



ALMAVIVA S.P.A. AND SUBSIDIARIES

**Unaudited Interim Condensed Consolidated Financial Statements
for the six months ended June 30th, 2021 and 2020**

Board of Directors August 4th, 2021

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FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020**

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ALMAVIVA S.P.A. AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

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

<i>(in thousands of Euro)</i>	Note	At June 30, 2021	At December 31, 2020
Intangible assets	7	66,850	65,358
Goodwill		39,492	39,461
Property, plant and equipment	8	88,152	81,918
Investments accounted for using the equity method	9	237	1,106
Non-current financial assets	10	1,240	1,229
Deferred tax assets	11	23,719	14,770
Other non-current assets	12	1,646	1,491
Total non-current assets		221,337	205,332
Inventories	13	8,874	8,137
Amount due from customers	13	0	0
Contract assets	14	41,169	37,322
Trade receivables	15	382,836	351,030
Current financial assets	16	3,594	4,152
Other current assets	17	162,068	133,147
Cash and cash equivalents	18	88,002	98,569
Total current assets		686,542	632,357
Non-current assets held for sale	19	2,459	2,459
Total assets		910,338	840,148
Share capital		154,899	154,899
Share premium reserve		17,788	17,788
Other reserves		(138,002)	(187,602)
Profit/(loss) for the period		33,208	35,143
<i>Total group shareholders' equity</i>		<i>67,893</i>	<i>20,228</i>
<i>Non-controlling interests</i>		<i>15,481</i>	<i>5,168</i>
Total shareholders' equity	20	83,374	25,396
Non-current liabilities for employee benefits	21	47,120	48,531
Non-current provisions	22	6,132	5,836
Non-current financial liabilities	23	317,928	317,233
Deferred tax liabilities	24	2	2
Other non-current liabilities	25	679	808
Total non-current liabilities		371,861	372,410
Current provisions	22	7,704	11,249
Trade payables	26	275,631	270,844
Current financial liabilities	27	19,635	22,937
Current tax liabilities	28	30,635	27,650
Other current liabilities	29	121,500	109,663
Total current liabilities		455,104	442,342
Total liabilities		826,965	814,752
Total equity and liabilities		910,338	840,148

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

<i>(in thousands of Euro)</i>	Note	For the six months ended June 30,	
		2021	2020
Revenues from contracts with customers	30	451,424	431,767
Other Income	31	9,718	8,089
Total revenues and other income		461,142	439,856
Cost of raw materials and services	32	(169,551)	(156,594)
Personnel expenses	33	(214,379)	(222,358)
Depreciation and amortization	34	(17,716)	(19,670)
Losses from sale of non-current assets	34	90	56
Other expenses	35	(5,387)	(4,421)
Operating profit/(loss)		54,200	36,869
Financial income	36	297	436
Financial expenses	36	(15,432)	(15,624)
Exchange gains/(losses)	36	(105)	(858)
Profit/(loss) from investments accounted for using equity method	37	(869)	0
Profit/(Loss) before taxes		38,091	20,823
Income taxes	38	(4,044)	(938)
Profit/(Loss) from continuing operations		34,048	19,885
Profit/(Loss) for the period		34,048	19,885
of which:			
Profit/(loss) pertaining to the group		33,208	19,129
Profit/(loss) pertaining to non-controlling interests		840	756

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

<i>(in thousands of Euro)</i>	Note	For the six months ended June 30,	
		2021	2020
Profit/(loss) for the period		34,048	19,885
<i>Other components of comprehensive income that may be subsequently reclassified to profit or loss, after taxes:</i>			
Exchange differences on translation of foreign operations	20	7,695	(27,402)
Gains/(losses) on cash flow hedging instruments		0	0
Total		7,695	(27,402)
<i>Other components of comprehensive income that will not be subsequently reclassified to profit or loss, after taxes:</i>			
Actuarial gains/(losses) on valuation of liabilities for employee benefits	21	(1,039)	0
Total		(1,039)	0
Comprehensive income/(loss) for the period		40,704	(7,517)
of which:			
Comprehensive income/(loss) pertaining to the group		39,808	(6,866)
Comprehensive income/(loss) pertaining to non-controlling interests		896	(652)

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

<i>(in thousands of Euro)</i>	Share capital	Share premium reserve	Other reserves	Profit/(loss) for the year	Total Group shareholders' equity	Reserves pertaining to NCIs	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
Shareholders' Equity at December 31, 2020	154,899	17,788	(187,605)	35,143	20,228	4,162	1,006	5,168	25,396
Profit/(loss) for the year				33,208	33,208		840	840	34,048
Exchange differences on translation of foreign operations			7,639		7,639	56		56	7,695
Gains/(losses) on cash flow hedging instruments					0			0	0
Actuarial gains/(losses) on valuation of liabilities for employee benefits			(1,039)		(1,039)			0	(1,039)
Comprehensive income/(loss) for the year	0	0	6,600	33,208	39,808	56	840	896	40,704
Allocation of prior year's profit/(loss)			35,143	(35,143)	0	1,006	(1,006)	0	0
Distribution of Reserves			(10,400)		(10,400)			0	(10,400)
Net effect of Almawave listing			19,975		19,975	10,025		10,025	30,000
Almawave listing fees			(1,724)		(1,724)	(609)		(609)	(2,333)
Other movements			6		6			0	6
Shareholders' Equity at June 30, 2021	154,899	17,788	(138,004)	33,208	67,893	14,641	840	15,481	83,374

Note 20.

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

<i>(in thousands of Euro)</i>	Share capital	Share premium reserve	Other reserves	Profit/(loss) for the year	Total Group shareholders' equity	Reserves pertaining to NCIs	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
Shareholders' Equity at December 31, 2019	154,899	17,788	(170,300)	12,131	14,520	4,901	1,550	6,451	20,971
Profit/(loss) for the year				19,129	19,129		756	756	19,885
Exchange differences on translation of foreign operations			(25,994)		(25,994)	(1,408)		(1,408)	(27,402)
Gains/(losses) on cash flow hedging instruments					0			0	0
Actuarial gains/(losses) on valuation of liabilities for employee benefits			0		0			0	0
Comprehensive income/(loss) for the year	0	0	(25,994)	19,129	(6,865)	(1,408)	756	(652)	(7,518)
Allocation of prior year's profit/(loss)			12,131	(12,131)	0	1,550	(1,550)	0	0
Dividends					0	(704)		(704)	(704)
Other movements			17		17	(241)		(241)	(224)
Shareholders' Equity at June 30, 2020	154,899	17,788	(184,146)	19,129	7,671	4,098	756	4,854	12,525

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

<i>(in thousands of Euro)</i>	Note	At June 30, 2021	At June 30, 2020
Profit/(loss) for the period		34.048	19.885
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Income Taxes	38	4.044	938
Financial income	36	(297)	(436)
Financial expenses	36	15.432	15.624
Exchange (gains)/losses	36	105	858
Depreciation, amortization and write-downs	34	17.716	19.670
Write-downs/(revaluations) of non-current financial assets and equity investments	37	869	0
Losses from sale of non-current assets	34	(90)	(56)
Interest received		297	436
Interest paid		(12.213)	(10.140)
Income taxes paid		(4.042)	(1.973)
<i>Cash flows generated from operating activities before changes in working capital</i>			
		<i>55.869</i>	<i>44.806</i>
Change in trade receivables excluding of the exchange rate effect and consolidation scope changes	15	(28.641)	8.695
Change in inventories excluding of the exchange rate effect and consolidation scope changes	13	(737)	0
Change in contract assets excluding of the exchange rate effect and consolidation scope changes	14	(3.847)	(893)
Change in trade payables excluding of the exchange rate effect and consolidation scope changes	26	3.947	22.850
Change in other assets excluding of the exchange rate effect and consolidation scope changes	12-17	(26.231)	(21.590)
Change in other liabilities excluding of the exchange rate effect and consolidation scope changes	25-29	112	4.627
Change in liabilities for employee benefits and provisions gross of exchange rate effect	20-21	(5.841)	(3.163)
Change in deferred tax liabilities (assets) excluding of exchange rate effect and consolidation scope changes	22	0	(7.683)
<i>Cash flows generated from operating activities changes in working capital</i>		<i>(61.238)</i>	<i>2.844</i>
Cash-flow generated from/(absorbed by) operating activities (A)		(5.369)	47.650
Investments in property, plant and equipment		(5.497)	(2.830)
Investments in intangible assets	8	(8.466)	(8.266)
Acquisition of investments accounted for using the equity method	7	(11)	0
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity method		0	20
Acquisition of subsidiaries net of cash and cash equivalents	19	(6)	(10.215)
Change in non-current financial asset	10	0	2
Cash-flow generated from/(absorbed by) investing activities (B)		(13.980)	(21.289)
Dividends		(10.105)	0
Proceeds from borrowings	23	2.674	10.990
Repayment of medium/long-term loans and non-current financial liabilities	23	(5.728)	(13.219)
Repayment of lease liabilities		(7.905)	(3.902)
Change in current and non-current financial liabilities		(1.660)	(4.745)
Change in current financial assets	23	559	0
Proceeds deriving from Almagave's share capital quotation		30.000	0
Fees paid for the Almagave listing		(1.947)	0
Cash-flow generated from/(absorbed by) financing activities (C)		5.887	(10.876)
NET CASH FLOW BEFORE EXCHANGE RATE DIFFERENCES (A + B + C)		(13.462)	15.485
Effect of foreign exchange rates on cash and cash equivalents (D)	16	2.896	(13.100)
Cash flow of the year (A+B+C+D)		(10.567)	2.385
Opening cash and cash equivalents		98.569	89.446
Closing cash and cash equivalents		88.002	91.830

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 n. 44.926 employees and several offices around Italy and abroad.

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

The unaudited interim condensed consolidated financial statements of the parent company and its subsidiaries (the “Almaviva Group”) were drafted in compliance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) adopted by the European Union, in particular the international accounting standard applicable for the preparation of interim financial statements (IAS 34 - Interim Financial Reporting) and include the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders’ equity and the consolidated cash flow statement for the three period ended as at June 30, 2021 compared, as regards the income statement part, cash flow part and change in shareholders’ equity, with the three months period ended as at June 30, 2020 and as regards the balance sheet part, with December 31, 2020, together with the associated notes.

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

The information on the Group’s structure is presented in Paragraph 2.2, while the activities of the Group and its segments are described in Note 5. The information on the Group’s transactions with other related parties is presented in Note 43.

The Interim Condensed Consolidated Financial Statements were approved by the Company's Board of Directors on August 4, 2021.

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

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

The Covid-19 pandemic, which spread in Italy starting from the end of February 2020 and subsequently spread to Latin America in the following months, with a particularly pronounced spread in Brazil, prompted the governments of all the affected countries, in a first phase, the adoption of severe measures restricting the free movement of persons and the free exercise of numerous business activities with the aim of ensuring the greatest possible containment of the contagion and, in a second phase, the issuance of numerous regulatory and tax measures to support the economy. The acute phase of the pandemic lasted throughout the 2020 financial year and, after an impromptu slowdown that occurred during the summer of 2020, it showed peaks throughout the winter 2020-2021. As a result of all this, the aforementioned restrictive measures to contain the virus were at the center of the world scene until late spring 2021.

As already highlighted in the consolidated financial reports of 2020, the Almaviva Group was immediately able to activate the tools necessary for the application of smart working - where applicable - for its employees.

These characteristics, together with the growing demand for IT services from both the public administration and the private sector, have made it possible to confirm the strong resilience of the Group in its own reference sectors.

In any case, despite the positive results of the first quarter 2021, certain assumptions underlying the main items of the Group's assets have been reviewed for the sole purpose of analytically assessing the impacts of the pandemic. In the following more specifically.

Evaluation of the recoverability of the non-current assets of the Group - Intangible assets, including goodwill, and Deferred tax assets:

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

In any case, the aforementioned resilience was also shown in the current semester as can be seen from the positivity of the final data as at June 30, 2021, that allowed the Management to be able to believe that there are no elements of discontinuity with respect to the short-term economic and financial objectives that the Group has set itself, as illustrated in more detail in Paragraph 2.1 to which reference should be made. In fact, there are no elements of uncertainty with respect to the approved plan, the Management proceeded to update for the period 2021-25.

For these reasons, the management's conclusion regarding the full recoverability of the values recorded in the consolidated financial statements for intangible assets and in general for all non-current assets of the Group can be considered valid.

On the other hand, as regards trade receivables, no particular criticalities are deduced from the usual assessment of the risk of recoverability based on the subdivision of receivables by overdue bands and on the average collection time from customers. The trend of the latter appears to be in line with the previous year ended December 31, 2020 while showing, as detailed in Note 15 to which reference should be made, an increase in absolute value of the 30-120 days overdue bands. The range of past due over 120 days, on the other hand, shows a slight improvement. Lastly, stranded situations do not provide significantly worse evidence, even considering the developments described in the aforementioned Note 15.

In the end, it should be noted that the Group, where applicable, has adhered to the support measures issued by the Italian Government (i.e. FIS Covid, cancellation or postponement of tax payments etc.). Adhesions to other forms of subsidy (i.e. subsidized loans) provided for by the regulations in force are not envisaged.

Overall, the direct effects produced by the Covid-19 pandemic on the aforementioned items and on the economic result of the recurring 2021 operations of the AlmagivA Group are not to be considered significant. There are no significant impacts on liquidity risk, also after the entry of additional financial resources following the completion of the listing operation which took place in March 2021.

2. BASIS OF PREPARATION

The Interim Condensed Consolidated Financial Statements have been prepared on a going concern basis. In this respect AlmagivA Board of Directors' assessment, presented below in Paragraph 2.1, is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist about the AlmagivA Group ability to continue as a going concern.

The Interim Condensed 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 Interim Condensed Consolidated Financial Statements are composed of the Consolidated statement of financial position, the Consolidated income statement, the Consolidated statement of other comprehensive income, the Consolidated statement of changes in shareholders' equity, the Consolidated statement of cash flows 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 Interim Condensed Consolidated Financial Statements are drawn up on the basis of the going concern assumption. In this regard, the evaluation of AlmagivA's Board of Directors, presented hereunder in Paragraph 2.1, is based on the assumption that there no uncertainties (as defined in paragraph 25 of IAS 1) regarding the AlmagivA Group and its ability to continue its activities.

