



2023 Q1  
Results Presentation

May 2023

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## Almaviva

Business Area	Core Business		
	IT Services	CRM International	New Technology
Brand			
LTM <sup>(1)</sup> Revenue (% of Total)	<p>€ 727 m 68%</p>	<p>€ 290 m 27%</p>	<p>€ 52 m 5%</p>
Countries			
Products & Services Offering	<ul style="list-style-type: none"> <li>Cloud Computing &amp; Consulting</li> <li>Digital Change</li> <li>Knowledge of Everything</li> <li>System Integration</li> <li>Cyber Security</li> <li>PIS solutions &amp; devices</li> <li>Virtual &amp; Augmented Reality</li> <li>Real Time CGI</li> </ul>	<ul style="list-style-type: none"> <li>In- and outbound services</li> <li>Multi-channel solutions</li> <li>Back-office document management</li> <li>Consulting and process reengineering</li> <li>Advanced analytics</li> <li>Process automation</li> </ul>	<ul style="list-style-type: none"> <li>AI Core Technologies</li> <li>Cognitive Cloud PaaS and Vertical AI applications</li> <li>Speech and text (&gt;35 languages)</li> <li>Conversational Platform</li> <li>Enterprise Knowledge Graphs and knowledge Management</li> <li>Open Data Analytics</li> </ul>
Business Areas	<ul style="list-style-type: none"> <li>Transportation</li> <li>Public administration</li> <li>Finance</li> <li>Utilities</li> <li>Industry</li> <li>Others</li> </ul>	<ul style="list-style-type: none"> <li>Telco &amp; Media</li> <li>Transportation</li> <li>Utilities</li> <li>Government</li> <li>Finance</li> <li>Others</li> </ul>	<ul style="list-style-type: none"> <li>Telco &amp; Media</li> <li>Automotive &amp; Transportation</li> <li>Government</li> <li>Finance</li> <li>Utilities &amp; Energy</li> <li>Healthcare &amp; Tourism</li> </ul>

Source: Company Information and financials.

<sup>(1)</sup> As of March 31<sup>st</sup>, 2023, excluding non core business and €18.6m of intragroup eliminations.

# Key Financial Highlights

## Q1 2023

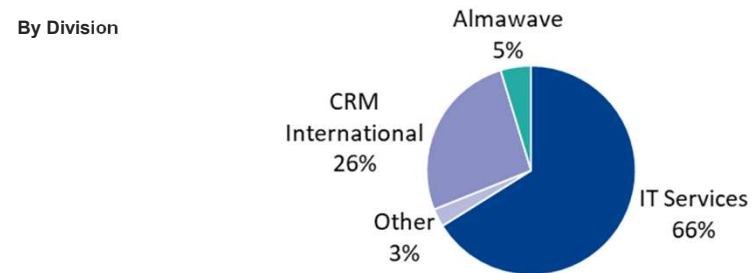
### Key Highlights

- Around €1.1b LTM Mar-2023 Group Revenue
- Group Revenue at €262.7m, better than Q1 2022 (+€11.0m, +4.4%)
- Group Reported Ebitda at €43.1m (+€3.4m vs Q1 2022 Ebitda; +8.6%)
- Adjusted Ebitda at €47.2m (+12.4% vs Q1 2022)
- Q1 2023 Ebitda margin at 16.4% (+64 bps vs Q1 2022)
- Capex<sup>(1)</sup> at €14.0m, increased vs Q1 2022 (€8.6m)
- Positive Net Result at €16.5m (+€1.2m vs Q1 2022, +8.1%)

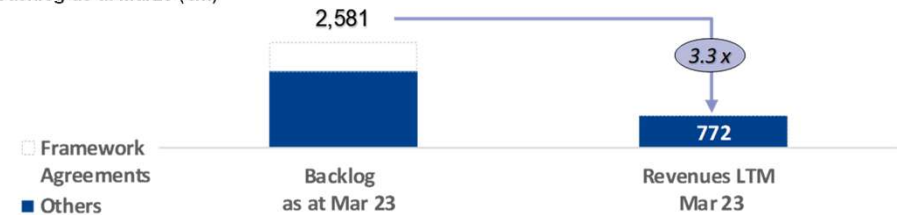
### Key Stats

- IT backlog covers 3.3x times the LTM Mar-23 IT Services and Almawave Revenue
- Continuous Revenue growth (CAGR 2020 - LTM Mar-23: 10.1%)
- Net Debt at €231.6m
- Leverage at 1.3x, 0.3x better than March 2022
- Outstanding cash position at €180.6m

