivA 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 terms for lodge an appeal, against the rejection of the circuit court, at Supreme Court is pending. The AlmagivA Companies currently believe - also on the basis of the assessments made by their defense board - that they have valid arguments to be able to support their position and, consequently, to be able to subvert the outcome 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 164,660 thousand (Euro 169,622 thousand as at December 31, 2021) refers to credit balances at banks in existence as at December 31, 2022 and the amounts held at the Group treasuries. 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 0 thousand (Euro 2.459 thousand as at December 31, 2021) The decrease of the period, equal to Euro 2,459 thousand, is related to the payment of the residual price and sale of the shareholding from AGEA - Agenzia per le Erogazioni in Agricoltura in June 2022, in execution of the "*Deed amending the sale of shareholdings and pledging*".

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

**20. SHAREHOLDERS' EQUITY**

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Share capital	154,899	154,899
Share premium reserve	17,788	17,788
Legal reserve	15,139	12,465
Other reserves:		
<i>FTA reserve</i>	4,493	4,493
<i>OCI reserve</i>	4,927	2,529
<i>stock grant reserve</i>	7,693	4,670
<i>Translation reserve</i>	(46,257)	(53,448)
<i>Other reserves</i>	(83,733)	(121,503)
	<u>(112,877)</u>	<u>(163,259)</u>
Profit/(loss) for the year	72,344	57,908
<b>Total group shareholders' equity</b>	<b>147,296</b>	<b>79,804</b>
Reserves pertaining to NCIs:		
<i>Translation reserve</i>	(991)	(1,098)
<i>Other reserves</i>	29,799	19,596
	<u>28,809</u>	<u>18,499</u>
Profit/(loss) for the year pertaining to NCIs	2,756	1,990
<b>Total non-controlling interests</b>	<b>31,566</b>	<b>20,489</b>
<b>Total Shareholders' equity</b>	<b>178,862</b>	<b>100,292</b>

The total Shareholders' equity as at December 31, 2022 is equal to Euro 178,862 thousand (Euro 100,292 thousand as at December 31, 2021) showing an increase of Euro 78,569 thousand. This change in Equity of the AlmagivA Group was affected by (i) the results for the period equal to Euro 75,101 thousand, (ii) the positive impact of about Euro 7,298 thousand relating to the improvement of the Euro / Reais exchange rate on the Translation Reserve and (iii) the dividends paid in the period for an amount equal to Euro 25,000 thousand.

**Share Capital**

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

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

<i>in number of shares</i>	<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>
AlmagivA 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>

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

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 15,139 thousand as at December 31, 2022 and increased by the prior year's net profit allocation.

### **Share premium reserve**

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

### **Stock Grant reserve**

The stock grant reserve equal to Euro 7,693 thousand as at December 31, 2022, includes the fair value valuation at the same date regarding the Stock Grant Plan introduced by Almaxwave SpA and Almaxviva SpA during 2021. Please to refer to Note 33 for more details.

### **FTA reserve**

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

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

### **OCI reserve**

The OCI reserve is equal to Euro 4,927 thousand as at December 31, 2022 (Euro 2,529 thousand as at December 31, 2021).

### **Translation reserve**

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

As at December 31, 2022, it was a negative Euro 47,248 thousand (of which the Group's share was a negative Euro 46,257 thousand and the portion pertaining to non-controlling interests amounted to negative Euro 991 thousand).

### **Other reserves**

The Other reserves is equal to negative Euro 83,733 and are represented by consolidation reserves and by undistributed profits or losses carried forward.

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

**Non-controlling interests**

The non-controlling interests are equal to Euro 31,566 thousand and refer to share capital, reserves, profit/loss of the year attributable to non-controlling interests, net of translation reserve.

**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, 2022 is summarised in the following table.

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Non current Net Financial Position	(380,717)	(395,982)
Current Net Financial Position	145,819	156,793
Non current financial receivables	1,256	1,237
<b>Financial indebtness ("Debt")</b>	<b>(233,642)</b>	<b>(237,952)</b>
Total Group Shareholder Equity	147,296	79,804
Non Controlling Interests	31,566	20,489
<b>Total Shareholders' Equity ("Equity")</b>	<b>178,862</b>	<b>100,292</b>
<b>Debt/Equity ratio</b>	<b>(1.31)</b>	<b>(2.37)</b>

Financial indebtness as at December 31, 2022, equal to Euro 233,642 thousand, includes the values deriving from the application of IFRS 16 for an amount equal to Euro 42,368 thousand (Euro 44,894 thousand as at December 31, 2021) of which Euro 31,619 thousand (Euro 35,697 thousand as at December 31, 2021) relating to non-current financial liabilities and Euro 10,749 thousand (Euro 9,197 as at December 31, 2021) relating to current financial liabilities. The value before application of IFRS 16 would have been equal to Euro 191,275 thousand (Euro 193,058 as at December 31, 2021).

**21. LIABILITIES FOR EMPLOYEE BENEFITS**

Liabilities for employee benefits equal to Euro 39,672 as at December 31, 2022 are reported below:

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
<b>Liabilities for employee benefits</b>	<b>39,672</b>	<b>45,409</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



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

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, 2022</b>	<b>At December 31, 2021</b>
<b>Balance at the beginning of the year</b>	<b>45,409</b>	<b>48,531</b>
Change of the consolidatament area	6,869	892
Service cost	1,057	911
Interest cost	1,478	1,288
Payments / Utilizations	(13,834)	(6,876)
Actuarial gains/(losses) recognized in OCI	(1,307)	663
<b>Balance at the end of the year</b>	<b>39,672</b>	<b>45,409</b>
of which:		
Non-current portion	38,732	37,945
Current portion	940	7,464

The main assumptions made for the actuarial estimate process of the employee severance indemnity as at December 31, 2022 are summarised below:

<b>Financial Assumptions</b>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Discount rate	6.303%	3.254%
Annual rate of TFR increase	2.930%	2.850%
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:

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

<i>(in thousands of Euro)</i>	<i>Rate +50 bp</i>	<i>Rate -50 bp</i>
Past Service Liability	38,648	40,600
Actuarial Profit/(loss)	(2,071)	(500)