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

- the **Consolidated statement of financial position** is presented by classifying assets and liabilities according to the current/non-current criterion. Current assets are those intended to be realised, sold or used in the company's normal operating cycle or in the twelve months after the end of the financial year. Current liabilities are those that are expected to be extinguished in the company's normal operating cycle or in the twelve months after the end of the financial year;

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EXPLANATORY NOTES (continued)

- the **Consolidated income statement** was prepared by classifying operating costs by nature, given that this type of presentation is deemed more appropriate to present the Group's specific business, conforms to the internal reporting methods and is in line with the industrial sector practice;
- the **Consolidated statement of other comprehensive income** presents the profit/(loss) for the year and the other changes in shareholders' equity that do not refer to transactions entered into by the owners in their capacity as owners;
- the **Consolidated statement of changes in shareholders' equity** provides separate disclosure of the result of the statement of other comprehensive income and of the transactions with shareholders entered into by the latter in their capacity as owners;
- the **Consolidated statement of cash flows** is prepared according to the "indirect method" as permitted by IAS 7 and presents the cash flows generated by operating activities, investing activities and financing activities.

In drafting this Interim Condensed Consolidated Financial Statements no critical aspects that required the use of the exceptions set forth in IAS 1 were identified. All amounts are stated in thousands 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:

Exact exchange rates					
Amount of currency for 1 Euro					
Country	Currency	ISO	At June 30, 2021	At December 31, 2020	At June 30, 2020
Saudi Arabia	Real	SAR	4.4565	4.6016	-
Brazilian	Real	BRL	5.9050	6.3735	6.1118
China	Yuan	CNY	7.6742	8.0225	7.9219
Colombian	Peso	COP	4474.1800	4202.3400	4203.4500
Indonesia	Rupiah	IDR	-	17240.7600	16184.4100
Europe	Leu	RON	4.9280	4.8683	4.8397
United States	Dollar	USD	1.1884	1.2271	1.1198
Tunisian	Dinar	TND	3.3054	3.2943	3.2013

Average exchange rates					
Amount of currency for 1 Euro					
Country	Currency	ISO	At June 30, 2021	At December 31, 2020	At June 30, 2020
Saudi Arabia	Real	SAR	4.5213	4.4602	-
Brazilian	Real	BRL	6.4917	5.8943	5.4170
China	Yuan	CNY	7.7980	7.8747	7.7480
Colombian	Peso	COP	4369.3633	4217.0600	4066.1650
Indonesia	Rupiah	IDR	-	16627.3700	16080.6850
Europe	Leu	RON	4.9014	4.8383	4.8174
United States	Dollar	USD	1.2057	1.1422	1.1015
Tunisian	Dinar	TND	3.2978	3.1997	3.1503

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES (continued)**2.1 Going Concern**

During the first six months of 2021, AlmagivA Group consolidated the growth trends in revenues achieved in previous periods (reaching Euro 451 million, increased Euro 19.6 million at current exchange rates, increased Euro 36.9 million or 8.9% at constant exchange rates, compared to the same period of the previous year). The result as at June 30, 2021 shows a profit at the level of consolidated operating result in sharp growth compared to the previous year and equal to Euro 54,200 thousand (increased Euro 17,330 thousand compared to June 30, 2020 at current exchange rates and by Euro 19,959 thousand at constant exchange rates). At the level of Net Profit there is a positive result of Euro 34,048 thousand with an increase of Euro 14,163 thousand compared to the consolidated profit of the same period of the previous year. It should be noted that growth was strongly influenced, and negatively, by the exchange rate effect, as highlighted above.

With regard to the health emergency relating to Covid-19, the AlmagivA Group highlighted an insignificant impact during the first six months of 2021. A greater impact, albeit limited, on some customers and business areas cannot be excluded during 2021. The limitation concerns the commercial activity, the slowdown of some projects on some corporate customers who have temporarily postponed them, as well as the reduced promptness of some customers to issue the necessary approvals for the invoicing activity and the cash difficulties they face. Some of our suppliers, both of services and of hardware, pushed to request advance payments. The limitations naturally also concern the health need of social distancing with the consequent lockdown which led to the decision to close most of the company offices of the companies belonging to the AlmagivA Group using the new organizational model, still in progress, based on home working.

Each company of the Group has promptly adopted and continues to maintain all the necessary precautions for the management of the emergency, in line with the regulatory provisions issued by the various countries and local authorities and with a view to always guaranteeing maximum safety with regard to its employees, suppliers and workplaces. In particular, the modalities of temporary agile working (so-called smart working) have been adopted both in the IT and CRM Segments; the supporting technological / connectivity infrastructure was also enhanced. It is also important to highlight that AlmagivA Contact provides the contact center service on the public utility number 1500-Covid-19 to answer the questions of Italian citizens about the coronavirus. Based on the consolidated experience in 2020, a project to review the working methods is underway on all Group companies, with greater use of temporary agile working methods and new supporting technological implementations, aimed at achieving significant levels of efficiency. and increase in productivity.

In the IT sector, market estimates show a growth forecast for the Information Technology sector; the centrality in the country's relaunching strategies promises a new step, in line not only with extraordinary EU funding and with the forecasts of the Recovery Plan, but also with the pressures of businesses. The drive for growth now comes from digital transformation strategies, in particular applied to process innovation, relationships between customers and suppliers and the evolution of the offer, developments that have already begun in the industry, distribution, banks and utilities sectors. Even in the public administration sector, despite various uncertainties and difficulties, growth is expected. The areas that will drive this positive trend are located in the sectors related to the production of ICT Software and Solutions and ICT Services. At the level of all the segments in which the Group carries out its business activities, in particular on CRM Europe, actions aimed at improving productivity and tempering inefficiencies are being studied by the management.

As for the impact of the Covid-19 emergency, the IT business is proving very resilient both from the point of view of production and commercial prospects. In the first case, thanks to the rapid activation of temporary agile work methods and the collaboration of customers, the activity continued substantially on most customers and activities. In the second case, thanks to the opportunities associated with the possible increase in investments by customers in the field of cybersecurity, process digitization, data science, analytics, big data, resulting from the consolidated experience in this emergency period.

Despite the emerging investments for the enhancement of the technological support infrastructure and for the adaptation of the offices and logistics structures to the new regulations, no significant economic impacts are expected. From a financial point of view, to date, there is a limited impact related to the slowdown of the testing procedures by the customers, for reasons related to logistical limitations; it is also foreseeable that some minor suppliers may need financial support in this emergency phase, with a consequent limited impact in the management of payments. The forecast for 2021 estimates a development in revenues based especially in the areas relating to the Central and Local Public Administration (PA) (thanks also to the development of the SPC Lot 3 and Lot 4 contracts, awarded in 2017, and in 2020 and March 2021 subject to extension of value), in the Finance sector (expected growth of + 17% on an annual basis) on various

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EXPLANATORY NOTES (continued)

banking, insurance and fiduciary groups (with a particular focus on the sale of new products developed internally), as well as in the Utilities and Industry (+ 8% growth expected on an annual basis).

As regards the Transportation sector, in 2021 the publication of all tenders for the renewal of the framework contracts by the Ferrovie dello Stato Group is expected (expired in January 2020 and currently entrusted to the RTI led by AlmavivA). To cover the period between the expiry of the current outsourcing contract and the departure of the new contracts and in order to guarantee the stability of the services provided, an extension of the current outsourcing contract has been signed (value € 700 million and expires in December 2021) entrusted to the RTI led by AlmavivA. The Transportation sector, one of the business sectors most affected by the pandemic emergency, will on the other hand be one of the most involved in the digital transformation plans indicated, among other things, in the recovery plan and it is therefore essential to be ready to seize all the new opportunities. In this sense, the growth of activities and new contracts / customers is expected for 2021 based on the commercial development of new products (Moova platform and Sadel products, also thanks to the penetration of the LPT market which will be favored by the opportunity offered by the SPC framework contract).

As regards the Finance sector, the growth of the positioning in the market is highlighted thanks to the completion of the acquisition, through the transfer of assets, of a majority percentage in the company Kline Srl, a leading company in IT services to SGR, SIM and Private Banking in the field wealth management, asset management and family office.

Growth is also expected in the activities on the International Market both as regards the activities in the public administration of the European Union ("EU"), developed through the subsidiary AlmavivA de Belgique, and in the Transportation sector, where a process of strengthening of direct and indirect controls on the regions of greatest interest, north-east Europe, middle east, Basile, USA.

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 2021, the Group will be able to benefit from the potential positive effects of the new national pension regulations, which could lead to an acceleration of the remix of resources in the production area with consequent professional optimization.

As regard CRM Europe, the financial statements as at 30.06.2021, show a reduction at revenues level of 1.6% compared to the previous half year and 8.9% compared to the same period of the previous year

The decrease at costs level, of 8.4% compared to the previous half year and 13.8% compared to the same period of the previous year, made it possible to fully offset the impact, recording a positive Ebitda of Euro 413 thousand with an improvement compared to the previous half year of Euro 2,556 thousand and Euro 2,115 thousand compared to the same period of the previous year.

These first six months show a decrease in labor costs, due to lower FTE compared to the previous period, in external costs, in the face of the efficiency of the logistics structure, and financial charges, together with the implementation of the effects of the new "Smart Working" model.

The initiatives already adopted, the actions in progress and the new operating models under evaluation make it possible to foresee, for the conclusion of the 2021 Financial Statements, a level of cost containment and a recovery of operating efficiency such as to consolidate the result obtained so far.

The Brazilian macroeconomic scenario is also affected by the spread of Covid-19, even if the sectors related to services, especially in the ICT and CRM field, as well as in Italy and other countries around the world, are more resilient than others. The Euro / BRL exchange rate, which in 2020 had a growing trend, is estimated to continue to be volatile also in 2021, with an average value equal to 6.5 EUR/BRL.

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

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

Also, in Brazil in 2020 regulations were enacted aimed at countering the impact of the pandemic and guaranteeing the health and well-being of citizens.

In this context, as in the other companies of the Group, extraordinary measures have been adopted aimed at adapting production methods, in particular thanks to the use of home office service delivery methods and the strengthening of the technological infrastructure.

This operating mode has also made it possible to achieve operational efficiency and the maintenance of high-quality standards of service delivery; production is expected to continue in the same way for 2021.

It should be noted that the integration into AlmagivA do Brasil Group of the subsidiary Chain Servicios and Contact Center SA, formerly Bradesco Group, became fully operational, which allowed a further improvement in the positioning in CRM activities, in particular in the finance sector, pursuing an objective of expansion and diversification of the customer portfolio on the reference market.

The AlmagivA Group in the first six months of 2021 had a growth in revenues of + 19.8% compared to the same period of the previous year, thanks also to the positive impact of the acquisition of SPC contracts. During 2021, further development is expected both on the Italian and international markets.

In the Italian market, the Group aims to strengthen its leadership in the information governance & analytics sector, proposing a distinctive vision based on its own complex technological assets, for the advanced interpretation of unstructured data and information. Furthermore, the strengthening of the value proposition and the consolidation of the distinctive positioning in the area of self-automated solutions (voice and textual conversational virtual agents), towards all the reference markets, will continue, through the proposition of a technologically advanced convergent text-to-voice platform. and functionally complete.

Some initiatives are also underway aimed at creating vertical AI solutions for connected health (RicovAI project) and E-Health (project with the Rome Biomedical Campus) for the innovation of hospital and home management.

As regards big data & digital transformation services, the growth path in activities towards the Public Administration is expected to continue, linked to the development of contracts with the Central and Local Public Administration, in particular on the basis of the framework agreements SPC Lot 3 and Lot 4.

AlmagivA has been participating for many years in scientific collaborations with various research and academic institutions, such as FBK – Fondazione Bruno Kessler, La Sapienza, Tor Vergata, University of Trento, with which it has dealt over time with various issues at the frontier of Artificial Intelligence. As part of the developments on such an articulated and complex issue, AlmagivA started a process of further industrial collaboration with players in the research sector at the end of 2020 and entered the Spin Data university spin-off in 2020, of which it holds 25%, together with AlmagivA Digital Tech (ADT), which holds 55% of the share capital.

On January 11, 2021 AlmagivA concluded the entry into the share capital of the innovative startup of Sapienza University of Rome Obda Systems, with a 60% share. Obda Systems offers state-of-the-art solutions based on the latest innovations in the field of semantic technologies to provide its customers with a direct and effective method to extract key information from complex and large datasets. The basis of these solutions is representation and reasoning through ontological modeling.

On the international market, the development of the Brazilian market and in the Latin America area continues, with an offer characterized by solutions that include the integration of AlmagivA products and commercial synergy with AlmagivA do Brasil.

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

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

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

On March 9, 2021 AlmagivA completed the IPO process at AIM Italia of its subsidiary AlmagivA SpA. The operation, for a total of € 30 million (including the greenshoe option adopted on April 2021), entirely in capital increases and completed against an overall demand exceeding € 41 million, equal to 1.5 times the offer, was underwritten by leading investors Italian and foreign institutions with a wide geographical diversification. At the start date of the negotiations on AIM Italia, the share capital of AlmagivA S.p.A. is represented by a total of no of n. 26,423,529 ordinary shares (which will become 27,058,823 ordinary shares with the inclusion of the full exercise of the greenshoe option, which took place in April 2021), with a free float of 26.09% for a capitalization of Euro 115 million.

The transaction will allow AlmagivA to accelerate the development of products and know-how, strengthen the go-to-market by investing in marketing and partnership strategies and expand its geographical positioning through possible M&A operations in complementary markets in Europe and Brazil. Part of the placement was also used to repay the long-term loan with the parent company AlmagivA.

From a financial point of view, there is a senior secured bond debt (Senior Secured Notes) for a value of € 250 million, maturing in five years (October 2022) and coupon at 7.25%.

The first half-yearly coupon was paid in 2021 (15.04.2021) and the second one (expected to be paid on 15.10.2021) is regularly set aside, each for an amount equal to € 9.063 million, for a total annual amount of 18.1 mln €.

In December 2020, a corporate reorganization was carried out which involved AlmagivA do Brasil; as a result, the debt was concentrated on the parent company AlmagivA SpA with the consequent annulment of the Intercompany credit items and an increase in the Net Financial Position of the parent company itself.

For 2021, financial management is expected to lead to a reduction in the Group's Net Financial Position.

2.2 Basis of consolidation

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

Determination of the existence of control over a subsidiary

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

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

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

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

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

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

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".
- unrealised profit and loss for the Group as resulting from intragroup transactions are fully eliminated, as well as significant amounts that originate intercompany payables and receivables, costs and revenue among consolidated companies;
- consolidation adjustments take into account, when applicable, their deferred tax effect;
- dividends received over the year by a parent from a consolidated subsidiary and recognised in the parent's income statement as gains on equity investments, are eliminated and classified under "retained earnings".