### Q1 2023 Revenue Breakdown and Current Backlog

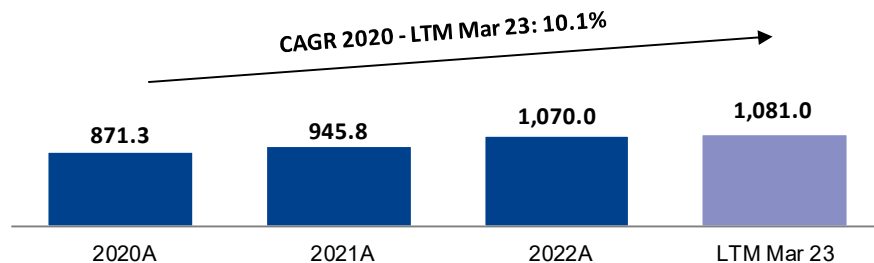


IT Services and Almawave Backlog as at Mar23 (€m)

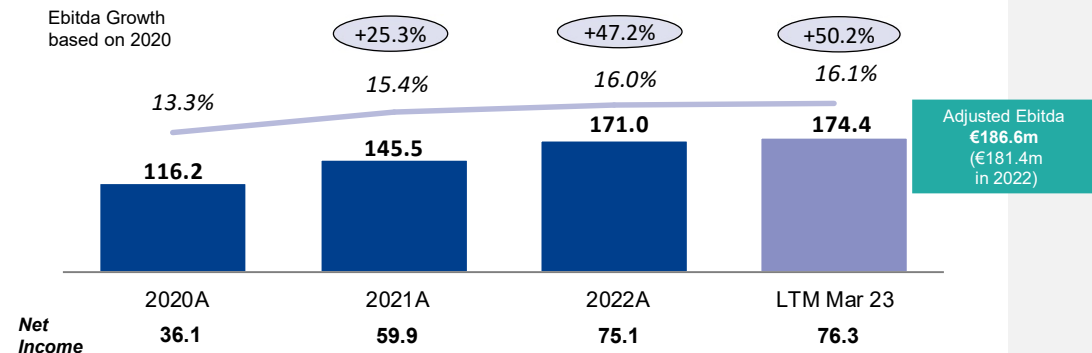


### Key Financials (€m)

#### Revenue



#### EBITDA and EBITDA Margin



<sup>(1)</sup> Capex do not include goodwill.

# Key Operating Performance Highlights

Q1 2023

## IT Services

- Around €5.0b new tenders in public administration already issued or awaited in 2023. The EU Recovery Fund is starting to positively impact the market
- Awarding by AGENAS (National Agency for Regional Health Services) of the National Telemedicine Platform tender (€99m Almaviva share, 10y). This tender, falling within PNRR, will be carried out in three main phases: a design and implementation phase; a launch and consolidation phase; a management phase, in which the Platform shall keep expanding its services in line with Digital Health developments
- Around €102m new contracts signed in Q1 2023 in the IT division, of which around 2% under the SPC framework agreements, 6% Transportation, 27% Finance, 63% PA and 2% other sectors
- Awarding of important tenders in Defense: System Management for the Ministry of Defense and the Italian Trade Agency (ICE) and development and application maintenance of SISlav for Arma dei Carabinieri
- Increase of consulting activities for the European Commission Budget Directorate-General through the awarding of an important contract (DIMOS VI) for the development, config, management and maintenance of the ERP systems (€42m Almaviva share, 4y)

- International expansion: launch of Almaviva USA Corp. (awarding of Washington Metro contract), in order to expand the offering (infrastructure digitalization, Maas and ticketing, smart energy management, on board and on field information and automation systems), given the opportunities arising from government large investments expected in the local market
- In the USA awarding of strategic contracts creating content platforms for the new Metaverse: we deliver Computer Generated Images produced and created in real time instead of using precalculated images on a corporate web site; the system is currently in production for all the build/price configurators for a major car maker in USA
- Expansion in EU: launch of Almaviva Finland and continuous expansion in UK in the transportation sector
- Expansion in Africa (Egypt – Cairo Metro – and Morocco) and in the Middle East (after Saudi Arabia, presence in the Arab Emirates with the opening of Dubai and Abu Dhabi sites)
- Intense M&A activities in order to finalize acquisitions focused on enhancing the offering and presence in some specific verticals (transportation, finance, healthcare and cybersecurity)