**Demographic Assumptions**

**For the year ended December 31, 2022 and 2021**

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 12,973 as at December 31, 2022 (Euro 18,579 as at December 31, 2021) and are reported below:

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Non-current portion of provisions for risks and charges	8,040	11,210
Current portion of provisions for risks and charges	4,933	7,369
<b>Provisions for risks and charges</b>	<b>12,973</b>	<b>18,579</b>

<i>(in thousands of Euro)</i>	Provision for taxes	Provision for redundancy incentives	Provision for guarantees granted	Provisions for contractual and commercial risks	Provisions for legal disputes	Other provisions for risks and charges	Total
<b>Balance as at January 1, 2021</b>	<b>66</b>	<b>4,443</b>	<b>134</b>	<b>0</b>	<b>3,211</b>	<b>9,231</b>	<b>17,085</b>
Accruals	0	1,066	0	180	316	8,713	10,275
Utilizations	0	0	0	0	0	(3,394)	(3,394)
Decreases	0	(3,747)	0	0	(1,531)	(123)	(5,401)
Other changes not recorded through income statement	0	(50)	0	0	8	56	14
<b>Balance as at December 31, 2021</b>	<b>66</b>	<b>1,712</b>	<b>134</b>	<b>180</b>	<b>2,004</b>	<b>14,483</b>	<b>18,579</b>
of which:							
Non-current portion	66	22	134	0	0	10,988	11,210
Current portion	0	1,690	0	180	2,004	3,495	7,369

<i>(in thousands of Euro)</i>	Provision for taxes	Provision for redundancy incentives	Provision for guarantees granted	Provisions for contractual and commercial risks	Provisions for legal disputes	Other provisions for risks and charges	Total
<b>Balance as at January 1, 2022</b>	<b>66</b>	<b>1,712</b>	<b>134</b>	<b>180</b>	<b>2,004</b>	<b>14,483</b>	<b>18,579</b>
Accruals	0	2	0	0	585	5,485	6,072
Utilizations	0	0	0	0	0	(7,885)	(7,885)
Decreases	0	(1,358)	0	0	(1,520)	(1,295)	(4,173)
Other changes not recorded through income statement	0	0	0	0	324	56	380
<b>Balance as at December 31, 2022</b>	<b>66</b>	<b>356</b>	<b>134</b>	<b>180</b>	<b>1,393</b>	<b>10,844</b>	<b>12,973</b>
of which:							
Non-current portion	66	22	134	0	0	7,818	8,040
Current portion	0	334	0	180	1,393	3,026	4,933

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

Information and comments on the various provisions are provided below.

"Non-current tax provision" equal to Euro 66 thousand relates to Almaviva 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 356 thousand (Euro 1,712 thousand as at December 31, 2021) mainly relating to employees of Almaviva 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 Almaviva for Euro 134 thousand.

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

Provision for legal disputes of Euro 1,393 thousand is related to IT Services segment for Euro 1,099 thousand, to CRM International segment for Euro 287 thousand and to Almaxwave - New Technology segment for Euro 7 thousand.

The line items, including non-current and current portion, for a total of Euro 10,884 thousand (Euro 14,483 thousand at December 31, 2021) relating to prudential provisions on commercial risks relating to penalties for Euro 2,339 thousand of Almaviva SpA; the Project Workers stabilization fund for Euro 173 thousand of Almaviva Contact, provisions for disputes both towards personnel and for other civil disputes for Euro 98 thousand of Almaviva Contact, commercial guarantee funds for Euro 3,605 thousand of Almaviva SpA and for Euro 490 of Sadel and the liquidation costs provision recorded for Euro 1,356 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 380,717 thousand (Euros 395,982 thousand as at December 31, 2021), refer to long-term payables as detailed below and include the non-current portion of financial liabilities for leasing deriving from the application of IFRS 16.

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>	
Banks	2,521	6,442	
Bond	340,131	337,943	
Amounts due to other lenders	6,446	15,900	
Financial liabilities associated with leasing	31,619	35,697	
<b>Non-current financial liabilities</b>	<b>380,717</b>	<b>395,982</b>	
<i>(in thousands of Euro)</i>	> 12 months	< 5 years	> 5 years
Banks	2,521	2,521	0
Bond	340,131	340,131	0
Amounts due to other lenders	6,446	6,446	0
Financial liabilities associated with leasing	31,619	25,481	6,138
	<b>380,717</b>	<b>374,579</b>	<b>6,138</b>

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

The fair value of the main financing component, relating to the bond issued on the Luxembourg market, was equal to Euro 329,416 thousand as at December 31, 2022. This assessment is affected by this period characterized by strong worldwide disturbance due to the Russian-Ukrainian conflict, with a consequent impact in terms of the performance of the stock and bond markets.

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

<i>(in thousands of Euro)</i>	<b>At January 1, 2022</b>	<b>Proceeds from borrowings</b>	<b>Repayments of borrowings</b>	<b>Reclassification and other adjustments</b>	<b>At December 31, 2022</b>
Almaviva S.p.A.	342,838	2,980	(1,878)	2,188	346,128
Sadel S.p.A.	2,356	750	(957)	(190)	1,959
Almaviva do Brasil	4,063	0	0	(3,912)	151
SIMEST Operation	11,000	0	0	(11,000)	0
Wedoo S.r.l.	22	0	0	(22)	0
Obda Systems S.r.l.	6	0	(2)	0	4
CRC - Central de Recup. de Creditos	0	0	0	295	295
The Data Appeal Company S.p.A.	0	0	0	292	292
Tecnav S.r.l.	0	0	0	269	269
Financial liabilities associated with leasing	35,697	14,815	(6,533)	(12,360)	31,619
<b>Non-current financial liabilities</b>	<b>395,982</b>	<b>18,545</b>	<b>(9,370)</b>	<b>(24,440)</b>	<b>380,717</b>

  

<i>(in thousands of Euro)</i>	<b>At January 1, 2021</b>	<b>Proceeds from borrowings</b>	<b>Repayments of borrowings</b>	<b>Reclassification 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>

As regards the monetary movements of the period, it should be noted that as at December 31, 2022 the proceeds from borrowings amounted to Euro 3,730 thousand and the repayments of loans amounted to Euro 2,837 thousand.