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

All assets and liabilities of foreign companies that prepare their financial statements in a currency other than the Group's functional currency (the Euro) and are included in the consolidation area, are translated by using the exchange rates at the reporting date (current exchange rate method). The related revenues and costs are translated at average exchange rates for the year. Exchange differences, resulting from the application of this method, are recorded as an equity reserve until the equity investment is entirely transferred, or when the investee is no longer qualified as subsidiary. Upon partial transfer, without change on control, the portion of exchange difference related to the portion of investment acquired or sold is attributed to the shareholders' equity of the Group or of the non-controlling interests, respectively. Goodwill and adjustments at fair value, generated when allocating the purchase price of a foreign operation as part of a business combination, are recognized in the related currency and then translated at year-end exchange rate.

Business combinations and goodwill

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

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

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

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

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

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

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

In order to determine the existence of the joint control and the type of joint arrangement, management must apply judgement and assess its rights and obligations arising from the arrangement, considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. As a result of its assessment, management has not qualified any of its joint arrangements as a joint operation.

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

Changes in the investment held in subsidiaries without loss of control

When the share of shareholders' equity held in subsidiaries increases or decreases causing a change in the minority shareholdings but without entailing a loss of control over the investee, the book values of the majority and minority shareholdings are adjusted to reflect the changes in their shareholdings. related interests in the subsidiary. In addition, any difference between 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

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

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 June 30, 2021 are listed in the following table. Compared to the consolidated financial statements as at December 31, 2020, the consolidation area has changed:

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

Compared to the Consolidated financial statements as of December 31, 2020, the consolidation area has changed due to the entry of Obda Systems S.r.l. and due to the change in the percentage of ownership of Almaxwave S.p.A.

Compared to the Consolidated financial statements as of June 30, 2020, the consolidation area has changed:

- Due to the entry of Obda Systems S.r.l., as mentioned above;
- Due to the Listing of Almaxwave, as mentioned above;
- Due to the establishment, in September 2020, of Spin Data S.r.l. ex ARTificial intelligence for Enterprise systems S.r.l., an academic spin off of the University of Naples Federico II (Department of Electrical Engineering and Information Technologies), owned by Almaxviva Digitaltec S.r.l. and Almaxwave S.p.A. who hold, respectively, an equity interest equal to 55% and 25% of the share capital;
- Due to the establishment, in September 2020, of Almaxviva Saudi Arabia For Information Technology L.L.C., a company incorporated under Saudi law whose sole shareholder, owner of 100% of the relative share capital, is Almaxviva S.p.A.;
- Due to the completion of the merger by acquisition of Almaxviva Participações and Serviços Ltda. ("AvPart") into Almaxviva do Brasil Telemarketing and Informática S.A.;
- Due to the exit of the PT. Almaxviva Indonesia Kontakt.

Compared to the Consolidated financial statements as of June 30, 2020, the consolidation area has changed due to the entry of Obda Systems S.r.l., Spin Data S.r.l. and Almaxviva Saudi Arabia L.L.C., due to the change in the percentage of ownership of Almaxwave S.p.A. and due to the exit of the PT. Almaxviva Indonesia Kontakt, as well as for the incorporation of Almaxviva Participações into Almaxviva do Brasil.

The consolidated companies as at June 30, 2021, at December 31, 2020 and at June 30, 2020 are listed below:

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EXPLANATORY NOTES (continued)

<i>Companies and method of consolidation</i>	<i>Currency</i>	<i>Share held</i>	<i>At June 30, 2021</i>	<i>At December 31, 2020</i>	<i>At June 30, 2020</i>
AlmavivA S.p.A. (Parent Company)	Euro	100,00%	Parent	Parent	Parent
Rome, Italy					
Lombardia Gestione S.r.l.	Euro	51,00%	Full	Full	Full
Milan, Italy					
AlmavivA de Belgique S.A.	Euro	100,00%	Full	Full	Full
Brussels, Belgium					
Almaviva Digitaltec S.r.l.	Euro	100,00%	Full	Full	Full
Naples, Italy					
Wave S.r.l.	Euro	100,00%	Full	Full	Full
Pianoro, Italy					
Sadel S.p.A.	Euro	84,05%	Full	Full	Full
Castel Maggiore, Italy					
Wedoo Holding S.r.l.	Euro	55,00%	Full	Full	Full
Torino, Italy					
Wedoo S.r.l.	Euro	55,00%	Full	Full	Full
Torino, Italy					
Wedoo LLC	US Dollar	55,00%	Full	Full	Full
Michigan, U.S.					
Spin Data (exArte) S.r.l. *	Euro	80,00%	Full	-	-
Napoli, Italy					
Almaviva Saudi Arabia LLC *	Saudi Riyal	100,00%	Full	-	-
Riyad, Saudi Arabia					
AlmavivA Contact S.p.A.	Euro	100,00%	Full	Full	Full
Rome, Italy					
AlmavivA do Brasil S.A.	Brazilian Real	99,58%	Full	Full	Full
San Paolo, Brazil					
AlmavivA Participações Ltda.**	Brazilian Real	-	-	-	Full
Belo Horizonte, Brazil					
Aquarius Participações S.A.	Brazilian Real	99,58%	Full	Full	Full
San Paolo, Brazil					
Chain Serviços e Contact Center S.A.	Brazilian Real	99,58%	Full	Full	Full
San Paolo, Brazil					
Almacontact	Colombian Peso	99,58%	Full	Full	Full
Bogotá, Colombia					
Italy Call S.r.l.	Euro	100,00%	Full	Full	Full
Rome, Italy					
AlmavivA Tunisie S.A.	Tunisian Dinar	56,25%	Full	Full	Full
Ville de Tunis, Tunisie					
AlmavivA Services S.r.l.	Romanian Leu	100,00%	Full	Full	Full
Iasi, Romania					
Almawave S.p.A.	Euro	73,91%	Full	Full	Full
Rome, Italy					
Almawave do Brasil Ltda.	Brazilian Real	73,91%	Full	Full	Full
San Paolo, Brazil					
Pervoice S.r.l.	Euro	73,91%	Full	Full	Full
Trento, Italy					
Almawave USA Inc.	US Dollar	73,91%	Full	Full	Full
San Francisco, U.S.					
OBDA Systems S.r.l. ***	Euro	44,35%	Full	-	-
Rome, Italy					
Agrisian S.C.p.A. in liquidazione	Euro	50,86%	Full	Full	Full
Rome, Italy					
* Established in 2020					
** Merged in Almaviva do Brasil in september 30, 2020					
*** Acquired in 2021					

<i>Companies and method of consolidation</i>	<i>Currency</i>	<i>Share held</i>	<i>At June 30, 2021</i>	<i>At December 31, 2020</i>	<i>At June 30, 2020</i>
<i>(continued)</i>					
Sin S.p.A. ****	Euro	20,02%	-	-	-
Rome, Italy					
CCID - AlmavivA Inform. Technol. Co. Ltd	Chinese Yuan	50,00%	Equity	Equity	Equity
Shanghai, People's Republic of China					
Consorzio Hypertix	Euro	49,99%	Equity	Equity	Equity
Rome, Italy					
PT: Almaviva Indonesia	Indonesian Rupiah	-	-	-	Equity
Kontak					
TVEyes L.T. S.r.l.	Euro	20,00%	Equity	Equity	Equity
Trento, Italy					
****Reported under the item Assets held for sale and valued at the lower of the book value and the recoverable value					

Note 9 includes more details related to investments at equity method.

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

2.3 Effects of seasonality

The turnover and economic results of the Group are not significantly impacted by factors relating to the seasonality of the activities carried out in the Group's different operating sectors. The Group's performances actually tend to be generally uniform over the year, also thanks to the distribution to the operating activities in the two hemispheres, which makes it possible to mutually offset the periods of reduced operations of the Brazilian and European subsidiaries in the summer and winter periods. Therefore, taking into account the low economic impact of these trends, no additional financial disclosure is provided (required by IAS 34.21) relating to the trend in the last 12-months period ended as at June 30, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting policies and measurement criteria

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as of January 1, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3.2 New standards, interpretations and amendments adopted by the Group

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as of January 1st, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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

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

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

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

4. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT

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

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

Management judgement mainly refers to aspects such as:

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

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

Capitalization of development costs

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

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

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

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

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

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

Non-current assets (or disposal groups) whose carrying amount will be recovered through sale, rather than through ongoing use, are classified as held for sale and shown separately from the other assets in the statement of financial position. The liabilities associated with assets held for sale are also shown separately from the other liabilities in the statement of financial position. This only occurs when the sale is highly probable and the non-current assets (or disposal groups) are

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

available in their current condition for an immediate sale. Managements evaluates as to whether such conditions are met to qualify the non-current asset (or disposal group) as Non-current assets held for sale in accordance with IFRS 5.

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

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

The corresponding values for the previous period are not reclassified.

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

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

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

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

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

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

Identification of cash-generating units (CGUs)

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

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

As a result of this process, the following CGUs were identified where goodwill was allocated: AlmavivA Contact S.p.A.; Alicos; AlmavivA do Brasil SA.; In Action; Atesia; AlmavivA Finance; Pervoice; Gempliss; Wave; Wedoo.

Recognition of government grants and other activities

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

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

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

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 Interim Condensed Consolidated Financial Statements.

Revenue from contracts with customers

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

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

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

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

Provision for expected credit losses of trade receivables and contract assets

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

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 15 and 14.

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 prepaid taxes

As at June 30, 2021, the Interim Condensed Consolidated Financial Statements include prepaid 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)

5. OPERATING AND REPORTABLE SEGMENTS

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

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

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

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

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

- a. IT Services, provide ICT and Cloud Computing solutions, includes the following companies: AlmavivA, Lombardia Gestione, AlmavivA de Belgique, Agrisian, AlmavivA Digitaltec, Sadel, Wave, Wedoo Holding, Wedoo and Wedoo LLC.
- b. CRM Europe, provides Contact Centre services and operates predominantly in the European Union, includes the following companies: AlmavivA Contact, Italy Call and AlmavivA Services.
- c. CRM International, provides the same services as those in the previous point in South America and in Tunisia, includes the following companies: AlmavivA do Brasil, AlmavivA Participacoes, Aquarius Participacoes, Chain Servicos e Contact Center, Almacontact and AlmavivA Tunisie.
- d. Almawave – New Technology, segment operating in the supply of innovative solutions geared towards the best interaction with work instruments, aimed at improving the people experience, includes the following companies: Almawave, Pervoice, Almawave do Brasil, Almawave USA and Obda Systems Srl.

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

The directors observe the results achieved by the business units separately for the purpose of taking decisions regarding the allocation of resources and performance assessment. The transfer prices between the operating segments are negotiated internally using similar methods to transactions with third parties.

The Group's financing strategy (including financial costs and financial income) is managed at Group level and, therefore, is not allocated to the operating segments and the reportable segments. Consequently, income taxes also remain unallocated.

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.

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EXPLANATORY NOTES (continued)

For the six months ended June 30, 2021

<i>(in thousands of Euro)</i>	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Revenue							
Revenues from contracts with customers	306,229	41,350	91,502	12,343	451,424	(0)	451,424
Inter-segment	1,736	2,247	79	2,410	6,472	(6,472)	0
Total revenues from contracts with customers	307,965	43,597	91,581	14,753	457,896	(6,472)	451,424
Income/(Expenses)							
Cost of raw materials and services	(139,890)	(8,439)	(22,422)	(6,577)	(177,327)	7,776	(169,551)
Personnel expenses	(123,098)	(35,072)	(51,633)	(4,824)	(214,628)	249	(214,379)
Depreciation and amortization and write-downs	(10,634)	(962)	(4,793)	(1,536)	(17,925)	209	(17,716)
Losses from sale of non-current assets	83	1	0	6	90	0	90
Other operating income	9,120	728	722	604	11,174	(1,456)	9,718
Other operating expenses	(5,068)	(400)	(26)	(41)	(5,536)	149	(5,387)
Operating Profit	38,479	(548)	13,428	2,386	53,745	455	54,200
% Revenue	12.5%	n.d.	14.7%	16.2%			12.0%
At June 30, 2021							
Total assets	554,518	130,366	173,783	64,564	923,231	(43,905)	879,326
Total liabilities	386,803	52,676	34,986	25,675	500,140	(41,374)	458,765

For the six months ended June 30, 2020

<i>(in thousands of Euro)</i>	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Revenue							
Revenues from contracts with customers	262,009	45,384	114,620	9,753	431,767	(0)	431,767
Inter-segment	1,736	3,477	59	2,561	7,833	(13,103)	0
Total revenues from contracts with customers	263,745	48,861	114,679	12,314	439,600	(13,103)	431,767
Income/(Expenses)							
Cost of raw materials and services	(117,558)	(10,684)	(32,080)	(5,411)	(165,733)	9,139	(156,594)
Personnel expenses	(112,040)	(39,801)	(66,500)	(4,206)	(222,547)	189	(222,358)
Depreciation and amortization and write-downs	(11,270)	(1,628)	(5,685)	(1,296)	(19,879)	209	(19,670)
Losses from sale of non-current assets	0	56	0	0	56	0	56
Other operating income	8,396	343	423	259	9,421	(1,332)	8,089
Other operating expenses	(4,032)	(420)	(39)	(91)	(4,582)	161	(4,421)
Operating Profit	27,241	(3,274)	10,800	1,569	36,336	533	36,869
% Revenue	10.3%	-6.7%	9.4%	12.7%			8.5%
At December 31, 2020							
Total assets	528,460	133,042	149,541	47,942	858,985	(41,447)	817,538
Total liabilities	377,040	54,712	30,657	23,124	485,533	(38,602)	446,930

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

Reconciliation of Operating profit/(loss)

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.