## Almawave

- Significant growth in Revenue (+40.9% vs Q1 2022) with increased percentage of direct revenues (87%) and in Ebitda (+37.6% vs Q1 2022)
- Increased contribution at consolidated level in terms of Revenues and margins (Revenues at €12.8m, 4.9% on Group total Revenues vs 3.6% in Q1 2022)
- Enhanced activities in Healthcare and Smart Territory, with developments on dedicated platforms, to benefit from the investments planned by the Italian Next Generation EU in these areas, considering that the Group has been awarded large multiyear framework agreements
- Inclusion of Almawave and The Data Appeal Company products and AI data platforms in the AgID Cloud Marketplace
- Almawave AI technologies have been chosen by the Italian Ministry of Tourism: Almawave has won the tender announced by the Ministry of Tourism for the provision of machine translation technologies based on Artificial Intelligence, as part of a PNRR project
- New ISO 27001 and SA 8000 certifications

# Key Operating Performance Highlights

Q1 2023

## CRM International

- Extraordinary growth in Revenues (€14.6€ or +25.7% at current currency) and margins (Ebitda +€2.5m or +29.2%) with marginality increasing from 15.3% to 15.7%, +42bps
- Q1 2023 result includes €1.0m one-off costs related to the closing of two CRC sites (Itu and Limeira), consistent with the rationalization process of the production
- Creation of a business development department focused on value-added projects
- In Q1 2023 the Company acquired several new clients in different sectors (retail, road transport and education) and implemented 10 new operations with current customers
- In Q1 2023 relevant intangibles investments in the digitalization and automation of customer service processes to generate operational efficiencies.
- Strategic investment plan for late collection, which contemplates the hiring of data science experts, digital marketing and the development of a new platform for credit collection and security package management

- Continuous efficiency program on G&A and indirect costs
- Ongoing M&A activity on non-Telco verticals
- In March 2023, inflation rate in Brazil reached 4.65% (accumulated in the last 12 months), the lowest since 2021, way below the rate registered in the Euro Zone (6.9%) and in the USA (5.6%)

## Other - Non Core Business

- CRM Europe, with Revenues representing around 1% at consolidated level in Q1 2023
- Workforce in constant reduction in Italy: 941 employees in March 2023 vs 7,906 in December 2015 (-6,965 employees, -88.1%) and vs 1,513 in December 2022 (-572 employees, -37.8%)
- In Q1 2023 62 voluntary layoffs

# Summary P&L

€m

€ million	YTD Dec 22	LTM Mar 22	LTM Mar 23	YTD Mar 22	YTD Mar 23
	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
<b>Revenues</b>	<b>1,070.0</b>	<b>970.3</b>	<b>1,081.0</b>	<b>251.7</b>	<b>262.7</b>
<i>% Growth</i>			11.4%		4.4%
<b>Total of Revenues and Other Income</b>	<b>1,095.0</b>	<b>999.6</b>	<b>1,106.8</b>	<b>257.3</b>	<b>269.2</b>
<i>% Growth</i>			10.7%		4.6%
<b>Operating Costs</b>	<b>(913.6)</b>	<b>(840.9)</b>	<b>(920.2)</b>	<b>(215.4)</b>	<b>(222.0)</b>
<i>% Revenues</i>	85.4%	86.7%	85.1%	85.6%	84.5%
<b>Adjusted EBITDA</b>	<b>181.4</b>	<b>158.8</b>	<b>186.6</b>	<b>42.0</b>	<b>47.2</b>
<i>% Margin</i>	17.0%	16.4%	17.3%	16.7%	18.0%
<b>Non-Recurring Items</b>	<b>(10.4)</b>	<b>(9.1)</b>	<b>(12.2)</b>	<b>(2.3)</b>	<b>(4.1)</b>
<i>% Revenues</i>	1.0%	0.9%	1.1%	0.9%	1.6%
<b>EBITDA</b>	<b>171.0</b>	<b>149.7</b>	<b>174.4</b>	<b>39.7</b>	<b>43.1</b>
<i>% Margin</i>	16.0%	15.4%	16.1%	15.8%	16.4%
<b>D&amp;A</b>	<b>(44.7)</b>	<b>(39.2)</b>	<b>(46.3)</b>	<b>(10.6)</b>	<b>(12.2)</b>
<i>% Revenues</i>	4.2%	4.0%	4.3%	4.2%	4.6%
<b>EBIT</b>	<b>126.3</b>	<b>109.4</b>	<b>128.2</b>	<b>29.1</b>	<b>30.9</b>
<i>% Margin</i>	11.8%	11.3%	11.9%	11.6%	11.8%
<b>Interest Expense</b>	<b>(29.3)</b>	<b>(32.9)</b>	<b>(29.1)</b>	<b>(6.9)</b>	<b>(6.7)</b>
<i>% Revenues</i>	2.7%	3.4%	2.7%	2.7%	2.5%
<b>EBT</b>	<b>97.1</b>	<b>76.5</b>	<b>99.1</b>	<b>22.2</b>	<b>24.2</b>
<i>% Margin</i>	9.1%	7.9%	9.2%	8.8%	9.2%
<b>Taxes</b>	<b>(22.0)</b>	<b>(14.7)</b>	<b>(22.7)</b>	<b>(7.0)</b>	<b>(7.7)</b>
<b>Group Net Income</b>	<b>75.1</b>	<b>61.8</b>	<b>76.3</b>	<b>15.3</b>	<b>16.5</b>