Long-term financial liabilities of Euro 380,717 thousand refer primarily to the bond of Euro 350,000 thousand issued on November 3, 2021, 4.875% coupon with half-yearly payment on April 30 and October 30 of each year and maturity of 5 years. The bond was listed on the Luxembourg stock exchange on the Euro MTF Market (unregulated market).

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

The Bond is treated in the financial statements with the amortized cost method and has a value as of December 31, 2022, of Euro 340,131 thousand.

Liabilities to banks equal to Euro 2,521 thousand relate to Almaviva do Brasil (Euro 151 thousand), The Data Appeal Company (Euro 115 thousand), Sadel (Euro 1,959 thousand), CRC (Euro 295) and Almaviva S.p.A. (Euro 1 thousand).

Liabilities to other lenders equal to Euro 6,446 thousand mainly refer to subsidized loans received on projects financed by Almaviva SpA (Euro 5,996 thousand), to OBDA System for Euro 4 thousand, to The Data Appeal Company (Euro 177 thousand) and to Sistemi Territoriali (Euro 269 thousand).

Non-current financial liabilities deriving from the adoption of IFRS 16 are equal to Euro 31,619 thousand, the reclassifications for Euro 12,360 thousand refer to the exchange difference of the

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

companies with functional other than the Euro and the reclassification from non-current portions to current portions of the debt.

**24. DEFERRED TAX LIABILITIES**

Deferred tax liabilities are equal to Euro 84 thousand as at December 31, 2022 and increased in the period for Euro 82 thousand due mainly to the transition to the International Accounting Standards IAS/IFRS carried out in 2022 by Almaviva Digitaltec and by Sadel:

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
<b>Deferred tax liabilities</b>	<b>84</b>	<b>2</b>

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
<b>Balance at the beginning of the year</b>	<b>2</b>	<b>2</b>
Increases	82	0
Decreases	0	0
<b>Balance at the end of the year</b>	<b>84</b>	<b>2</b>

**25. OTHER NON-CURRENT LIABILITIES**

Other non-current liabilities equal to Euro 635 thousand as at December 31, 2022 (Euro 552 thousand as at December 31, 2021) are reported below:

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Other non-current liabilities	304	0
Deferred income on capital grants	331	552
<b>Other non-current liabilities</b>	<b>635</b>	<b>552</b>

The fully amount refers to deferred income on capital grants.

**26. TRADE PAYABLES**

Trade payables are equal to Euro 351,526 thousand as at December 31, 2021 and increased for Euro 78,622 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 59,975 thousand (Euro 51,288 thousand as of December 31, 2021) while those not due and due within 12 months amount to Euro 291,551 thousand (Euro 221,616 thousand as of December 31, 2021).

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

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
<b>Trade payables</b>	<b>351,526</b>	<b>272,904</b>

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

**27. CURRENT FINANCIAL LIABILITIES**

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

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Payables due to banks	7,780	3,103
Current portion bonds	2,859	2,686
Payables due to other lenders	11,389	716
Accrued liabilities from financial expenses	163	201
Other financial payables	434	504
Financial liabilities for leasing IFRS 16	10,749	9,197
<b>Current financial liabilities</b>	<b>33,374</b>	<b>16,407</b>

Short-term financial liabilities for Euro 33,374 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, 2023. Finally, the item includes current financial liabilities for leasing, financial accruals and short-term payables of a different nature.

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

As regards the monetary movements of the period, it should be noted that: (i) at December 31, 2022, they generated a cash increase equal to Euro 3,893 thousand; (ii) at December 31, 2021 they generated a cash absorption equal to Euro 3,366 thousand.

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

**28. TAX PAYABLES**

Tax payables as at December 31, 2022, equal to Euro 31,890 thousand (Euro 32,398 thousand as at December 31, 2021) are reported below:

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Income taxes	1,961	924
Other taxes	29,929	31,474
<b>Tax payables</b>	<b>31,890</b>	<b>32,398</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, 2022, equal to Euro 121,853 thousand (Euro 121,329 thousand as at December 31, 2021) are reported below:

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Payables due to social security institutions	18,095	18,301
Payables due to personnel	39,851	35,560
Miscellaneous payables	40,642	41,943
Deferred income	23,265	25,525
<b>Other current liabilities</b>	<b>121,853</b>	<b>121,329</b>

The payables to social security institutions equal to Euro 18,095 thousand refer to compulsory contributions accrued and to be paid to the social security institutions in relation to the salaries and fees paid.

Payables to personnel mainly refer to the provision for holidays and leave accrued by the staff and not yet paid, as well as for the subsidiaries AlmagivA Contact S.p.A., AlmagivA Services, The Data Appeal Company and Sistemi Territoriali to the monthly payment for the month of December, the payment of which took place in the first days of January 2023, as per the ordinary management of salary payments.

Miscellaneous payables equal to Euro 40,642 thousand mainly include payables to project workers, payables to insurance companies, payables for collections to be paid to partners, payables to the parent company AlmagivA Technologies for tax consolidation (equal to Euro 29,767 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 23,265 thousand relates to economic components pertaining to future years.

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

**30. REVENUE**

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

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Revenues from sales and services	1,038,501	935,602
Revenues from sale of goods	30,932	21,173
Revenues from contract work in progress	584	(10,968)
<b>Revenues from contracts with customers</b>	<b>1,070,017</b>	<b>945,807</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>2022</b>	<b>2021</b>
Goods transferred at a point in time	30,932	21,173
Services transferred over time	1,039,085	924,634
<b>Total revenue from contracts with customers</b>	<b>1,070,017</b>	<b>945,807</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 Al MAVIVA 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, 2022, and 2021. Inter-segment elimination has not been considered and eliminated.

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
IT Services	714,536	648,822
CRM International	275,198	189,375
Almawave – New Technology	40,402	27,124
Others	39,881	80,486
<b>Revenues from contracts with customers</b>	<b>1,070,017</b>	<b>945,807</b>

Revenues in the IT Services segment as of December 31, 2022, increased by Euro 65,714 thousand, equal to 10.1% 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, Homeland Security, Local Government, Ministries, business areas. This growth was partially offset by a reduction in revenues attributable to the, Agriculture, International, Utilities, Health Treasury and Public Finance and Other business area.