	For the six months ended June 30,	
<i>(in thousands of Euro)</i>	2021	2020
Segment profit	54,200	36,869
Finance income	297	436
Finance costs	(15,432)	(15,624)
Exchange gains/(losses)	(105)	(858)
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	(869)	0
Inter-segment income/expenses (elimination)	0	0
Profit/(loss) before taxes	38,091	20,823
Reconciliation of Total assets		
<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Segment operating assets	879,326	817,538
Deferred tax assets	23,719	14,770
Current financial assets	3,594	4,152
Non-current financial assets	1,240	1,229
Non-current assets held for sale	2,459	2,459
Total assets	910,338	840,148
Reconciliation of Total liabilities		
<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Segment operating liabilities	458,765	446,930
Non-current financial liabilities	317,928	317,233
Current financial liabilities	19,635	22,937
Current tax liabilities	30,635	27,650
Deferred tax liabilities	2	2
Total liabilities	826,964	814,752

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

Reconciliation of EBITDA

For the six months ended June 30, 2021

<i>(in thousands of Euro)</i>	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Operating profit	38,479	(548)	13,428	2,386	53,745	455	54,200
(+) Depreciation and amortization	10,634	962	4,793	1,536	17,925	(209)	17,716
(+) Losses from sale of non-current assets	(83)	(1)	0	(6)	(90)	0	(90)
Earning before interests, taxes, depreciation and amortization (EBITDA)	49,030	413	18,222	3,915	71,580	246	71,826
% Revenue	15.9%	n.d.	19.9%	26.5%	15.6%		15.9%

For the six months ended June 30, 2020

<i>(in thousands of Euro)</i>	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Operating profit	27,241	(3,274)	10,800	1,569	36,336	533	36,869
(+) Depreciation and amortization	11,270	1,628	5,685	1,296	19,879	(209)	19,670
(+) Losses from sale of non-current assets	0	(56)	0	0	(56)	0	(56)
Earning before interests, taxes, depreciation and amortization (EBITDA)	38,511	(1,702)	16,485	2,865	56,159	324	56,483
% Revenue	14.6%	n.d.	14.4%	23.3%	12.8%		13.1%

Geographic information

<i>(in thousands of Euro)</i>	At June 30, 2021	At June 30, 2020
<i>Revenues from external customers</i>		
Italy	355,448	313,775
Brazil	83,387	108,129
Tunisia	1,124	1,080
Colombia	7,082	5,473
Europe	3,133	2,980
Other	1,250	330
Total	451,424	431,437
Of which:		
<i>Revenues recognized over the time</i>	441,303	422,389
<i>Revenues detected at a point in time</i>	6,062	7,763

6. SIGNIFICANT TRANSACTIONS IN THE PERIOD

During the period ended June 30, 2021, there are significant corporate transactions relating to business combinations, which involved Almawave S.p.A. and of which a brief description is provided below. On 11 January 2021, the transaction relating to the agreement that led to the purchase by Almawave S.p.A. was concluded 60% of the share capital of Obda Systems S.r.l.

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

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

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

	Accounting values on the acquisition date
<i>(in thousands of Euro)</i>	
Intangible assets	40
Property, plant and equipment	0
Non-current financial assets	0
Other non-current assets	0
Total non-current assets	40
Inventories and amount due from customers	0
Trade receivables	29,337
Other current assets	4,252
Cash and cash equivalents	36,278
Total current assets	69,867
Total assets	69,907
Non-current liabilities for employee benefits	0
Non-current financial liabilities	0
Total non-current liabilities	0
Trade payables	4,060
Current financial liabilities	9,158
Current tax liabilities	8,028
Other current liabilities	1,096
Total current liabilities	22,342
Total liabilities	22,342
Fair value of net assets	47,565
Purchase Price	30,000
Minorities	19,026
Goodwill (previsional)	1,461
Cash and cash equivalents acquired	36,278
Consideration paid	(30,000)
Net acquired cash flow	6,278

The net cash flow of the acquisition includes only the consideration paid on the reference date of the condensed period yearly Interim Condensed Consolidated Financial Statements.

From the date of acquisition, Obda Systems has contributed Euro 60 thousand to Group revenues and a positive value of Euro 17 thousand to the Group's pre-tax profit.

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

7. INTANGIBLE ASSETS AND GOODWILL

The table below shows for each component of Intangible assets the changes in net carrying value that occurred in 2020:

<i>(in thousands of Euro)</i>	Goodwill	Industrial patent and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets	Assets under construction	Total
At December 31, 2020	39,461	26,402	732	19,888	18,336	104,818
Additions	0	1,243	693	5	125	2,066
Capitalisation for internal projects	0	258	0	150	5,992	6,400
Amortization	0	(3,551)	(111)	(3,936)	0	(7,598)
Disposals	0	0	0	0	0	0
Reclassifications and other	0	5,467	0	6,708	(12,175)	0
Change in consolidation area	0	0	0	0	0	0
Foreign exchange differences	31	499	104	0	21	655
At June 30, 2021	39,492	30,318	1,418	22,815	12,299	106,342

Group investments as at June 30, 2021 amounted to Euro 2,066 thousand, essentially related to the “industrial patent and intellectual property rights”.

The Group also carried out additional investments in the reference period, through capitalisations for own work, totalling Euro 6,400 thousand relating to costs incurred primarily as part of the creation and internal development of assets (software, IT applications and research activities) also employed in the implementation and management of the services offered in the operating segments in which said Group operates.

On completion of the aforementioned activities, the investments are incorporated primarily in the item “Industrial patent and intellectual property rights” which, at the close of the period, totalled Euro 30,318 thousand and, therefore, highlights the Group’s software and IT applications developed internally and the developmental maintenance carried out them. In relation to these assets, the Group periodically conducts an analysis targeted at verifying their recoverable value with respect to the book value based on the expected future economic benefits related to said assets (active contracts in the portfolio and planned acquisitions). At the close of the financial year, following the analyses conducted, the values booked are fully recoverable.

Amortisation on the intangible assets for the year totalled Euro 7,598 thousand. The main amortisation rates adopted as at June 30, 2021 are included in the following intervals:

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

The exchange differences from the translation to Euro of the financial statements of companies operating in non-Euro areas, amounting to Euro 655 thousand, mainly regarding companies that draft their financial statements in Brazilian Real.

Goodwill and Impairment testing

Detailed information about the movements affecting the Goodwill during the periods is provided below. The majority of the goodwill recorded in the Interim Condensed Consolidated Financial Statements arose from business combinations that took place before the Group first applied IFRS on October 1, 2012. We remind that at first time application, the Group opted for the exemption for business combinations provided for by IFRS 1 that allowed the adopter to use the net book

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

value resulting from the Interim Condensed Consolidated Financial Statements prepared under Italian accounting standards on the date of transition as the entry value under IFRS.

<i>(in thousands of Euro)</i>	At December 31, 2020	Exchange differences	Additions	Disposals	At June 30, 2021
Alicos	2.007				2.007
Almaviva Contact	26.533				26.533
Almaviva do Brasil	1.748				1.748
Almaviva Finance	745				745
Atesia	44				44
Gempliss	198				198
In Action	1.017				1.017
Pervoice	314				314
Wave	5.121				5.121
Wedoo	630				630
Third	1.104	31			1.135
Total	39.461	31			39.492

The goodwill recognised following business combinations was attributed to the cash generating units (CGU) that benefit from the synergies that emerged from the acquisition. The recoverable value is determined by discounting the expected cash flows coming from use of the CGUs and applying the perpetuity method to estimate the terminal value. The cash flows are determined on the basis of the information available at the time of the estimate, deducible: (i) for the first five years of the estimate, from the business plan approved by Company Management and containing the forecasts on volumes, investments, operating costs, and the margins and industrial and commercial structures; (ii) for the years after the fifth, cash flow projections based on the perpetuity method of the last year of the business plan are taken, and a zero growth rate is used.

Almaviva Group generally calculates the recoverable amount of goodwill at the end of each fiscal year or where there are impairment indicators and at least once per year.

As better indicated in the previous Paragraph 1.1, during this period, cause there are no impairment indicators, the Directors did not consider necessary proceed with the preparation of specific impairment tests.

The plans taken as a reference, for the impairment illustrated below, refer to the period 2021-2025. Impairments are based on assumptions consistent with the company's business model. All the companies included in the plan are respecting the aforementioned assumptions without significant deviations.

The Other 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 table below shows for each component of Property, plant and equipment the changes in net carrying value that occurred in 2021:

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

<i>(in thousands of Euro)</i>	Land and buildings	Plant and machinery owned and leased	Industrial and commercial equipment owned and leased	Other assets owned and leased	ROU Asset	Assets under construction and payments on account	Total
At December 31, 2020	7,428	9,206	383	26,006	38,844	52	81,918
Additions	0	1,919	61	3,027	17,049	481	22,535
Capitalisation for internal projects	0	0	0	10	0	0	10
Depreciation	(392)	(1,212)	(65)	(3,336)	(5,113)	0	(10,118)
Disposals	0	(2)	0	(64)	(8,303)	0	(8,369)
Reclassifications and other	0	0	0	32	198	(32)	198
Change in consolidation area	0	0	0	0	0	0	0
Foreign exchange differences	0	674	0	978	323	0	1,975
Historical cost	19,145	212,984	3,727	166,730	58,127	501	461,214
Accumulated amortization	(12,109)	(202,399)	(3,348)	(140,077)	(15,129)	0	(373,062)
At June 30, 2021	7,036	10,585	379	26,653	42,998	501	88,152

Property, plant and equipment amount to Euro 88,152 thousand as at June 30, 2021 compared to an amount of Euro 81,918 thousand as at December 31, 2020.

In the period, the line item increased by Euro 22,535 thousand due to the investments of the period and Euro 17,049 thousand due to the adoption of IFRS 16.

Depreciation in 2021 amounts to Euro 10,118 thousand.

The main depreciation rates adopted as June 30, 2021, excluding the right of use related to IFRS 16, are included in the following intervals:

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

There were no write-downs or write-backs during the period.

The disposals amount to Euro 8,369 thousand and concern divestments in ROU asset.

The reclassifications and other are Euro 198 thousand.

In 2021 the exchange differences from the translation to Euro of the financial statements of companies operating in non-Euro areas, is negative for an amount of Euro 1,975 thousand, mainly regard companies that draft their financial statements in the Brazilian Real.

The Group presented a balance of the item "land and buildings" of Euro 7,036 thousand related to the building located in Rome at Via dello Scalo Prenestino, owned by the IT Services.

Regarding the risk of recoverability of the value of Tangible Assets as at June 30, 2021, as better indicated in the previous Paragraph 1.1, in the first half of the current year, 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 as at December 31, 2020, and June 30, 2021:

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

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
CCID – Almoviva Inform. Technol. Co. Ltd	117	988
Consorzio Hypertix in liquidation	99	99
TVEyes L.T. S.r.l.	21	19
SIN S.p.A.	0	0
Total	237	1,106

The sole joint venture of the Group is the 50% equity investment in CCID-AlmovivA Inform. Technol. Co. Ltd, a Chinese company operating the local call centre segment.

Equity investments measured with the equity method as June 30, 2021 are listed below:

<i>(in thousands of Euro)</i>	At December 31, 2020	Income Statement effect	Increases (Decreases)	At June 30, 2021
CCID – Almoviva Inform. Technol. Co. Ltd	988	(871)	0	117
Consorzio Hypertix in liquidation	99	0	0	99
TVEyes L.T. S.r.l.	19	2	0	21
SIN S.p.A.	0	0	0	0
Total	1,106	(869)	0	237

10. NON-CURRENT FINANCIAL ASSETS

The table below shows the balance and composition of the Non-current financial assets as at December 31, 2020, and June 30, 2021:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Long-term loans	1,188	1,188
Others Equity investments	52	41
Non-current financial assets	1,240	1,229

Non-current financial receivables

The following table reports the portions of the long-term loans due within or over twelve months:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Amount failling due within 12 months	0	0
Amount failling due between 1-5 years	1,188	1,188
Non-current financial receivables	1,188	1,188

Non-current financial receivables, amounting to Euro 1,188 thousand (Euro 1,188 thousand as at December 31, 2020) are all instrumental to operating activities and relate to loans to personnel for Euro 7 thousand and financial assets to Auselda for Euro 1,181 thousand.

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

Investments on equity instruments

The investments on equity instruments classified as available for sale are investments held in other entities over which the Group has neither control nor joint control or significant influence.

Such equity investments are classified as available-for-sale financial instruments in accordance with IAS 32, and - as such - are accounted for at the cost recognised at the payment date provided that the fair value cannot be reliably determined, as such companies have not shares listed in stock exchange market.

The following table provides the breakdown of the line item by investment at June 30, 2021 and December 31, 2020:

Other Equity investments		
(in thousands of Euro)	At June 30, 2021	At December 31, 2020
Conai	1	1
Calpark	5	5
Banca Brutia	5	5
Uirnet	5	5
Consorzio Namex	3	3
Other	33	22
Total	52	41

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

At June 30, 2021, no impairment losses were recorded on the item in question. In this case, the impairment was determined following the analytical model described in the preparation criteria.

Equity investments available for sale of Euro 52 thousand (Euro 41 thousand at December 31, 2020), refer to equity investments in other companies.

11. DEFERRED TAX ASSETS

The tables below show the amount of AlmagivA Group's Deferred tax assets as at June 30, 2021 and December 31, 2020:

(in thousands of Euro)	At June 30, 2021	At December 31, 2020
Deferred Tax Assets	23,719	14,770

The table below shows a breakdown of deferred tax assets by Italian and foreign subsidiaries for years ended June 30, 2021 and December 31, 2020:

(in thousands of Euro)	At June 30, 2021	At December 31, 2020
Italian subsidiaries	17,137	8,225
Foreign subsidiaries	6,582	6,545
Total Deferred Tax Assets	23,719	14,770

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

The Deferred tax assets related to Italian subsidiaries do not include tax losses due to inclusion in tax consolidation of parent company AlmagivA Technologies. The nature of deferred tax assets related to Italian and foreign subsidiaries are mainly related to tax increases (i.e. provisions, remuneration to the BoD members).

The table below shows the changes occurred in deferred tax assets in each of the periods:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Balance at the beginning of the year	14,770	12,833
Increases	8,452	3,612
Decreases	0	0
Effect of currency translation	484	(1,885)
Other changes	13	210
Balance at the end of the year	23,719	14,770

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

Deferred tax assets amounted to Euro 23,719 thousand (Euro 14,770 thousand as at December 31, 2020) and are stated net of deferred tax liabilities that can be offset, and were allocated, up to the limits of the amounts that are expected to be recovered in future years based on the availability of expected taxable income, mainly in relation to the deductible temporary differences (allocations to provisions for risks and other deferred expenses) and, for a residual part, to previous tax losses.

The Group evaluated the recoverability of the prepaid taxes recognised by considering the estimates of future taxable income based on the forecasts in the latest business plan approved by the Board of Directors, and in light of which the management concluded that the taxable income will be sufficient to allow the use of the deferred tax assets in question.

12. OTHER NON-CURRENT ASSETS

Other non-current assets amount to Euro 1,646 thousand as at June 30, 2021 compared to an amount of Euro 1,491 thousand as at December 31, 2020, as illustrated in the table below:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Security deposits	1,088	805
Prepaid expenses	554	682
Other receivables	4	4
Other non-current assets	1,646	1,491

Prepaid expenses mainly refer to the training of AlmagivA Contact (Euro 211 thousand), AlmagivA Services (Euro 339 thousand) and AlmagivA Digitaltec (Euro 4 thousand).