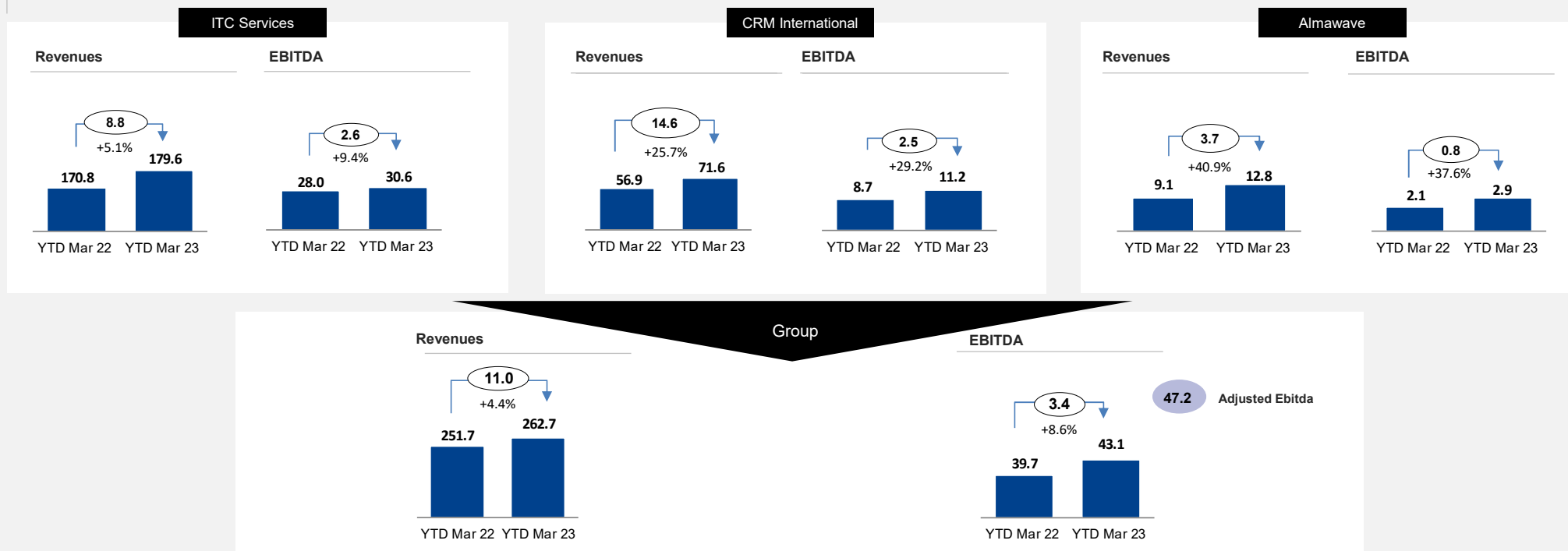
## Key comments

- Q1 2023 Revenues better than Q1 2022 (+€11.0m, +4.4%)
- Q1 2023 Ebitda increased by €3.4m, +8.6% vs Q1 2022
- Q1 2023 Ebitda includes €4.1m extraordinary costs related to provisions for personnel early retirement (*Quota 100*) in IT Services (€1.2m), stock grant (€0.2m) in IT Services and Almaxwave, rightsizing costs (€1.8m) in CRM Europe, sites reorganization in CRM International (€1.0m). Adjusted Ebitda at €47.2m (+12.4% vs Q1 2022)
- Q1 2023 Adjusted Ebitda margin increased by 128 bps (18.0% vs 16.7%)
- Q1 2023 Operating costs (% on Revenues) better than Q1 2022
- Q1 2023 EBIT increased vs Q1 2022 (€30.9m vs €29.1m, +6.3%)
- D&A, mainly related to investments in product development in IT Division and investments in Brazilian sites
- Q1 2023 EBT at €24.2m (+€2.0m, +9.0% vs Q1 2022)
- Interest expense slightly better than Q1 2022
- Taxes increase due to the increase in EBT
- Q1 2023 Net Income at €16.5m (+8.1% vs Q1 2022)