Revenues from contracts with customers in the CRM International segment at December 31, 2022, show an increase of Euro 85,822 thousand, equal to 45.3% compared to the previous period. The increase is attributable mainly to the Finance, Industry, Utility and Other business areas, partially offset by a reduction in revenues attributable to the Telco / Media business area. This trend is affected also both by the improvement in the Euro/Reals exchange rate and by the M&A transactions carried out during the period.



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

Revenues from contracts with customers in the Almaxwave-New Technology segment increased by Euro 13,279 thousand, up 49% 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 Banking/Insurance, Utilities, Government, Transport, Telco / Media and Other areas. This trend is affected also by the M&A transactions carried out during the period.

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

The fees for services to be provided at December 31, 2022, based on the contracts already acquired by the Group, amount to Euro 2,680,191 thousand, of which Euro 671,415 thousand to be absorbed within the following year and Euro 2,008,776 thousand to be absorbed beyond the next year.

### 31. OTHER INCOME

Other income are reported in the following table:

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Recovery of personnel costs	1,279	1,106
Recovery of costs of service provision	5,218	3,805
Recovery of costs of use of assets	338	67
Reversal of provisions	7,885	3,394
Other income	5,311	11,221
Operating grants	3,153	3,417
Reversal of over-accruals of trade payables	1,815	5,092
<b>Other income</b>	<b>24,999</b>	<b>28,102</b>

Other income amount to Euro 24,999 thousand (Euro 28,102 thousand as at December 31, 2021) and the most significant items relate to the absorption of other ordinary funds for guarantees; to the recovery of personnel costs, provision of services and use of third-party assets; to contingencies from adjustments to items allocated in previous years.

### 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>2022</b>	<b>2021</b>
Raw materials, consumables, supplies and goods	48,573	41,855
Costs for services	398,252	324,838
Costs of use of third party assets	6,230	5,506
Costs for services capitalised for assets created internally	(5,898)	(3,238)
Changes in inventories	(3,607)	(2,182)
<b>Cost of raw materials and services</b>	<b>443,550</b>	<b>366,779</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>2022</b>	<b>2021</b>
IT Services	359,039	308,363
CRM International	72,373	45,891
Almawave New Technology	21,093	14,320
Others	12,747	15,942
Adjustments eliminations and other	(21,702)	(17,738)
	<b>443,550</b>	<b>366,779</b>

The item increased during the period by Euro 76,771 thousand. The increase is generally attributable to higher revenues in the IT Services sector, with a consequent increase in costs (Euro 50,676 thousand), as well as in the Almawave-New Technology segment (increase in costs of Euro 6,773 thousand) and in the CRM International segment (increase in costs by Euro 26,481 thousand). This effect was partially offset by trend of remaining activities "Others", by the trend of the Euro/Reais exchange rate and by the M&A transactions carried out during the period.

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

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Maintenance	37,730	34,243
Insurance	4,213	3,019
Consultancy and professional services	224,804	187,137
Advertising, promotion and entertainment	1,269	947
Telephone expenses	4,813	4,292
Travel and stays	3,613	1,930
Energy and fluids	10,195	6,841
Distribution and warehousing	2,001	2,133
Other costs for services	109,614	92,494
Stock Grant costs	0	2,148
Transaction costs for services related to Bond Debt	0	(10,346)
<b>Costs for services</b>	<b>398,252</b>	<b>324,838</b>

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 4,783 thousand, the remuneration due to the Board of Statutory Auditors for Euro 405 thousand and to the Independent Auditors for Euro 704 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>2022</b>	<b>2021</b>
Salaries and wages	386,980	359,254
Social security contributions	69,263	70,234
Employee benefit expenses	16,054	16,006
Other costs	3,692	2,042
Agency work	2,364	4,104
Personnel expenses capitalised for assets created internally	(15,116)	(11,875)
<b>Personnel expenses</b>	<b>466,256</b>	<b>442,287</b>

Personnel expenses increased by Euro 23,970 thousand, or 5.42%.

This increase is mainly due to M&A operations carried out during the period.

The cost of employee with share-based payment, is equal to Euro 3,020 thousand as at December 31, 2022; the costs just mentioned derive from the best estimate of the achievement of the objectives contained in the Stock Grant Plan. There are no cancellations or changes to the plan during the period except for the assignment of objectives to a new strategic employee.

The number of employees as at December 31, 2022 is equal to 45,666 and the average number of employees of companies included in the consolidation area, broken down by category, is as follows:

	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Executives	296.2	265.8
Middle managers	1,037.0	929.9
White-collar employees	44,094.9	43,420.2
<b>Total Group average employees</b>	<b>45,428.1</b>	<b>44,615.8</b>
Agency workers	64.4	134.0
<b>Total workforce</b>	<b>45,492.5</b>	<b>44,749.8</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:

**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>2022</b>	<b>2021</b>
Industrial patent and intellectual property rights	8,615	7,697
Concession, licence and trademarks	407	234
Other	10,410	8,748
<b>Total Intangible Depreciation and Amortization</b>	<b>19,433</b>	<b>16,678</b>
Civil and industrial buildings	789	785
Industrial and commercial equipment	160	149
Plants and machinery owned	3,626	2,535
Other assets owned and leased	7,979	6,902
ROU Asset - Civil and industrial buildings IFRS16	9,944	8,852
ROU Asset - Other assets owned and leased IFRS16	2,789	1,180
<b>Total Tangible Depreciation and Amortization</b>	<b>25,288</b>	<b>20,403</b>
<i>Impairment Loss of Intangible asset</i>	5	1,061
<b>Total Depreciation and Amortization</b>	<b>44,725</b>	<b>38,142</b>

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<i>Disposals of Intangible Assets</i>	3	0
<i>Disposals of Tangible Assets</i>	(45)	75
<i>Disposals of Financial Assets</i>	87	(2)
<b>Total profit (losses) from sale on non-current assets</b>	<b>45</b>	<b>73</b>

### 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>2022</b>	<b>2021</b>
Write-down of receivables	624	1,860
Provisions for risks	5,485	8,893
Taxes and duties	208	280
Membership fees	1,172	724
Other expenses	3,450	4,399
Reversal of over-accruals of trade receivables	3,247	3,145
<b>Other operating expenses</b>	<b>14,186</b>	<b>19,301</b>

Net provisions for risks and charges are recorded for Euro 5,485 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.