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

13. INVENTORIES

Inventories of the Group are equal to Euro 8,874 thousand and are composed as follows:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Raw materials (at cost)	2,716	2,382
Work in progress (at cost)	1,713	2,055
Finished goods (at lower of cost and net realizable value)	4,445	3,700
Total inventories at the lower of cost and net realizable value	8,874	8,137

During 2021, have not been accounted any expenses for inventories to carry them at net realizable value. The total amount related to Sadel S.p.A.is Euro 6,879 thousand, to AlmagivA S.p.A.is Euro 1,990 thousand and to Pervice Euro 5 thousand.

14. CONTRACT ASSETS

On June 30, 2021, the Group had contract assets totalling Euro 41,169 thousand (Amount due from customers were Euro 37,322 thousand at December 31, 2020).

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Amount due from customers (gross)	30,274	26,408
Amount due from customers due to IFRS 15	10,895	10,914
Inventories and Amount due from customers	41,169	37,322

The overall increase of Euro 3,847 thousand, refers essentially to the increase in IT Services activities which generated further contractual activities, not yet completed or not yet tested by the client.

15. TRADE RECEIVABLES

The table below shows the amount of AlmagivA Group's Trade receivables as at June 30, 2021, and December 31,2020 together with the related gross amount, the amount retained as a guarantee and the bad debt provision.

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Trade receivables, gross amount	400,461	368,303
Trade receivables, amount retained as a guarantee	3,506	3,833
Bad debt provision	(21,131)	(21,106)
Trade receivables	382,836	351,030

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

Trade receivables increased by Euro 31,806 thousand in 2021, from an amount of Euro 351,030 thousand as at December 31, 2020 to an amount of Euro 382,836 thousand as at June 30, 2021.

Starting from 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 (Expected Credit Loss) was determined based on information obtained from external info-providers.

The following table shows the ageing of the gross amount of trade receivables, excluding the portion retained by customers as a guarantee, as at June 30, 2021 and December 31, 2020:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Amount not yet due	318,086	308,966
Amount due by less than 30 days	16,439	9,292
Amount due between 30-60 days	6,241	3,687
Amount due between 61-90 days	8,903	1,235
Amount due between 91-120 days	4,586	943
Amount due by more than 120 days	46,206	44,180
Trade receivables, gross amount	400,461	368,303

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

The entity – supported by an internal and external legal opinion further substantiated by recent case-law – considers pre-deductible the net receivables from Alitalia Società Aerea Italiana S.p.A, (for an amount equal to Euro 5,999 thousand).

It should also be noted that following the extraordinary administration of Alitalia - Società Aerea Italiana S.p.A. in A.S., the Group continued to provide services to it, confirming the strategic nature of its role for the aircraft operator even in the context of crisis. The future developments of the insolvency procedure, as well as the most recent government plans on the planned redesign of the current corporate structure of Alitalia, will be carefully monitored in order to assess any changes in the conditions that led the directors to assume the current position.

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.

The following table shows the changes in the bad debt provision for each period ended June 30, 2021 and December 31, 2020:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Balance at the beginning of the year	21,106	21,037
Provisions	26	85
Uses	0	(22)
Other	(1)	6
Balance at the end of the year	21,131	21,106

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

16. CURRENT FINANCIAL ASSETS

The following table shows the amount of the Current financial assets as at December 31, 2020, and June 30, 2021.

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Current financial assets	3,594	4,152

The current financial assets are all instrumental for operating activities and refer primarily to AlmovivA SpA. There are no financial assets either past due or written down. These are measured, as indicated above, at amortized cost having passed the Solely for Payments of Principal and Interests (SPPI) test.

17. OTHER CURRENT ASSETS

Other current assets amount to Euro 162,068 thousand as at June 30, 2021 compared to Euro 133,147 thousand as at December 31, 2020.

The amount is composed as follow:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Receivables due from personnel	3,669	3,578
Receivables due from social security institutions	2,105	1,987
Receivables due from tax authorities	55,022	39,601
Receivables related to tax consolidation	32,529	32,177
Prepaid expenses	19,385	11,468
Advances to suppliers	4,946	3,686
Sundry items	44,412	40,650
Other current assets	162,068	133,147

Other current assets increase by Euro 28,921 thousand in 2021, corresponding to a 21,7 % growth rate.

In particular, note that almost all receivables from INPS not yet collected and regarding mainly the following fall under the item Receivables due from social security institutions, which amounted to Euro 2,105 thousand (Euro 1,987 thousand as at December 31, 2020):

- the contribution reduction arising from the adoption of the industry sector “solidarity contract”
- recovery of the solidarity cheque paid in advance to the AlmovivA Contact employees.

Tax consolidation credits for Euro 32,529 thousand derive from the transfer to the parent company AlmovivA Technologies S.r.l. of the tax positions of the companies adhering to the institution in question.

Prepayments for Euro 19,385 thousand include future costs mainly of AlmovivA SpA (Euro 19,058 thousand), AlmovivA Services (Euro 272 thousand), AlmovivA Contact (Euro 733 thousand), Almovave (Euro 90 thousand) and to a lesser extent of the other Group companies.

Receivables from the tax authorities are divided into (i) credits for direct taxes equal to Euro 4,795 thousand relating to AlmovivA S.p.A. for Euro 3,844 thousand, AlmovivA Contact for Euro 286 thousand, Agrisian for Euro 345 thousand, Almovave Euro 187 thousand and to a lesser extent to the other Group companies; (ii) receivables for indirect taxes equal to Euro 50,227 thousand relating mainly to AlmovivA S.p.A., AlmovivA Services and the Brazilian companies. Related

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

to the receivables of AlmagivA SpA for indirect taxes, the credit for the Group VAT equal to Euro 35,407 thousand (Euro 21,007 thousand as at December 31, 2020) is included.

Advances to suppliers increased by Euro 1,260 thousand, passing from Euro 3,686 thousand as at December 31, 2020 to Euro 4,946 thousand as at June 30, 2021.

Sundry items also included the receivables of:

- receivables due from the State and Public Authorities for projects financed
- receivables for reimbursements which refer:
 - to the amounts paid in advance by AlmagivA Contact to former employees in respect of a reinstatement judgment readily contested through an appeal in the process of being settled;
 - 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 the rejection, also confirmed by the Supreme Court of the United States of America, of all the claims made by the American company, with compensation of the expenses. In order to obtain reimbursement of the legal expenses incurred in the US Litigation, the AlmagivA Companies, by virtue of a policy called "Directors' Civil Liability Insurance" signed with a well-known insurance company, took action against the contracting insurance company. Currently, the request for reimbursement of legal costs and damages is pending an appeal judgment proposed by the AlmagivA Companies.
 The AlmagivA Companies currently believe - also on the basis of the assessments made by their defense board regarding the full traceability of the claim to a contractual right protected in the insurance policy - that they have valid arguments to be able to support their position, the instrumentality of the reserves and exceptions moved by the insurance company and, consequently, to be able to subvert the outcome of the first degree sentence.
 In consideration of these aspects, the receivable from the insurance company continues to be considered deriving from a contractual right and, at present, fully recoverable.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 88.002 thousand as at June 30, 2021 compared to Euro 98,569 thousand as at December 31, 2020. The line item refers to credit balances at banks in existence at the end of each period 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 2.459 thousand (Euro 2.459 thousand as at December 31, 2020) concern the residual part to be collected relating to the sale of the 20.02% investment in the associated company SIN S.p.A. whose transfer, on the basis of the "Sale of shares" contract signed on 19 September 2007 between AGEA - Agency for Agricultural Disbursements and private shareholders and the subsequent "Deed amending the sale of shareholdings and pledging" with which the parties agreed that the deadline relating to the effectiveness of the transfer of all the shares representing the investments held by the private shareholders in SIN SpA, originally scheduled for 19 September 2016, was postponed until completion by Consip SpA of the public tender procedure and up to the handover to the new successful supplier. The item, equal to Euro 2,459 thousand, represents the valuation of the equity investment adjusted to reflect its residual recoverable value, taking into account the provisions of the aforementioned transfer agreement, the valuation methods provided for by the same for the interest held by the Company.

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

20. SHAREHOLDERS' EQUITY

The total Shareholders' equity amount to Euro 83,374 thousand as at June 30, 2021 compared to Euro 25,397 thousand as at December 31, 2020.

The composition of the Shareholders' equity is as follows:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Share capital	154,899	154,899
Share premium reserve	17,788	17,788
Legal reserve	12,465	7,619
Other reserves:		
<i>FTA reserve</i>	4,493	4,493
<i>OCI reserve</i>	2,153	3,192
<i>Translation reserve</i>	(46,709)	(54,348)
<i>Other reserves</i>	(110,407)	(148,561)
	(150,470)	(195,223)
Profit/(loss) for the year	33,208	35,143
<i>Total group shareholders' equity</i>	67,893	20,228
Reserves pertaining to NCIs:		
<i>Translation reserve</i>	(1,032)	(1,088)
<i>Other reserves</i>	15,673	5,250
	14,641	4,162
Profit/(loss) for the year pertaining to NCIs	840	1,006
<i>Total non-controlling interests</i>	15,481	5,168
Total Shareholders' equity	83,374	25,396

The increase in Equity of the AlmagivA Group, equal to Euro 57,978 thousand, was affected not only by the final results for the period and the recognition of the comprehensive income statement, but also, (i) by the listing of AlmagivA which resulted in an increase of the share capital of the subsidiary and the recognition of the share premium reserve net of the listing costs incurred (all equal to Euro 27,667 thousand), (ii) by the distribution of reserves approved by AlmagivA SpA in March 2021 (for an amount of Euro 10,400 thousand).

The Share capital as at June 30, 2021 amounted to Euro 154,899 thousand and due to the collateral agreements signed concurrently with the conclusion of the loan agreement, in previous years, the amount was fully paid-in and consisted of:

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

The shares, all of which have a nominal value of Euro 1.00 each, are held by:

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

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

(*) From 1 January 2020 the merger by incorporation of Ligestra Due S.r.l. was formalized in Fintecna S.p.A.

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

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

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

Legal reserve

The Legal reserve amounted to Euro 12,465 thousand as at June 30, 2021.

Share premium reserve

The Share premium reserve amounted to Euro 17,788 thousand as at June 30, 2021 and remained unchanged compared to December 31, 2020.

FTA reserve

The FTA reserve amounted to Euro 4,493 thousand as at June 30, 2021, as detailed below, and remained unchanged compared to December 31, 2020:

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

OCI reserve

The OCI reserve totalled Euro 2,153 thousand as at June 30, 2021 (compared to Euro 3,192 thousand as at December 31, 2020) and includes the actuarial valuation of TFR (employee severance indemnity) of the Group companies.

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 June 30, 2021, it totalled negative Euro 47,741 thousand (of which the Group's share was a negative Euro 46,709 thousand and the portion pertaining to non-controlling interests amounted to negative Euro 1,032 thousand).

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EXPLANATORY NOTES (continued)

As at December 31, 2020, it was a negative Euro 55,436 thousand (of which the Group's share was a negative Euro 54,348 thousand and the portion pertaining to non-controlling interests amounted to negative Euro 1,088 thousand).

Other reserves

The Other reserves equalled to a negative Euro 110,407 thousand as at June 30, 2021 (negative Euro 148,561 thousand as at December 31, 2020) and the portion pertaining to non-controlling interests amounted Euro 15,673 thousand (Euro 5,250 thousand as at December 31, 2020).

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. To this end, the Group constantly monitors the evolution of the level of indebtedness in relation to shareholders' equity, whose situation as at June 30, 2021 is summarised in the following table.

<i>(Thousand of Euro)</i>	<i>Nota</i>	al 30.06.2021	al 31.12.2020
Total non-current financial debt	23	(317,928)	(317,233)
Total current financial debt	16-18-27	71,961	79,784
Non-current financial receivables	10	1,240	1,229
Total financial net debt ("Debt")		(244,727)	(236,220)
Total Group shareholders' equity	20	67,893	20,228
Total non-controlling interests	20	15,481	5,168
Total shareholders' equity ("Equity")	20	83,374	25,397
Debt/Equity Index		(2.94)	(9.30)

21. LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits as at June 30, 2021 and December 31, 2020 are reported below:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Liabilities for employee benefits	47,120	48,531

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

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

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

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

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Balance at the beginning of the year	48,531	51,286
Change of the consolidatement area	0	0
Service cost	450	756
Interest cost	640	1,371
Payments / Utilizations	(3,540)	(4,611)
Actuarial gains/(losses) recognized in OCI	1,039	(271)
Balance at the end of the year	47,120	48,531
of which:		
Non-current portion	46,904	45,413
Current portion	216	3,118

22. PROVISIONS

Provisions as at June 30, 2021 and December 31, 2020 are reported below:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Non-current portion of provisions for risks and charges	6,132	5,836
Current portion of provisions for risks and charges	7,704	11,249
Provisions for risks and charges	13,836	17,085

The line item decreased by Euro 3,249 thousand in 2021, from Euro 17,085 thousand as at December 31, 2020 to Euro 13,836 thousand as at June 30, 2021.

<i>(in thousands of Euro)</i>	Provision for taxes	Provision for redundacy incentives	Provision for guarantees granted	Provisions for legal disputes	Other provisions for risks and charges	Total
Balance as at January 1, 2021	66	4.443	134	3.211	9.231	17.085
Accruals	0	0	0	138	2.129	2.267
Utilizations	0	0	0	0	(1.833)	(1.833)
Decreases	0	(3.421)	0	(327)	(78)	(3.826)
Other changes not recorded through income statement	0	0	0	143	0	143
Balance as at June 30, 2021	66	1.022	134	3.165	9.449	13.836
of which:						
Non-current portion	66	22	134	0	5.910	6.132
Current portion	0	1.000	0	3.165	3.539	7.704

Tax, administrative, civil and labour disputes are handled by the AlmagivA Group's legal department that provided, for the preparation of the financial statements, a comprehensive and exhaustive overview of the different proceedings in progress. In respect of these disputes, the Company carries 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 this paragraph, under "Provisions for risks and

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EXPLANATORY NOTES (continued)

charges". For those proceedings whose negative outcome, owing to the different case law positions, is only considered possible, no specific provision is recorded in accordance with the regulations governing the preparation of the financial statements.

Information and comments on the various provisions are provided below.

Provisions for taxes

"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.

Provisions for redundancy incentives

"Redundancy fund" equal to Euro 1,022 thousand (at December 31, 2020 Euro 4,443 thousand) mainly relating to employees of AlmavivA SpA who have accrued in 2020 the pension requirement through "quota 100", early retirement, woman option (in this last case, the requirements must be completed by December 31, 2020) and that they had voluntarily decided to join the exit from the company.