# Key Financials By Division

€m

## Mar-2023 Year To Date Performance



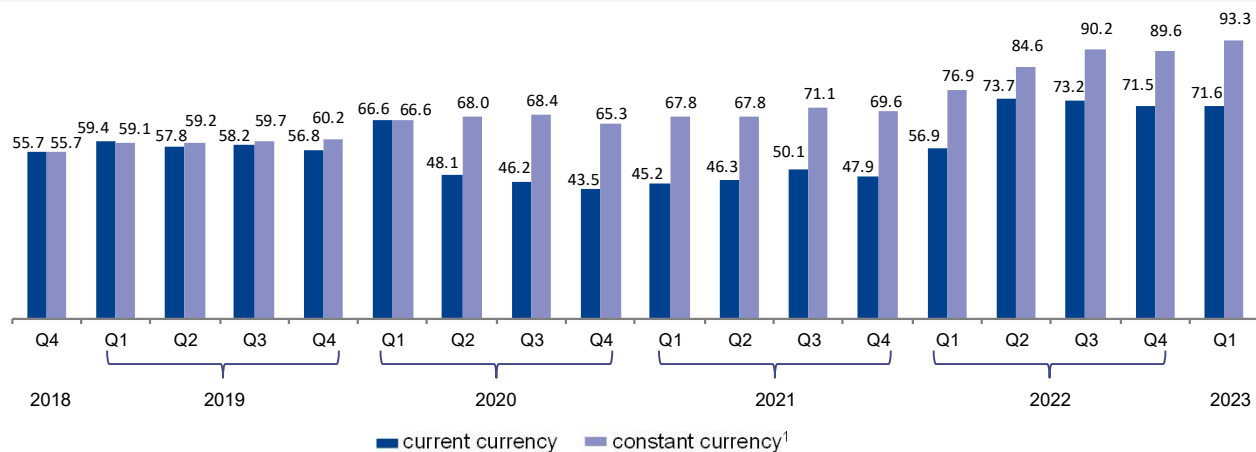
### Key comments

- In Q1 2023 growth in Group Revenues (+€11.0m, +4.4%) and Group Ebitda (+€3.4m, +8.6%) compared to Q1 2022, with higher marginality (16.4% vs 15.8%, +64 bps)
- IT Services keeps growing in Q1 2022 both in Revenues (+€8.8m, +5.1%) and Ebitda (+€2.6m, +9.4%) compared to Q1 2022
- CRM International significant increase in Revenues (+€14.6m, +25.7%) and Ebitda (+€2.5m, +29.2%) The acquisitions made and the launch of the activities on new clients are leading to a consistent Revenues and margin increase
- Almawave growth in Revenues (+€3.7m, +40.9% vs Q1 2022) and Ebitda (+€0.8m, +37.6% vs Q1 2022)
- Adjusted Ebitda at around €47.2m (+12.4% vs Q1 2022 Adjusted Ebitda)