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

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

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

<i>(in thousands of Euro)</i>	<b>2022</b>	<b>2021</b>
Financial income	3,687	1,509
Financial expenses	(27,679)	(29,808)
Exchange gains/(losses)	(499)	(308)
Financial expenses for leasing IFRS 16	(4,800)	(4,081)
<b>Net financial result</b>	<b>(29,291)</b>	<b>(32,689)</b>

As shown in the previous table, the result is negative as at December 31, 2022, for Euro 29,291 thousand, against a negative result of Euro 32,689 thousand as at December 31, 2021, with a decrease of Euro 3,398 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>2022</b>	<b>2021</b>
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	6	(869)
<b>Net result from equity investments</b>	<b>6</b>	<b>(869)</b>

Gains/(losses) on equity investments and loss from investments accounted for using equity method shows a positive amount of Euro 6 thousand as at December 31, 2022 compared to a negative amount of 869 as at December 31, 2021.

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

**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>2022</b>	<b>2021</b>
Italian Companies		
<i>IRAP (Regional business tax)</i>	4,126	3,714
<i>IRES (Corporate income tax)</i>	14,065	11,637
<i>(Income) expenses from compliance with tax consolidation</i>	(1,871)	(548)
	<b>16,320</b>	<b>14,803</b>
Foreign companies		
<i>Other current taxes</i>	12,473	8,097
	<b>12,473</b>	<b>8,097</b>
<b>Current Taxes</b>	<b>28,793</b>	<b>22,900</b>
Italian Companies		
<i>IRAP (Regional business tax)</i>	(155)	(1,322)
<i>IRES (Corporate income tax)</i>	1,404	(8,242)
	<b>1,249</b>	<b>(9,564)</b>
Foreign companies		
<i>Other deferred taxes</i>	1,040	1,164
	<b>1,040</b>	<b>1,164</b>
<b>Deferred taxes</b>	<b>2,289</b>	<b>(8,400)</b>
<b>Income taxes for the year - Non recurring portion</b>	<b>(9,125)</b>	<b>(483)</b>
<b>Total Income taxes</b>	<b>21,957</b>	<b>14,018</b>

**39. INCOME TAXES RECONCILIATION**

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

<i>(in thousands of Euro)</i>	<b>For the twelve months ended December 31,</b>			
	<b>2022</b>		<b>2021</b>	
<b>Income before taxes</b>	<b>97,058</b>	<b>100.0%</b>	<b>73,917</b>	<b>100.0%</b>
<b>Theoretical taxes (*)</b>	<b>23,294</b>	<b>24.0%</b>	<b>17,740</b>	<b>24.0%</b>
<b>Effective tax charge</b>	<b>21,957</b>	<b>22.62%</b>	<b>14,018</b>	<b>18.96%</b>
<b>differences between theoretical and effective tax charge</b>	<b>(1,337)</b>	<b>-1.38%</b>	<b>(3,722)</b>	<b>(5.04%)</b>
<b>1) different foreign tax rates</b>				
<b>1a) Exchange rate differences</b>	5,672	5.86%	2,174	2.94%
<b>2) permanent differences:</b>				
<b>2a) IRAP and other italian regional taxes</b>	4,126	4.26%	3,714	5.02%
<b>2b) taxes of prior periods</b>	(9,125)	(9.42%)	(483)	(0.65%)
<b>2c) tax credit R&amp;D</b>	(406)	(0.42%)	(469)	(0.64%)
<b>2d) consolidation adjustments</b>	(418)	(0.44%)	(2,192)	(2.96%)
<b>2f) other differences (**)</b>	(1,186)	(1.22%)	(6,466)	(8.75%)
<b>Total differences</b>	<b>(1,337)</b>	<b>(1.38%)</b>	<b>(3,722)</b>	<b>(5.04%)</b>

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

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

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

### **40. GUARANTEES AND COMMITMENTS**

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

- personal guarantees of Euro 215,537 thousand (Euro 216,958 thousand as at December 31, 2021), which are "in favour of subsidiaries" recorded by AlmagivA 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 8,954 thousand, guarantees recorded by Lombardia Gestione of Euro 89 thousand for the execution of the service agreement, by AlmagivA Contact S.p.A. in the amount of Euro 8,581 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 154,025 thousand relate to: Euro 69,543 thousand pledges on the shares held by AlmagivA S.p.A. in AlmagivA do Brasil Telemarketing Informatica S.A. ; Euro 57,537 thousand pledges on the shares held by AlmagivA Contact S.p.a. in AlmagivA do Brasil Telemarketing Informatica S.A. ; Euro 25,400 thousand pledges on the shares held by AlmagivA 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 AlmagivA do Brasil and AlmagivA SaS related to the intercompany loan received from latter. As a further guarantee of this loan, the shares held by AlmagivA Technologies S.r.l. have also been pledged. equal to 95.11% of the share capital in AlmagivA S.p.A.
- guarantees provided through pledges on the shares held by AlmagivA Contact in Simest S.p.A for Euro 1,545 thousand.

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

#### **Other guarantees, commitments and risks**

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

### **41. RISKS AND OTHER INFORMATION**

#### ***Credit risk***

The maximum theoretical exposure to credit risk for the AlmagivA Group as at December 31, 2022 is represented by the carrying amount of financial assets reported in the financial statements, in addition to the nominal value of guarantees given on the payables or commitments of third parties.

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

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

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

<i>(in thousands of Euro)</i>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
- Amount falling due	455,157	372,187
- Past due	54,796	47,487
<b>Trade receivables net of Bad debt provision</b>	<b>509,953</b>	<b>419,674</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. AlmagivA S.p.A. evaluated this risk as remote for the company and for the Group. During the assessment, the entity considered its own capability to generate cash flows from operating activities and from sources of financing that, after renewed financial structure, allow to get a significant saving on cost of borrowing. Liquidity risk has not suffered significant impacts from the Covid-19 pandemic.