Provisions for guarantees granted

The Provision for guarantees granted of a non-commercial nature is related to provisions recorded by the parent company AlmavivA. The balance of the line item has remained unchanged from 2015.

Provisions for legal disputes

Provision for legal disputes of Euro 3,166 thousand registered by the IT Services Sector for Euro 1,082 thousand, by the CRM Europe Sector for Euro 124 thousand, by the CRM International Sector for Euro 1.949 thousand and Euro 10 thousand by the Almaxwave Sector - New Technology.

Other provisions

The line items, including non-current and current portion, for a total of Euro 9,449 thousand (Euro 9,231 thousand at December 31, 2020) relating to prudential provisions on commercial risks relating to penalties for Euro 2,338 thousand of AlmavivA SpA, for Euro 65 thousand of AlmavivA Contact for Euro 89 thousand of Lombardia Gestione; the Project Workers stabilization fund for Euro 557 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 4,491 thousand of AlmavivA SpA and Euro 490 thousand of Sadel, the liquidation costs provision recorded for Euro 1,321 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 as at June 30, 2021 and December 31, 2020 are reported below:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Banks	21,718	26,320
Bond	244,792	242,973
Amounts due to other lenders	15,184	14,358
Financial liabilities associated with leasing	36,234	33,582
Non-current financial liabilities	317,928	317,233

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

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

<i>(in thousands of Euro)</i>	At January 1, 2021	Proceeds from borrowings	Repayments of borrowings	Reclassification and other adjustments	At June 30, 2021
AlmavivA S.p.A.	266,332	1,374	(5,556)	1,819	263,969
Sadel S.p.A.	290	1,300	(172)	(114)	1,304
AlmavivA do Brasil	5,929	0	0	(564)	5,365
SIMEST Operation	11,000	0	0	0	11,000
Wedoo S.r.l.	100	0	0	(52)	48
Obda Systems S.r.l.	0	0	0	8	8
Financial liabilities associated with leasing	33,582	13,255	(1,779)	(8,824)	36,234
Non-current financial liabilities	317,233	15,929	(7,507)	(7,727)	317,928

As regards the monetary movements of the period, it should be noted that as at June 30, 2021 the opening of loans amounted to Euro 15,929 thousand and the repayments of loans amounted to Euro 7,507 thousand.

Long-term financial liabilities of Euro 317,928 thousand refer primarily to the bond of Euro 250,000 thousand issued on October 5, 2017, 7.25% coupon with half-yearly payment on October 15 and April 15 of each year and final maturity on October 15, 2022. The bond was listed on the Luxembourg stock exchange on the Euro MTF Market (unregulated market). The issue and placement were performed by the merchant bank Goldman Sachs as Sole Book Runner and banca UBI in the role of co-Manager.

The issue was also supported by a Revolving Facility for an original amount of Euro 20,000 thousand, increased to Euro 40,000 thousand on October 5, 2017 (The line is fully committed for Euro 40,000 thousand and without any clean-down condition). The Revolving line expires on February 5, 2022 and can be used for general purposes relating to company business.

With the bond issue first and the increase of the Revolving line from Euro 20,000 thousand to Euro 40,000 thousand thereafter, AlmavivA made the Group's debt structure more stable, extending the average life of the loans that provide for medium-term repayments in a single maturity and reducing the total cost of debt between liabilities in Italy and Brazil.

The obligation is treated in the financial statements with the amortized cost method and has a value as of June 30, 2021 of Euro 244,792 thousand.

Liabilities to banks equal to Euro 21,718 thousand relate to AlmavivA SpA (Euro 15,001 thousand) for the drawing of the Revolving line, to AlmavivA do Brasil (Euro 5,365 thousand), Wedoo Srl (Euro 48 thousand), and to Sadel (Euro 1,343 thousand). With regard to the Revolving Facility line, compliance with a covenant defined as "Net Consolidated Leverage Ratio" is assessed on a quarterly basis. The evaluation takes place only if this line is used above 40%. At the date of the last measurement, the covenant appeared to be respected.

Liabilities to other lenders equal to Euro 15,184 thousand mainly refer to subsidized loans received on projects financed by AlmavivA SpA (Euro 4,176 thousand), by Obda Sustems (Euro 8 thousand) and for Euro 11,000 thousand relating to the debt to Simest.

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

Non-current financial liabilities deriving from the adoption of IFRS 16 are equal to Euro 36,234 thousand, the reclassifications for Euro 8,824 thousand to the exchange difference of the companies with functional other than the Euro, and the reclassification from non-current portions to current portions of the debt.

The tables below provide an analysis of the main loans, with an indication of the maturity. The values indicated include only the medium-long term financial liabilities, excluding the related current portions, which are classified as current financial liabilities.

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<i>(in thousands of Euro)</i>	> 12 months	< 5 years	> 5 years
Banks	21,718	21,718	0
Bond	244,792	244,792	0
Amounts due to other lenders	15,184	15,184	0
Financial liabilities associated with leasing	36,234	36,234	0
	317,928	317,928	0

24. DEFERRED TAX LIABILITIES

The tables below show the amount of AlmagivA Group's Deferred tax liabilities as at June 30, 2021 and the related changes occurred in each of these periods.

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Deferred tax liabilities	2	2

	For the six months ended June 30, 2021	At December 31, 2020
Balance at the beginning of the year	2	1.394
Increases	0	0
Decreases	0	(1.392)
Balance at the end of the year	2	2

Deferred tax liabilities refer exclusively to AlmagivA S.p.A., and mainly concern fiscal impact of fair value as deemed cost applied (as defined in and allowed by IFRS 1) to land and buildings owned by abovementioned entity.

25. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities amount to Euro 679 thousand as at June 30, 2021 compared to an amount of Euro 808 thousand as at December 31, 2020, as illustrated in the table below:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Deferred income on capital grants	679	808
Other non-current liabilities	679	808

The fully amount refers to deferred income on capital grants.

26. TRADE PAYABLES

Trade payables amounts to Euro 275,631 thousand as at June 30, 2021 compared to an amount of Euro 270,844 thousand as at December 31, 2020 as illustrated in the table below:

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EXPLANATORY NOTES (continued)

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Trade payables	275,631	270,844

They mainly include payables for the provision of services, as well as those relating to various services for activities carried out in the year. More specifically, trade-related payables past due amounted to Euro 75,932 thousand (Euro 69,093 thousand in 2020), while those falling due in under 12 months amounted to Euro 199,699 thousand (Euro 201,751 thousand in 2020).

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

27. CURRENT FINANCIAL LIABILITIES

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

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Payables due to banks	5,639	6,719
Current portion bonds	3,764	3,834
Payables due to other lenders	452	725
Financial lease payables	0	2
Accrued liabilities from financial expenses	281	251
Other financial payables	25	0
Financial liabilities for leasing IFRS 16	9,474	11,406
Current financial liabilities	19,635	22,937

Short-term financial liabilities of Euro 19,635 thousand refer to payables for short-term loans taken out with banks, the portion of payables for interest accrued vis-à-vis bondholders whose payment is set for October 15, 2021.

The item includes payables for the financial leases, primarily Almagora do Brasil, financial accruals and sundry short-term payables.

28. TAX PAYABLES

Tax payables as at June 30, 2021 and December 31, 2020 are reported below:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Income taxes	3,048	1,422
Other taxes	27,587	26,228
Tax payables	30,635	27,650

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EXPLANATORY NOTES (continued)

Tax payables amount to Euro 30,635 thousand as at June 30, 2021 compared to Euro 27,650 thousand as at December 31, 2020.

29. OTHER CURRENT LIABILITIES

Other current liabilities as at December 31, 2020, and June 30, 2021 are reported below:

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
Payables due to social security institutions	12,362	18,700
Payables due to personnel	50,825	34,850
Miscellaneous payables	41,924	38,474
Deferred income	16,389	17,639
Other current liabilities	121,500	109,663

The line item increments by Euro 11,837 thousand in 2021, from an amount of Euro 109,663 thousand at December 31, 2020 to an amount of Euro 121,500 thousand at June 30, 2021. The increment of the period is around 10.8%.

The payables due to social security and welfare institutions amounted to Euro 12,362 thousand and refer to mandatory contributions accrued and payable to social security institutions for wages and salaries and remuneration paid.

The payables due to personnel refer, primarily, to the provision for holidays and leave accrued by personnel and still not utilised, as well as, as regards the subsidiaries appertain to CRM Europe segment, the monthly pay relating to June, which was paid in the first few days of July 2021, as per the ordinary management of the payments of wages and salaries.

Miscellaneous payables of Euro 41,924 thousand mainly include the payables due to corporate bodies, payables to project workers, payables to insurance companies, amounts due for collections to be repaid to partners and payables related to the fiscal consolidation to AlmagivA Technologies S.r.l.

Deferred income of Euro 16,389 thousand related to the economic components pertaining to future years.

30. REVENUE

Revenue from contracts with customers for each of the periods ended on June 30, 2021, and 2020 are reported in the following table:

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2021	2020
Revenues from sales and services	441,303	422,389
Revenues from sale of goods	6,062	7,763
Revenues from contract work in progress	4,059	1,615
Revenues from contracts with customers	451,424	431,767

The following is a breakdown of revenues deriving from contracts with customers based on the timing of recognition of the same for the 2018 financial year in which IFRS 15 was applied for the first time.

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EXPLANATORY NOTES (continued)

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2021	2020
<i>Type of goods or service</i>		
ICT Services rendered	312,510	263,999
CRM Services rendered	132,852	160,004
Goods transferred in Transportation business	6,062	7,763
Total revenue from contracts with customers	451,424	431,767

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

Revenues increased by Euro 19,657 thousand from Euro 431,767 thousand for the period ended June 30, 2020 to Euro 451,424 thousand for the period ended June 30, 2021.

Revenues from ordinary operations of the Group include the contractual revenues accrued from production recorded in the year, determined according to the percentage of completion method and revenues recorded in relation to the provision of services and sale of assets.

The table below shows a breakdown of revenues by Operating and reportable segments for the periods ended June 30, 2021, and 2020, Inter-segment elimination has not been considered and eliminated.

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2021	2020
IT Services	306,229	262,009
CRM Europe	41,350	45,384
CRM International	91,502	114,620
Almawave – New Technology	12,343	9,753
Revenues from contracts with customers	451,424	431,767

The revenues of the IT Services segment as at June 30, 2021 arose by Euro 306,229 thousand, with a growth equal to 16.9% compared to the previous year. This increase is due mainly to the growth in revenues, the increase in demand for services, with respect to customers of Transport, Welfare, International – UE Activities, Health, Treasury and Public Finance, Banking and Insurance business areas. This growth was partially offset by a reduction in revenues attributable to Ministries, Agriculture-Environment area and in other areas.

The revenues of the CRM Europe segment recorded a decrease of Euro 4,034 thousand (8,9 %) in the period ended as at June 30, 2021 compared to the previous period. The decrease mainly concerned the Telco, Transport and Utilities areas, partially offset by an increase in Government and Other areas.

The revenues of the CRM International segment recorded a decrease of Euro 23,118 thousand, 20.2% as at June 30, 2021 when compared to the previous period. The decrease is related to Telco/Media and Finance areas, partially offset by an increase in other areas.

The revenues of the Almawave-New Technology segment rose by Euro 2,590 thousand, 26,6% compared to the previous year. Intersegment revenues remained practically unchanged compared to the previous year. The rise is due primarily to the increase in revenues deriving from the sale of software technologies to customers in the Government, Transport and Other areas, partially offset by the fall in revenues from customers in the Telco/Media, Finance and Other areas.

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EXPLANATORY NOTES (continued)

AlmavivA Group revenues are mainly realised in Italy. Revenues produced abroad primarily regard Brazil and to a lesser extent, Tunisia and Colombia. For more details on the breakdown by geographical area, please refer to Note 5.

The fees for services to be provided at June 30, 2021, based on the contracts already acquired by the Group, amount to Euro 1,369.943 thousand, of which Euro 458,342 thousand to be absorbed within the current year and of which Euro 911,601 thousand to be absorbed beyond the current year.

31. OTHER INCOME

Other income for each of the periods ended June 30, 2021 and June 30, 2020 are reported in the following table:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2021	2020
Recovery of personnel costs	618	430
Recovery of costs of service provision	1,789	1,092
Recovery of costs of use of assets	11	24
Reversal of provisions	1,833	2,333
Other income	3,768	3,081
Operating grants	745	517
Reversal of over-accruals of trade payables	954	612
Other income	9,718	8,089

Other income are equal to Euro 9,718 thousand (Euro 8,089 thousand at June 30, 2020) and are mainly related to: (i) the absorption of other ordinary provisions for guarantees; (ii) to the recovery of personnel costs; (iii) to the recovery of costs of service provision (equal to respectively Euro 1,833 thousand, Euro 618 thousand, Euro 1,789 thousand) connected to personnel seconded to third parties and to the complex of activities and services rendered to third parties; (iv) to other proceeds for adjustments of items allocated in previous years.

32. COST OF RAW MATERIALS AND SERVICES

Cost of raw materials and services for each of the periods ended at June 30, 2021, and 2020 are reported in the following table:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2021	2020
Raw materials, consumables, supplies and goods	20,460	16,023
Costs for services	148,169	139,750
Costs of use of third party assets	2,562	3,101
Costs for services capitalised for assets created internally	(1,096)	(2,122)
Changes in inventories	(544)	(158)
Cost of raw materials and services	169,551	156,594

The item increased by Euro 12,957 thousand in the period. The increase is, generally speaking, attributable to the higher revenues in the IT Services segment, with a subsequent increase in the costs for services (Euro 22,332 thousand, from an

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EXPLANATORY NOTES (continued)

amount of Euro 117,558 thousand in 2020 to Euro 139,890 thousand in 2021), in the CRM Europe segment (in which the costs for services decrease by Euro- 2,246 thousand from Euro 10,684 thousand in 2020 to Euro 8,439 thousand in 2021), in Almwave-New Technology segment (increase in costs of Euro 1,166 thousand, up from Euro 5,411 thousand in 2020 to Euro 6,577 thousand in 2021) and in the CRM International segment (due to the decrease of the costs for services for Euro 9,658 thousand from Euro 32,080 thousand in 2020 to Euro 22,422 thousand in 2021). Other changes are related to intersectoral costs of Euro 1,363 thousand.