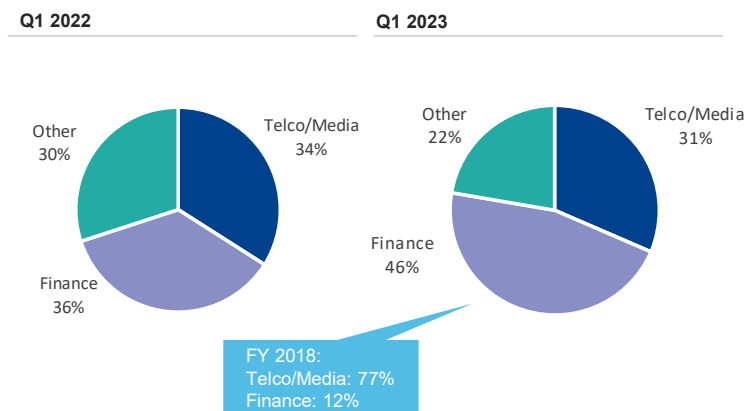


## Key Financials

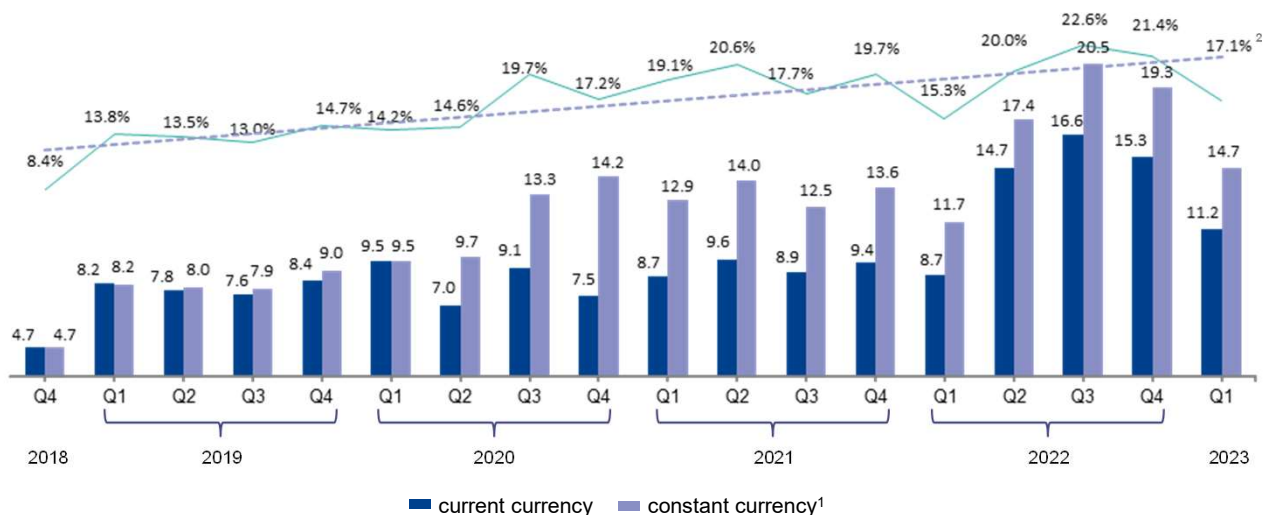
### Revenue (€m)