**Exchange rate risk**

Exposure to the risk of exchange rates changing derives from the company's transactions in non-euro currencies (mainly the Brazilian Real) and affects the consolidated financial statements (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 December 31, 2022 were impacted by the trend 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 AlmagivA 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 AlmagivA 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.



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

### **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, 2022 not recorded in the financial statements owing to the absence of the necessary requirements set out in reference standard IAS 37.

### **AlmavivA S.p.A.**

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

Aubay S.p.A. has requested the cancellation, after suspension of effectiveness, of the communication of its exclusion from the open procedure for the assignment of the support service for the use of the ETL product "Informatica Power Center. Gara E 901", banned by Sogei S.p.A. To the council chamber of the 14 October 2009, Aubay S.p.A. has requested the postponement of the processing of the precautionary application to propose additional reasons against the final award in the meantime intervened. On 20 November 2009, Aubay S.p.A. has notified RTI AlmavivA of additional reasons. RTI AlmavivA 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.

*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 (SISTRIS - ID 1642), 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 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*

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

The RTI Almoviva 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 (ID 1774) in favor of the RTI Agriconsulting, adopted by Consip. Engineering brought an independent appeal. The substantive hearing was held on September 21, 2022. The RTI Almoviva withdrew the appeal, therefore Lazio's TAR, with a sentence of October 17, 2022, declared the appeal inadmissible.

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

The RTI NTT DATA has appealed to the Lazio Regional Administrative Court for the annulment, after the adoption of precautionary measures, of the award measure in favor of the RTI Almoviva of lot 1 of the tender for the acquisition of services related to the production and maintenance of software in Microsoft environment and PHP – ID 2225, adopted by Consip. By judgment of 19 July 2021, the Lazio Regional Administrative Court upheld the appeal of the RTI NTT DATA. RTI Almoviva has appealed to the Council of State. The substantive hearing was held on 27 January 2022. With a sentence of 25 May 2022, the Council of State accepted the appeal of the RTI Almoviva. On 4 August 2022, the RTI NTT DATA notified the appeal for revocation. At the end of the hearing on the merits of January 19, 2023, the case was withheld in decision.

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

Telecom Italia has appealed to the Lazio Regional Administrative Court for the annulment, after adopting precautionary measures, of the award measure in favor of the RTI Almoviva of lot 1 of the "open tender for the award of a framework agreement concerning the supply of Cloud IaaS and PaaS products in a public delivery model, related services, professional support services, technical professional services for Public Administrations – ID2213", adopted by Consip. The hearing on the merits was held on May 18, 2022. With a sentence of May 24, 2022, the Lazio TAR rejected Telecom Italia's appeal. On September 23, 2022, Telecom Italia lodged an appeal to the Council of State. The hearing on the merits has been set for March 9, 2023.

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

Leonardo lodged an appeal with the Lazio TAR for the cancellation, after the adoption of precautionary measures, of the award provision in favor of the RTI Almoviva of the tender "for the assignment of the management services of the VTS system for 36 months and an amount based on tender for 23,984,960.59 euros fully paid up excluded, with the option to provide additional services for a maximum amount of EUR 16,045,926.21 fully paid up excluded. The precautionary hearing was held on May 18, 2022. The RTI Almoviva filed a cross appeal. The hearing on the merits was on October 12, 2022. With sentence of October 28, 2022, Lazio TAR reject the appeal. On January 27, 2023, Leonardo lodged an appeal at Council of State. The hearing is pending.

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

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

The RTI Leonardo appealed to the Lazio TAR for the cancellation, after the adoption of precautionary measures, of the award provision in favor of the RTI of which AlmagivA is part of the tender for the conclusion of a Framework Agreement, with subject to the assignment of remote security, compliance and control services for Public Administrations (ID 2296). The hearing on the merits was held on July 13, 2022. With a sentence of July 29, 2022, the Lazio Regional Administrative Court rejected the appeal.

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

Gerry (third classified) appealed to the Lazio TAR for the cancellation, subject to the adoption of precautionary measures, of the award order in favor of BLS International Services Limited, for the exclusion of the latter (first classified) and AlmagivA (second classified) from the tender for the "outsourcing of services relating to the performance of activities related to the issue of entry visas in Italy" and for the annulment of the refusal to access AlmagivA's technical offer. By order of 20 April 2022, the Lazio TAR granted the exhibition of the aforementioned technical offer. The hearing on the merits was held on July 19, 2022. With a sentence of August 2, 2022, the Lazio Regional Administrative Court rejected the appeal. On September 30, 2022, Gerry's lodged an appeal to the Council of State. The hearing on the merits was set for March 2, 2023.

*Kyndryl Italia S.p.A. (agent of RTI with Vodafone Italia S.p.A., Consorzio Reply Public Sector, Lutech S.p.A., Insirio S.p.A. and Itaware S.r.l.)/ Consip S.p.A./ AlmagivA S.p.A. (agent of RTI with Eurolink S.r.l., Leonardo S.p.A., Net Service S.p.A., S.M.I. Technologies and Consulting S.r.l. and Telecom Italia S.p.A.)*

The Kyndryl RTI filed an appeal to the Lazio TAR for the cancellation, after the adoption of precautionary measures, of the award provision in favor of the RTI AlmagivA of the tender for the award of the Framework Agreement for the supply of System Management services for the Public Administrations - ID 2275. The hearing on the merits was held on September 21, 2022. With a sentence of September 23, 2022, the Lazio TAR rejected the appeal. On December 20, 2022, Kyndryl RTI lodged an appeal at Council of State. The hearing on the merits was set for March 2, 2023.