The table below shows, in more details, the disaggregation of costs of services for the periods:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2021	2020
Maintenance	18,693	14,101
Insurance	1,446	1,260
Consultancy and professional services	77,580	63,215
Advertising, promotion and entertainment	432	126
Telephone expenses	2,135	2,588
Travel and stays	709	1,182
Energy and fluids	3,498	4,370
Distribution and warehousing	1,344	2,576
Other costs for services	42,332	50,328
Costs for services	148,169	139,746

The item Other costs for services includes the operating expenses and various services such as corporate protection expenses, canteen expenses and meal vouchers for employees, legal and notary expenses, commissions and expenses for bank services, training course expenses, cleaning expenses and costs incurred on behalf of group companies that basically refer to charges for insurance policies and travel and transfer expenses.

The increase of the costs is correlated to the revenues increase.

33. PERSONNEL EXPENSES

Personnel expenses for each of the periods ended June 30, 2021 and 2020 are broken down as follows:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2021	2020
Salaries and wages	173,900	182,310
Social security contributions	34,357	34,151
Employee benefit expenses	7,996	8,587
Other costs	1,435	1,269
Agency work	2,005	1,498
Personnel expenses capitalised for assets created internally	(5,314)	(5,478)
Personnel expenses	214,379	222,358

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EXPLANATORY NOTES (continued)

Personnel expenses decreased by Euro 7,979 thousand, or 3.6%, from Euro 222,358 thousand in the period ended June 30, 2020 to Euro 214,379 thousand in the period ended June 30, 2021.

The average number of employees of companies included in the consolidation area, broken down by category, for each period ended June 30, 2021 and 2020 is as follows:

	At June 30, 2021	At June 30, 2020
Executives	258.8	252.7
Middle managers	926.7	880.0
White-collar employees	42,975.0	45,989.8
Total Group average employees	44,160.5	47,122.5
Agency workers	111.0	96.5
Total workforce	44,271.5	47,219.0

34. DEPRECIATION AND AMORTIZATION, PROFIT/(LOSS) FROM SALE OF ASSETS

Depreciation and amortization for each period ended June 30, 2021 and 2020 are broken down as follows:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2021	2020
Industrial patent and intellectual property rights	3,551	3,352
Concession, licence and trademarks	111	474
Other	3,936	3,016
Total Amortisation	7,598	6,841
Civil and industrial buildings	392	391
Industrial and commercial equipment	65	58
Plants and machinery owned	1,212	1,529
Other assets owned and leased	3,336	3,223
ROU Asset - Civil and industrial buildings IFRS16	4,555	7,097
ROU Asset - Other assets owned and leased IFRS16	558	530
Total Depreciation	10,118	12,828
Total Depreciation and Amortisation	17,716	19,670

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2021	2020
<i>Disposals of Intangible Assets</i>	1	(52)
<i>Disposals of Tangible Assets</i>	89	108
Total losses from sale on non-current assets	90	56

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EXPLANATORY NOTES (continued)

35. OTHER EXPENSES

Other operating expenses for each period ended June 30, 2021 and 2020 are broken down as follows:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2021	2020
Provisions for risks	2,129	1,671
Taxes and duties	118	166
Membership fees	370	356
Other expenses	2,645	1,795
Other operating expenses	5,387	4,421

Other operating expenses increased by Euro 966 thousand, or 21.9%, from Euro 4,421 thousand in the period ended on June 30, 2020 to Euro 5,387 thousand in the period ended on June 30, 2021. Net allocations to provisions for risks and charges were booked by the IT Services segment. Information on the provisions for risks and charges is provided in Note 22, to which the reader is referred. Other operating costs which include almost exclusively the economic effect recorded due to the settlement of previous receivables.

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

Financial income, Financial expenses and Exchange gains/(losses) for each of the periods ended June 30, 2021 and 2020 are reported below:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2021	2020
Financial income	297	436
Financial expenses	(13,541)	(13,272)
Exchange gains/(losses)	(105)	(858)
Financial expenses for leasing IFRS 16	(1,891)	(2,352)
Net financial result	(15,240)	(16,047)

As per the previous table, the result of financial income and expenses was negative Euro 16,047 thousand as at June 30, 2020, compared to a negative result of Euro 15,240 thousand as at June 30, 2021.

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

Gains/(losses) on equity investments and loss from investments accounted for using equity method was zero for each period ended June 30, 2020 and 2021.

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EXPLANATORY NOTES (continued)

<i>(in thousands of Euro)</i>	For the six months ended June	
	2021	2020
Other gains on equity investments	0	0
Share of losses from investments accounted for using equity method	(869)	0
Net result from equity investments	(869)	0

As shown in the previous table, the valuation with the equity method shows a negative balance of Euro 869 thousand as at June 30, 2021, compared to a number equal to 0 as at June 30, 2020. This is due to the negative effect of the valuation according to the equity method related to the investment in CCID-Almaviva Inform. Tech. Co. Ltd for Euro 871 thousand and due to the revaluation of the equity investment in TVEyes LT Srl for Euro 2 thousand.

38. INCOME TAXES

Income taxes for each of the periods ended June 30, 2021, and 2020 are broken down as follows:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2021	2020
Italian Companies		
<i>IRAP (Regional business tax)</i>	2,048	1,382
<i>IRES (Corporate income tax)</i>	6,704	5,604
<i>(Income) expenses from compliance with tax consolidation</i>	(432)	(914)
	8,320	6,072
Foreign companies		
<i>Other current taxes</i>	4,171	3,263
	4,171	3,263
Current Taxes	12,491	9,335
Italian Companies		
<i>IRAP (Regional business tax)</i>	(1)	137
<i>IRES (Corporate income tax)</i>	(8,899)	(560)
	(8,900)	(423)
Foreign companies		
<i>Other deferred taxes</i>	448	(7,725)
	448	(7,725)
Deferred taxes	(8,452)	(8,148)
Income taxes for the year - Non recurring portion	5	(249)
Total Income taxes	4,044	938

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

39. INCOME TAXES RECONCILIATION

Income taxes for each of the periods ended on June 30, 2020, and 2020 are broken down as follows:

<i>(in thousands of Euro)</i>	For the six months ended June 30,			
	2021		2020	
Income before taxes	38,091	100.0%	20,823	100.0%
Theoretical taxes (*)	9,142	24.0%	4,997	24.0%
Effective tax charge	4,044	10.6%	938	4.5%
differences between theoretical and effective tax charge	(5,098)	-13.4%	(4,059)	-19.5%
1) different foreign tax rates	1,273	3.3%	(1,290)	-6.2%
2) permanent differences:				
2a) IRAP and other italian regional taxes	2,048	5.4%	1,382	6.6%
2b) taxes of prior periods	5	0.0%	(249)	-1.2%
2c) tax credit R&D	0	0.0%	0	0.0%
2d) consolidation adjustments	98	0.3%	98	0.5%
2e) IAS 19	0	0.0%	0	0.0%
2f) other differences (**)	(8,522)	-22.4%	1,568	7.5%
Total differences	(5,098)	-13.4%	1,509	7.2%

(*) 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

40. GUARANTEES AND COMMITMENTS

The Group granted the following guarantees as at June 30, 2021:

- personal guarantees of Euro 219,627 thousand (Euro 218,697 thousand as at December 31, 2020), 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 13,044 thousand, guarantees recorded by Lombardia Gestione of Euro 89 thousand for the execution of the service agreement and AlmagivA Contact S.p.A. in the amount of Euro 11,741 thousand; Sadel S.p.A. in the amount of Euro 284 thousand.
- collateral given of Euro 88,385 thousand refers to 100% pledges of shares held by AlmagivA S.p.A. in AlmagivA Contact S.p.A. (Euro 3,000 thousand); Euro 67,771 thousand pledges on the shares held by AlmagivA S.p.A. in AlmagivA do Brasil Telemarketing Informatica S.A.; Euro 17,614 thousand pledges on the shares held by AlmagivA Contact S.p.A. in AlmagivA do Brasil. In order to guarantee the fulfilment of the secured credits, the following have been established: a pledge agreement on the Commercial Credits and intra-group items of AlmagivA SpA and any other credit that AlmagivA SpA owns towards AlmagivA Technologies; a pledge agreement on trade receivables

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and intragroup items of AlmovivA Contact S.p.A., of AlmovivA S.p.A. and AlmovivA do Brasil; a pledge agreement for some bank accounts of AlmovivA S.p.A, AlmovivA Contact S.p.A. and AlmovivA do Brasil. As a further guarantee of this loan, the shares held by AlmovivA Technologies S.r.l. have also been pledged. equal to 95.11% of the share capital in AlmovivA S.p.A.

Other guarantees, commitments and risks

These amounted to Euro 8,557 thousand (Euro 8,478 thousand as at December 31, 2020) and refer to third party assets held by AlmovivA S.p.A.

41. RISKS AND OTHER INFORMATION

Credit risk

The maximum theoretical exposure to credit risk for the AlmovivA Group as at June 30, 2020 is represented by the carrying amount of financial assets reported in the financial statements, in addition to the nominal value of guarantees given on the payables or commitments of third parties.

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

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

<i>(in thousands of Euro)</i>	At June 30, 2021	At December 31, 2020
- Amount falling due	318,086	308,966
- Past due	61,244	38,231
Trade receivables net of Bad debt provision	379,330	347,197

Liquidity risk

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

Exchange rate risk

Exposure to the risk of exchange rates changing derives from the company's transactions in Non-Euro currencies (mainly the Brazilian Real) and affects the consolidated financial statements (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 at June 30, 2021 were impacted by the worsening of the EUR / R \$ exchange rates.

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42. INFORMATION ON FAIR VALUE MEASUREMENT

There are no fair value valuations within the financial statements except for the information provided regarding the bond for which a type 1 fair value is used.

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 financial statements.

Contingent liabilities

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

Shown below are the main contingent liabilities as at June 30, 2021 not recorded in the financial statements owing to the absence of the necessary requirements set out in reference standard IAS 37.

AlmagivA S.p.A.

Aubay Research & Technologies S.p.A./Sogei S.p.A./AlmagivA S.p.A. (as the agent of RTI with Bit Media S.p.A.)

Aubay S.p.A. requested, upon suspension of effectiveness, the annulment of the communication of its exclusion from the open procedure for the assignment of the support service for usage of the ETL product "Informatica Power Centre. Call for Tenders E 901", announced by Sogei S.p.A. At the council chambers on October 14, 2009, Aubay S.p.A. asked for postponement of the precautionary claim in order to bring forth additional reasons against the final award which had taken place in the meantime. On November 20, 2009, Aubay S.p.A. notified RTI AlmagivA of the additional reasons. RTI AlmagivA completed the activities as required by the contract. The relative hearing date has not been set yet. The outcome of the risk assessment did not determine the need to record any provisions for risks.

Eustema S.p.A./FAPI-Fondo Formazione Piccole Medie Imprese/AlmagivA TSF S.p.A., currently AlmagivA S.p.A.

Eustema S.p.A. requested the annulment, upon suspension of effectiveness, of the call for tenders and the resolution of the Board of Directors of FAPI reached on November 9, 2010, in relation to the appointment of the Awarding Committee for the call for tenders initiated by FAPI, for the creation of a new IT system and the relative activities in support of the automation of the flows relating to funding for training. The Lazio Tar rejected the precautionary application. The relative hearing date has not been set yet. The outcome of the risk assessment did not determine the need to record any provisions for risks.

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

The RTI AlmagivA lodged an appeal at Lazio's TAR, for the jointly sentence of MATTIM, Consip and The Presidency of the Council of Ministers in order to pay the indemnity and other amounts due as of damage refund. This refund was requested due to the MATTIM's provision that revoked the tender for the concession of the Waste Traceability Control System (SISTRi), announced by Consip and assigned to RTI AlmagivA. With a sentence of 22 February 2021, the Lazio

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TAR partially accepted the appeal, ruling positively on the request for compensation. On March 31, 2021, the AlmagivA RTI lodged an appeal at the Council of State.

RTI AlmagivA S.p.A. (Agent of RTI con Engineering Ingegneria Informatica SpA/ Consip S.p.A./ RTI Leonardo Finmeccanica SpA (Agent of RTI con HPE Services Italia Srl, e-GEOS SpA, Green Aus SpA, ABACO SpA)/ Ministry of Agriculture and Forestry / Ministry of Economy and Finance / Agriculture Disbursement Agency / Anti-corruption National Authority.

RTI AlmagivA S.p.A lodged an appeal at Lazio's TAR requesting the cancellation, upon the adoption of precautionary measures, of the measures of announcing the final award in favour of RTI Leonardo related to Lot 3 of the split procedure race. This procedure was due to for the entrustment of the development and management services of the National Agricultural Information System (SIAN) for Agea. With a sentence of November 6, 2019, the Lazio's TAR accepted the appeal. With a sentence of 11 June 2020, the Council of State upheld the appeal of the RTI Leonardo. The AlmagivA RTI notified the appeal for revocation on 8 September 2020. On 4 March 2021, the hearing on the merits was held. With a sentence of 8 April 2021, the Council of State declared the appeal inadmissible.

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

RTI AlmagivA lodged an appeal at Lazio's TAR requesting the cancellation, upon the adoption of precautionary measures, of the exclusion measure of Engineering - and therefore of the RTI of which Engineering take part as Agent - from lot 2 of the open tender for the assignment of the development and management services of the National Agricultural Information System (SIAN) for Agea. Engineering Ingegneria Informatica S.p.A. lodged an independent appeal. The RTI Agriconsulting filed a cross appeal. With a sentence of July 1, 2021, Lazio's TAR rejected the appeals of the RTI AlmagivA and Engineering. The AlmagivA RTI has appealed.

RTI AlmagivA S.p.A. (Agent of RTI with Fastweb S.p.A. and Consorzio Reply Public Sector)/ Consip S.p.A./ Ministero dell'Istruzione/ Ministero dell'Università e della Ricerca/ Enterprise Services Italia S.r.l. (Agent of RTI with Leonardo S.p.A.)/ Engineering Ingegneria Informatica S.p.A. (Agent of RTI with Accenture S.p.A.)