### Revenue Breakdown



### EBITDA (€m)



### Key comments

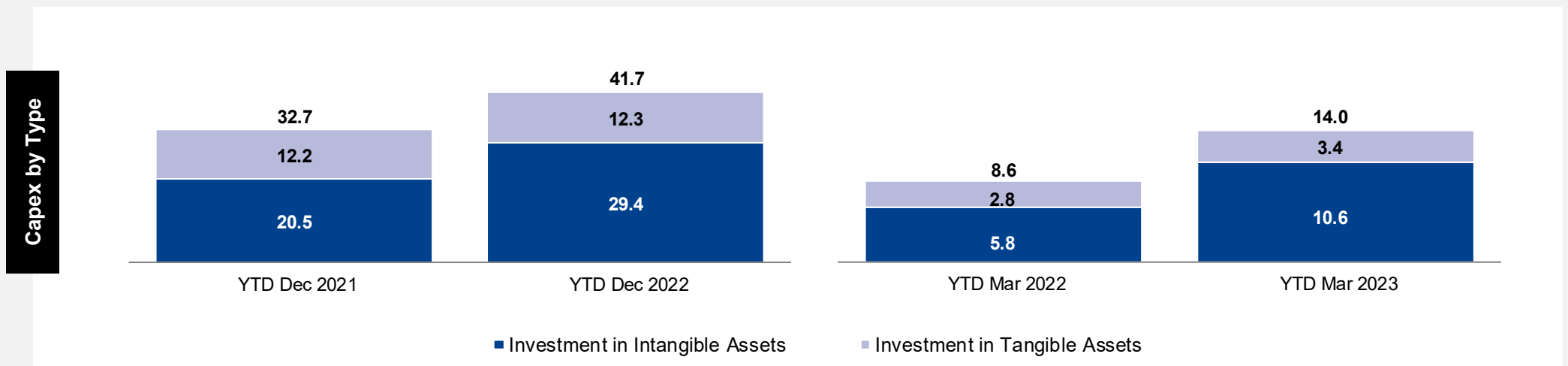
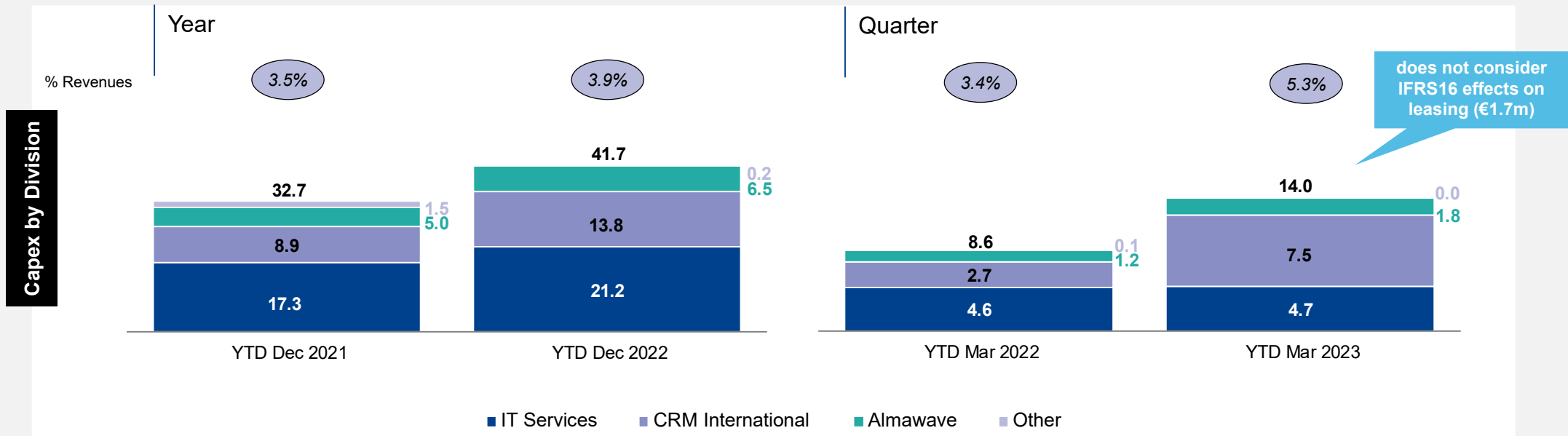
- Q1 2023 Ebitda better than Q1 2022 at current currency (+€14.6m, +25.7%), with optimization of revenue mix
- Since 2018, optimization on revenue allocation (telco/media from 77% to 31%)
- Confirmed positive trend in Ebitda margin
- Rationalization costs due to the closing of two sites (Itaú and Limeira)
- Customers and industries diversification: following the acquisition of Chain, in Q1 2021, completion of the acquisition of CRC, thus contributing to the Company's effort to further reduce the telco/media weight on the overall portfolio; telco-media 31% in Q1 2023 vs 34% in Q1 2022

<sup>(1)</sup> Constant currency Q4 2018.

<sup>(2)</sup> Adjusted margin, excluding the one-off costs related to the closing of the two sites as part of the rationalization process of the operations.

# Capex Overview

€m



Capex do not consider the adoption of the new accounting principle IFRS 16 that came into effect on 1<sup>st</sup> January 2019. Total value including IFRS 16 effect is €16.2m.

12M 2022 Capex do not include the goodwill of CRC, The Data Appeal Company, Tecna, and Sistemi Territoriali (~€38.5m). Q1 2023 Capex do not include the goodwill of Tecna (€0.4m).