*IBM Italia S.p.A./ Trenord S.r.l./ Azienda Trasporti Milanesi - ATM S.p.A./ AlmagivA S.p.A. (principal of RTI with Accenture S.p.A. and MIA S.r.l.)*

IBM lodged an appeal to the Lombardy TAR for the cancellation, after the adoption of precautionary measures, of the awarding measure in favor of the RTI of which AlmagivA is part of the procedure relating to the MAAS project in the Milanese metropolitan area. At the end of the precautionary hearing of July 27, 2022, the Lombardy Regional Administrative Court, with a sentence of August 1, 2022, declared the appeal unacceptable due to lack of jurisdiction. On August 13, 2022, IBM lodged an appeal to the Council of State. The precautionary hearing was held on September 15, 2022. At the end of the hearing on the merits of January 26, 2023, the case was withheld in decision.

*AlmagivA S.p.A. (agent of RTI with AlmagivA Digitaltec S.r.l., Accenture S.p.A., Accenture Technology Solutions S.r.l., Ai4health S.r.l., Appocate S.r.l., A-Thon S.r.l., Compugroup Medical Italia S.p.A., Global Payments S.p.A., Gpi S.p.A., Iqvia Solutions Italy S.r.l., I.S.E.D. Ingegneria dei Sistemi Elaborazione Dati S.p.A., Onit Group S.r.l. and Postel S.p.A.)/ Consip S.p.A./ Dedalus Italia S.p.A. (agent of RTI with Business Integration Partners S.p.A., Expleo Italia S.p.A., Etna Hitech Società Consortile per Azioni, Vodafone Italia S.p.A., Healthware Group S.r.l., Famas System S.p.A. and IBM Italia S.p.A.)/ Engineering Ingegneria Informatica S.p.A. (agent of RTI with Consis soc. cons. a r.l., Nuvyta S.r.l., Leonardo S.p.A., Xenia Reply S.r.l., Telecom Italia S.p.A. and Inmatica S.p.A.)/ Exprivia S.p.A. (agent of RTI with Data Processing S.p.A., Artex S.p.A., Vesenda S.r.l., Capgemini Italia S.p.A., EL.CO. S.r.l. and Teleconsys S.p.A.)*

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

The Almoviva RTI lodged an appeal to the Lazio TAR for the cancellation, subject to the adoption of precautionary measures, of the award of lot 4 of the "open tender divided into no. 6 lots pursuant to Legislative Decree no. 50/2016 and subsequent amendments for the conclusion of a Framework Agreement, for the assignment of application services and support services in the field of "Digital Health - Health information systems and services for citizens" for the Public Administrations of the NHS - ID 2365 "in favor, among other things, of the same RTI Almoviva (fourth classified). With this appeal, the RTI Almoviva asked to reformulate the ranking in order to move from the fourth position to the first, with the consequent right of more activities. The precautionary hearing was held on September 5, 2022. With a sentence of September 15, 2022, the Lazio TAR accepted the appeal. On September 30, 2022, the Dedalus RTI lodged an appeal at the Council of State. The hearing on the merits was on December 6, 2022. RTI Dedalus withdrew the appeal; we are therefore waiting for the sentence of the Council of State declaring the appeal inadmissible.

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

Almoviva 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 Almoviva S.p.A. and the other Group companies appealed. With a sentence dated December 10, 2022, the Court of Appeal rejected the plaintiff's claims. The time terms for the appeal are pending. The outcome of the risk assessment did not determine the need to enter risk funds.

### **Almoviva 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./ Almoviva 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./ Almoviva 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 Almoviva Digitaltec is the principal, of lot 3 of the "open tender divided into n. 9 lots pursuant to d.lgs. n. 50/2016 and s.m.i. for the conclusion of a Framework Agreement pursuant to Legislative Decree. n. 50/2015 concerning the assignment of application services in a cloud perspective and the assignment of PMO services for Public Administrations - ID 2212", adopted by Consip. The precautionary hearing in the council chamber was held on June 23, 2021. The substantive hearing was held on 17 November 2021. By judgments of 23 and 24 November 2021, the Lazio Regional Administrative Court dismissed the actions of RTI Telecom Italia and RTI Exprivia respectively. The RTI Telecom Italia and Exprivia have proposed autonomous appeals to the Council of State; after the waiver of both applicants of the precautionary applications, the substantive hearing of both appeals took place on April 7, 2022. With sentences of June 9, 2022, and October 12, 2022, the Council of State rejected the appeal of the RTI Exprivia and RTI Telecom Italia.

*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*

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

*S.c.P.A.) / Consip S.p.A./ Almoviva 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./ 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, after the adoption of precautionary measures, of the award measure in favor, among other things, of the RTI of which Almoviva Digitaltec is the principal, of lot 4 of the "open tender divided into n. 9 lots pursuant to d.lgs. n. 50/2016 and s.m.i. for the conclusion of a Framework Agreement pursuant to Legislative Decree. n. 50/2015 concerning the assignment of application services in a cloud perspective and the assignment of PMO services for Public Administrations – ID 2212", adopted by Consip. The precautionary hearing in the council chamber was held on June 23, 2021. The substantive hearing was held on 17 November 2021. By judgments of 23 and 24 November 2021, the Lazio Regional Administrative Court dismissed the actions of RTI Telecom Italia and RTI Exprivia respectively. The RTI Telecom Italia and Exprivia have proposed autonomous appeals to the Council of State; after the waiver of both applicants of the precautionary applications, the substantive hearing of both appeals took place on April 7, 2022. With sentences of June 9, 2022, and October 12, 2022, the Council of State rejected the appeal of the RTI Exprivia and RTI Telecom Italia.

*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./ 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 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./ 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 took place on April 7, 2022. With sentences of June 9, 2022, and October 12, 2022, the Council of State rejected the appeal of the RTI Exprivia and RTI Telecom Italia.