The AlmagivA RTI appealed to the Lazio TAR for the cancellation, after the adoption of precautionary measures, of the tender documents for the assignment of support services, development and management of the education information system (SIDI) ID 1975 - lot 2 ("Gara MIUR") and of the awarding measure towards the RTI Enterprise. RTI Engineering also requested, with an independent appeal, the cancellation of the acts of the MIUR tender. With a provision of 9 November 2020, Consip canceled the MIUR tender. The RTI Enterprise requested, with an appeal before the Lazio TAR, the cancellation of the provision with which Consip canceled the MIUR tender. The hearing date was on March 31, 2021. With sentence of April 9, 2021, the Lazio TAR partially accepted the appeal of the RTI Enterprise, annulling the cancellation of the MIUR tender, rejected the appeal of the AlmagivA RTI and accepted the appeal of the RTI Engineering, canceling the awarding of the RTI Enterprise. The Lazio TAR consequently ordered the renewal of the MIUR tender starting from the phase of submission of offers by the competitors who were invited. On April 26, 2021, the RTI Enterprise lodged an appeal at the Council of State. The precautionary hearing in the council chamber was set for 10 June 2021. On 10 May 2021, Consip notified the compliance appeal for clarifications pursuant to art. 112, paragraph 5, c.p.a.. At the outcome of the hearing in the council chamber on July 14, 2021, the case was withheld for decision.

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

The SETI RTI lodged an appeal at the Campania TAR for the cancellation, after the adoption of precautionary measures, of the award provision in favor of the RTI AlmagivA of the tender for "the assignment of detailed design, supply, installation and management of a technologically advanced surveillance for the detection and recognition of people and

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vehicles in restricted areas of interest within the area known as "Terra dei Fuochi" - Action 2.1 - Video surveillance "adopted by SMA CAMPANIA SpA. At the hearing date on March 24, 2021, the Campania TAR rejected the suspension and set the hearing on the merits for May 26, 2021. The RTI SETI lodged an appeal on March 29, 2021 against the precautionary order of the Campania TAR. The Council of State has set the precautionary hearing in the council chamber for May 6, 2021. On April 23, 2021, the RTI SETI waived the precautionary judgment on appeal. The Council of State, by order of May 7, 2021, took note of the renunciation. The hearing date was held on May 26, 2021. With a sentence of July 12, 2021, the Campania's TAR rejected the appeal of the RTI SETI.

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

Engineering lodged an appeal at Sardegna 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, maintenance and re-engineering services of the architecture of the integrated Health Information System Regional (SISaR) and acquisition of the integration infrastructure SISaR 2.0 CIG 7686214073", adopted by the Autonomous Region of Sardinia. Sardegna TAR has set the hearing date for April 7, 2021. On April 2, 2021, Engineering waived the appeal.

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

The NTT DATA RTI lodged an appeal at Lazio TAR for the cancellation, after the adoption of precautionary measures, of the award provision in favor of the RTI AlmovivA of lot 1 of the tender for the acquisition of services relating to software production and maintenance in a Microsoft environment and PHP - ID 2225, adopted by Consip. With a sentence of 19 July 2021, the Lazio's TAR accepted the appeal of the RTI NTT DATA. The terms for the appeal are pending.

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

TLS lodge an appeal at Lazio TAR for the cancellation of the award provision in favor of AlmovivA of the tender for the outsourcing of services relating to the performance of activities auxiliary to the issuance of entry visas to Italy - CIG no. 84535787DB6, adopted by the Italian Embassy in Cairo. The hearing date was set for 29 September 2021.

AlmovivA S.p.A. + others/ Lloyd's Insurers (at the General Representative for Italy of Lloyd's)

AlmovivA S.p.A. and other companies of the Group, as insured, with a deed notified on 13 July 2016, asked the Court of Milan to order the Lloyd's Insurers to reimburse the expenses and legal costs of defense incurred in the context of an American dispute, as well as to compensation for damages. The Court rejected the plaintiff's claims with a sentence of 18 June 2020, against which AlmovivA S.p.A. and the other companies of the Group have appealed and, at present, believe - also on the basis of the assessments made by their defense board regarding the full traceability of the claim to a contractual right protected in the insurance policy - that they have valid arguments to be able to support their position, the instrumentality of the reserves and objections made by the insurance company and, as a consequence of this, to be able to subvert the outcome of the first instance sentence. At the outcome of the first hearing, scheduled for February 25, 2021, the Board postponed to the hearing of July 22, 2022 for the clarification of the conclusions. The outcome of the risk assessment did not determine the need to record risk provisions.

AlmovivA Contact S.p.A.

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

3G S.p.A. has requested annulment, upon suspension, of the ruling based on which Consip S.p.A. excluded it from the call for tenders for a "Framework Agreement with several operators based on which several specific tenders will be awarded, pursuant to Art. 2, par. 225 of Law no. 191/2009 for the provision of Contact Centre services." In its meeting in the council chambers of January 22, 2014, the TAR of Lazio rejected the application for an injunction. The relative hearing date has not been set yet. The outcome of the risk assessment did not determine the need to record any provisions for risks.

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Alicos S.p.A., currently AlmavivA Contact S.p.A./Alitalia Linee Aeree Italiane S.p.A. under E.A.

On November 14, 2008, Alicos S.p.A. applied for inclusion in proving a debt in bankruptcy with regard to Alitalia Linee Aeree Italiane S.p.A. under E.A., requesting recognition as a secured creditor for the call centre services it provided. Alicos S.p.A., admitted as an unsecured creditor, appealed in accordance with art. 111 bis of the Bankruptcy Law, then rejected. Against this decision of rejection, AlmavivA Contact S.p.A. filed an appeal, then rejected. With appeal in accordance with art. 98 of the Bankruptcy Law, AlmavivA Contact S.p.A. challenged the debt in bankruptcy. The appeal was rejected and AlmavivA Contact S.p.A. filed an appeal at the Court of Cassation. The Court dismissed the appeal by order, against which AlmavivA Contact S.p.A. has brought an appeal. Management, in consideration of the risk assessment conducted, saw fit to allocate a bad debt provision in relation to the ongoing dispute.

Alicos S.p.A., currently AlmavivA Contact S.p.A./Alitalia Servizi S.p.A. under E.A.

On January 19, 2009, Alicos S.p.A. applied for inclusion in proving a debt in bankruptcy with regard to Alitalia Servizi S.p.A. under E.A., requesting recognition as a preferential lender for the call centre services it provided. Alicos S.p.A., which had not been admitted as the Administrator considered its debt to have been paid in full, appealed pursuant to art. 111 bis of the Bankruptcy Law, then rejected. AlmavivA Contact S.p.A. filed an appeal against this rejection decision, later rejected. With appeal in accordance with art. 98 of the Bankruptcy Law, AlmavivA Contact S.p.A. challenged the debt in bankruptcy. The appeal was rejected and AlmavivA Contact S.p.A. filed an appeal at the Court of Cassation. Management, in consideration of the risk assessment conducted, saw fit to allocate a bad debt provision in relation to the ongoing dispute. The management, in consideration of the risk assessment carried out, considered appropriate to proceed with the allocation of a provision for bad debts related to the ongoing dispute.

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

Sogei S.p.A. request the conviction of AlmavivA Contact S.p.A. to the return of sums paid as consideration for some procurement contracts between parties for the supply of telephone Help Desk services in the years 1998-2002. AlmavivA Contact S.p.A. was formed in the judgment. The hearing for the possible admission of investigative means is set for November 3, 2021.

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

Alitalia in A.S. S.p.A. requested the ineffectiveness (with consequent obligation to return) of the payments made by the Alitalia 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), because carried out in "anomalous" ways and / or times. AlmavivA Contact S.p.A. was formed in the judgment. The hearing for the possible admission of investigative means is set for November 10, 2021.

AlmavivA Digitaltec S.r.l.

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. and Etna Hitech S.c.P.A.)/ Consip S.p.A./ AlmavivA Digitaltec S.r.l. (Principal of RTI with Consorzio Reply Public Sector mandataria 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. and Maggioli S.p.A.)

Telecom Italia S.p.A. (Agent of RTI with Deloitte Risk Advisory S.r.l., GPI S.p.A., Fincons S.p.A. and SIAV S.p.A.)/ Consip S.p.A./ AlmavivA Digitaltec S.r.l. (Principal of RTI with Consorzio Reply Public Sector principal 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. and Maggioli S.p.A.)

The RTI Exprivia and Telecom Italia, with independent appeals, lodged an appeal to the Lazio's TAR for the cancellation, upon the adoption of precautionary measures, of the award provision in favor, among other things, of the AlmavivA RTI of lot 3 of the "tender open procedure divided into n. 9 lots pursuant to Legislative Decree no. 50/2016 and subsequent amendments for the conclusion of a Framework Agreement pursuant to Legislative Decree no. 50/2015 concerning the assignment of application services from a cloud perspective and the assignment of PMO services for Public

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Administrations - ID 2212 ", adopted by Consip. The precautionary hearing in the council chamber was held on 23 June 2021. The hearing on the merits was set for 17 November 2021.

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. and Etna Hitech S.c.P.A.)/ Consip S.p.A./ AlmagivA Digitaltec S.r.l. (Principal of RTI with Maggioli S.p.A. mandataria e 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. and Consorzio Reply Public Sector)

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

The RTI Exprivia and Telecom Italia, with independent appeals, lodged an appeal to the Lazio's TAR for the cancellation, upon the adoption of precautionary measures, of the award provision in favor, among other things, of the AlmagivA RTI of lot 4 of the "tender open procedure divided into n. 9 lots pursuant to Legislative Decree no. 50/2016 and subsequent amendments for the conclusion of a Framework Agreement pursuant to Legislative Decree no. 50/2015 concerning the assignment of application services from 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 23 June 2021. The hearing on the merits was set for 17 November 2021.

Labour Disputes

During 2016, AlmagivA Contact started a collective dismissal procedure with a declaration of 2,511 redundant staff including no. 1,666 people working at the headquarters of Rome (1,063 full time equivalent positions) and 845 people working at the headquarters of Naples (560 full time equivalent positions). This procedure was concluded, at the Ministry of Economic Development, in the presence of the Ministry of Labour and Social Policy, on December 22, 2016, by signing a Statement of Agreement. This Agreement made provision, as regards the headquarters of Rome, for the company's right to proceed with the dismissal of surplus workers and, as regards the Naples headquarters, the continuation of meetings, following which, it was possible to stipulate an agreement which resulted in the revocation of the redundancy declaration for the Naples office.

In terms of individual disputes, the two phases foreseen by the so-called rite Fornero had a favorable outcome for the company in almost all of the judgments and involved a total of about 50 magistrates of the Roman court.

In the second instance, all five judicial panels that make up the Court of Appeal of Rome confirmed the favorable sentences of first instance and reformed the residual negative sentences issued by two magistrates of the Court of Rome. Part of the unsuccessful workers in the Court of Appeal lodged separate appeals in Court of Cassation. In all the pending proceedings, the company lodged a counter-appeal. In the first 6 months of 2021, hearings were held for discussion of more than half of the registered cases. The Attorney General at the Court of Cassation concluded for the rejection of all the appeals discussed (for inadmissibility and / or groundlessness).

On May 6, 2021, the sentences that rejected the appeals of over 680 workers were filed by the Court of Cassation, confirming the sentences of appeal.

The appeals still pending concern on the whole the same reasons already decided by the Court of Cassation.

44. TRANSACTIONS WITH RELATED PARTIES

The transactions carried out by the Group with related parties basically concern:

- a) 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 the close relatives of such persons;
- c) companies in which significant voting power is held, directly or indirectly, by any person described in (a) or (b) or over which such person is able to exercise significant influence. This case includes companies owned by the directors or major

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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 June 30, 2021" which is considered an integral part of these notes;

The amounts of commercial, other and financial relationships with related parties and the nature of the most significant transactions are indicated below.

Trade and other relations

Trade and other relations are analysed as follows:

(in thousands of Euro)	At June 30, 2021		For the six months ended June 30., 2021			
	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
<i>Relationships with the controlling company of AlmagivA S.p.A.</i>						
AlmagivA Technologies Srl	32,671	29,998	150	0	0	2
<i>Relationships with the controlling companies valued at equity method</i>						
Consorzio Hypertix	68	0	0	0	0	0
Sin Srl	15,408	167	0	0	21,794	382
TVEyes L.T.	5	0	0	0	0	8
AlmagivA CCID	119	0	0	0	0	0
Consorzio Namex	0	0	11	0	0	0
<i>Other</i>						
Elvit Consultoria e Participacoes LTDA	0	0	21	0	0	0
Totale	48,271	30,165	182	0	21,794	392

(in thousands of Euro)	At December 31, 2020		For the Year ended December 31, 2020			
	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
<i>Relationships with the controlling company of AlmagivA S.p.A.</i>						
AlmagivA Technologies Srl	32,348	23,560	300	0	10	2
<i>Relationships with the controlling companies valued at equity method</i>						
Consorzio Hypertix	68	0	0	0	0	0
Sin Srl	9,405	167	0	0	33,281	755
TVEyes L.T.	0	36	10	0	0	15
AlmagivA CCID	119	0	0	0	0	8
<i>Other</i>						
Elvit Consultoria e Participacoes LTDA	0	0	42	0	0	0
Totale	41,940	23,763	352	0	33,291	780

(in thousands of Euro)	At June 30, 2020		For the six months ended June 30., 2020			
	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
<i>Relationships with the controlling company of AlmagivA S.p.A.</i>						
AlmagivA Technologies Srl	28,441	13,180	75	0	0	1
<i>Relationships with the controlling companies valued at equity method</i>						
Consorzio Hypertix	68	0	0	0	0	0
Sin Srl	18,540	258	91	0	6,474	188
TVEyes L.T.	4	0	0	0	0	4
AlmagivA CCID	112	1	0	0	0	2
PT AlmagivA Indonesia Kontak	3	0	0	0	0	0
<i>Other</i>						
Elvit Consultoria e Participacoes LTDA	0	0	14	0	0	0
Totale	47,168	13,439	180	0	6,474	195

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

45. SUBSEQUENT EVENTS

- The use of smart working, which has affected most of the employees of Italian companies, is still ongoing.
- KLINE S.r.l. - ACQUISITION OF SHAREHOLDING

On July 20, 2021, Almaviva S.p.A. has subscribed of the share capital (approximately 70%) of Kline S.r.l., a company active in the sector of development and production of integrated software platforms, technological solutions and services for financial intermediaries.

The share was paid through the transfer of the business unit organized for the offer of outsourcing services and ICT solutions for institutions operating mainly in the banking and fiduciary sector.

The transfer of the business unit is effective from August 1, 2021.

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



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

**Review report on the interim condensed consolidated
financial statements as of June 30, 2021**

(Translation from the original Italian text)

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



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Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

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

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows and the related explanatory notes of Almaviva The Italian Innovation Company S.p.A. and its subsidiaries (the "Almaviva Group") as of June 30, 2021 and for the six months then ended. The Directors of Almaviva The Italian Innovation Company S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by Independent Auditor of the Entity". A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Almaviva Group as of June 30, 2021 and for the six months then ended are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Roma, August 5, 2021

EY S.p.A.
Signed by: Paolo Pambuffetti, Statutory Auditor

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

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