*Almoviva Digitaltec S.r.l. (principal of RTI with Almoviva S.p.A. agent, Accenture S.p.A., Accenture Technology Solutions S.r.l., Ai4health S.r.l., Appocrate S.r.l., A-Thon S.r.l., Compugroup Medical Italia S.p.A., Global Payments S.p.A., Gpi S.p.A., Iqvia Solutions Italy S.r.l., I.S.E.D. Ingegneria dei Sistemi Elaborazione Dati S.p.A., Onit Group S.r.l. and Postel S.p.A.)/ Consip S.p.A./ Dedalus Italia S.p.A. (agent of RTI with Business Integration Partners S.p.A., Expleo Italia S.p.A., Etna Hitech Società Consortile per Azioni, Vodafone Italia S.p.A.,*

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

*Healthware Group S.r.l., Famas System S.p.A. and IBM Italia S.p.A.)/ Engineering Ingegneria Informatica S.p.A. (agent of RTI with Consis soc. cons. a r.l., Nuvyta S.r.l., Leonardo S.p.A., Xenia Reply S.r.l., Telecom Italia S.p.A. e Inmatica S.p.A.)/ Exprivia S.p.A. (mandataria del RTI con Data Processing S.p.A., Artex S.p.A., Vesenda S.r.l., Capgemini Italia S.p.A., EL.CO. S.r.l. and Teleconsys S.p.A.)*

The RTI with Almaviva Digitaltec lodged an appeal at Lazio Regional Administrative Court for the annulment, subject to the adoption of precautionary measures, of the provision for the award of lot 4 of the open tender divided into no. 6 lots pursuant to Legislative Decree no. 50/2016 and subsequent amendments for the conclusion of a Framework Agreement, for the assignment of application services and support services in the field of Digital Health - Health information systems and services to the citizen for the Public Administrations of the NHS (ID 2365) in favor, among other things, of the same RTI (fourth classified). With this appeal, the RTI Almaviva asked to reformulate the ranking in order to move from the fourth position to the first, with the consequent right to more activities. The precautionary hearing was held on September 5, 2022. With a sentence dated September 15, 2022, the Lazio Regional Administrative Court upheld the appeal. On September 30, 2022, RTI Dedalus lodged an appeal at the Council of State. The hearing on the merits was held on December 6, 2022. RTI Dedalus withdrew the appeal; we are therefore waiting for the sentence of the Council of State declaring the appeal inadmissible.

### **AlmavivA Contact S.p.A.**

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

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

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

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

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

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 defended in the judgment. The parties recently settled the dispute by settlement.

### **Labour litigation**

During 2017, Almaviva Contact SpA received some appeals submitted by 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 2022, numerous judgments were filed by the Court of Cassation that rejected the appeals of over a thousand workers, confirming the appeal judgments.

In the last year, no out-of-court appeals have arrived from the company's coordinated and ongoing collaborators, but previous disputes remain.

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 Almaviva Contact. The court of Catania continued to confirm its line in favor of the Company's reasons by rejecting the merits all of the appeals filed by certain collaborators.

With regard to the project personnel subject to a stabilization offer during 2007-2008 by the company Atesia S.p.A. (later merged into Almaviva Contact S.p.A.), in the reference period there was no notification of new judicial appeals concerning the qualification of the relationship. The company is also handling some individual disputes concerning the claim of higher duties: 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.

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

**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 December 31, 2022" which is considered an integral part of these notes.

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

**Trade and other relations**

Trade and other relations are analysed as follows:

(in thousands of Euro)	At December 31, 2022		For the twelve months ended December 31, 2022			
	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
<b>Relationships with the controlling company of Al mavivA S.p.A.</b>						
Al mavivA Technologies Srl	24,480	29,914	336	1	0	2
<b>Relationships with the controlling companies valued at equity method</b>						
Consorzio Hypertix	68	0	0	0	0	0
TVEyes L.T.	10	126	6	0	0	25
Al mavivA CCID	120	0	0	0	0	2
Consorzio Namex	0	0	12	0	0	0
<b>Strategic employees</b>						
Stock Grant Plan	0	0	0	3,020	0	0
<b>Other</b>						
Elvit Consultoria e Participacoes LTDA	0	0	91	0	0	0
<b>Total</b>	<b>24,678</b>	<b>30,040</b>	<b>445</b>	<b>3,021</b>	<b>0</b>	<b>29</b>

(in thousands of Euro)	At December 31, 2021		For the twelve months ended December 31, 2021			
	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
<b>Relationships with the controlling company of Al mavivA S.p.A.</b>						
Al mavivA Technologies Srl	30,393	31,552	318	0	0	2
<b>Relationships with the controlling companies valued at equity method</b>						
Consorzio Hypertix	68	0	0	0	29,423	793
Sin Srl	6,189	167	0	0	0	20
TVEyes L.T.	8	71	6	0	0	0
Al mavivA CCID	119	0	11	0	0	0
Consorzio Namex						
<b>Strategic employees</b>						
Stock Grant Plan	0	0	2,148	2,522	0	0
<b>Other</b>						
Elvit Consultoria e Participacoes LTDA	0	0	47	0	0	0
<b>Totale</b>	<b>36,777</b>	<b>31,790</b>	<b>2,530</b>	<b>2,522</b>	<b>29,423</b>	<b>815</b>



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

**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 SpA and ALMAVIVA DIGITALTEC: PROGRAM CONTRACT FSC - AQP LOCAL DEVELOPMENT 2007/2013 POR PUGLIA - ERDF 2014-2020 of the Puglia Region*

On January 12, 2023, the "FSC PROGRAM CONTRACT - AQP LOCAL DEVELOPMENT 2007/2013 POR PUGLIA - ERDF 2014-2020 of the Puglia Region" was signed. Research project called "Oncology" which concerns the creation of an advanced diagnosis system in the oncology field, which can be delivered through a cloud platform capable of serving local oncological networks organized on HUB and Spoke models and of supporting medical personnel in identifying the therapy, possible complications and the best follow-up strategy according to the territorial services.

*ALMAWAVE SpA: JOINING THE UNITED NATIONS GLOBAL COMPACT*

Almawave, in February 2023, communicated its adhesion to the United Nations Global Compact. The company has confirmed its vocation as an Italian reality oriented towards the implementation of ESG (Environmental, Social, Governance) practices and objectives, continuing the path undertaken by the parent company Al maviva since 2015. By joining, Almawave has committed to undertaking responsible business activities and adopting the universal principles of sustainability.

*ALMAVIVA SpA: ESTABLISHMENT OF ALMAVIVA USA CORP.*

On February 7, 2023, Al maviva USA Corp. was established, a company under American law located in New York City, whose share capital is fully owned by Al maviva S.p.A., which will operate mainly in the IT Services segment, Transportation sector.