# Summary Cash Flows

€m

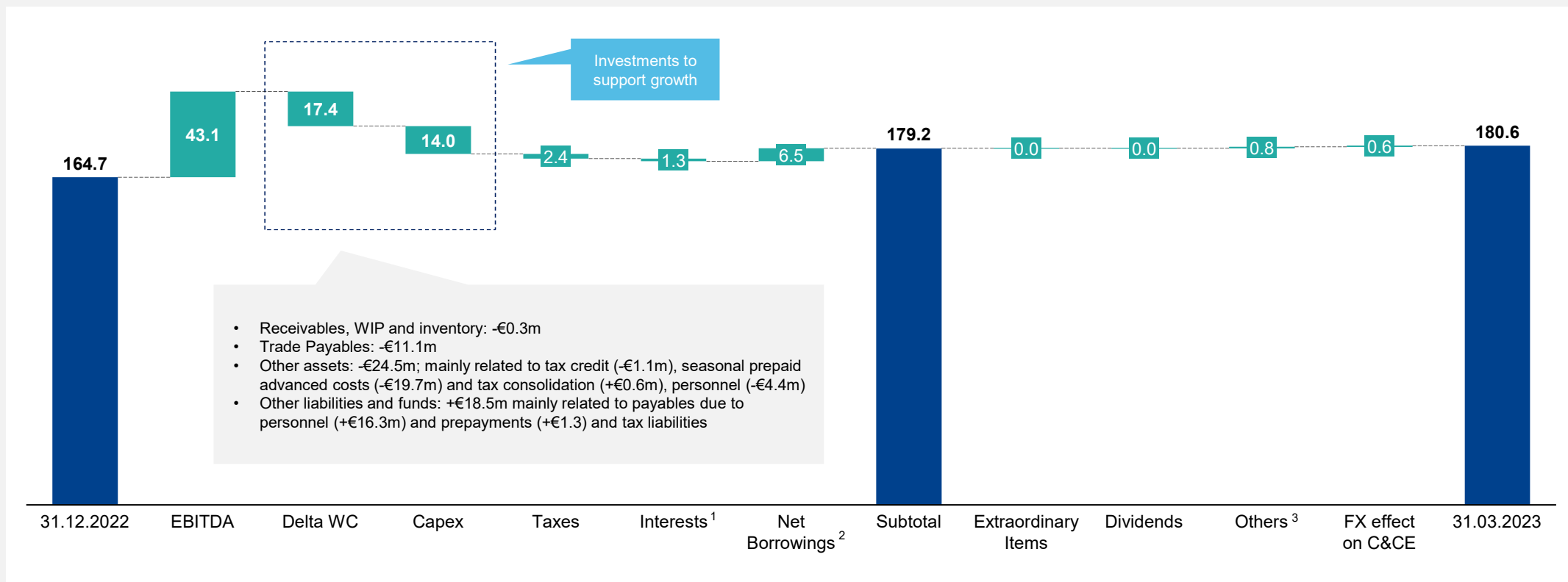
€ million	YTD Mar 22	YTD Mar 23		Key comments
<b>Adjusted EBITDA</b>	<b>42.0</b>	<b>47.2</b>		
<b>Capex</b>	<b>(8.6)</b>	<b>(14.0)</b>		
<b>(Increase) / Decrease in Normalised Working Capital</b>	<b>(14.9)</b>	<b>(17.4)</b>	+2.8 after VAT credits	<ul style="list-style-type: none"> <li>Q1 2023 Capex at €14.0m increasing vs Q1 2022 Capex at €8.6m; Q1 2023 Capex are mainly related to specific projects in IT, activities to integrate the acquired companies in LATAM and space rationalization connected to smart-working</li> </ul>
<b>Adjusted Operating Cash Flow</b>	<b>18.5</b>	<b>15.8</b>	+36.0 after VAT credits	<ul style="list-style-type: none"> <li>Change in working capital is mainly driven by receivables, WIP, social security, prepaid expenses, payables, taxes and VAT credits. Total VAT credits €20.2m</li> </ul>
<b>% Adjusted EBITDA</b>	<b>44.0%</b>	<b>33.4%</b>		
<b>Non-Recurring Items</b>	<b>(2.3)</b>	<b>(4.1)</b>		<ul style="list-style-type: none"> <li>Positive Free Cash Flow for Debt Service ante extraordinary Items</li> </ul>
<b>Taxes</b>	<b>(1.6)</b>	<b>(2.4)</b>		
<b>Free Cash Flow for Debt Service ante Dividend Payments and Other Items</b>	<b>14.5</b>	<b>9.2</b>	+29.4 after VAT credits	<ul style="list-style-type: none"> <li>Other Items in Q1 2022 include the acquisition of CRC; Q1 2023 reflects the dismissal of assets</li> </ul>
<b>Dividend Payments</b>	<b>-</b>	<b>-</b>		
<b>Other Items <sup>(1)</sup></b>	<b>(10.2)</b>	<b>0.8</b>		<ul style="list-style-type: none"> <li>Free Cash Flow for Debt Service better than Q1 2022</li> </ul>
<b>Free Cash Flow for Debt Service</b>	<b>4.3</b>	<b>10.0</b>	32.2 after VAT credits, iso dividend payments and excluding acquisitions	

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

# Cash Flow

Strong operative performance and outstanding cash position

## Cash Balance (€m)



### Key comments

- Strong operative performance with EBITDA increase (+11.0m, +4.4% at Group level vs Q1 2022)
- Impact on working capital due to overall growth (Receivables, VAT credits) and voluntary layoffs
- Cash & Cash Equivalents at €180.6m

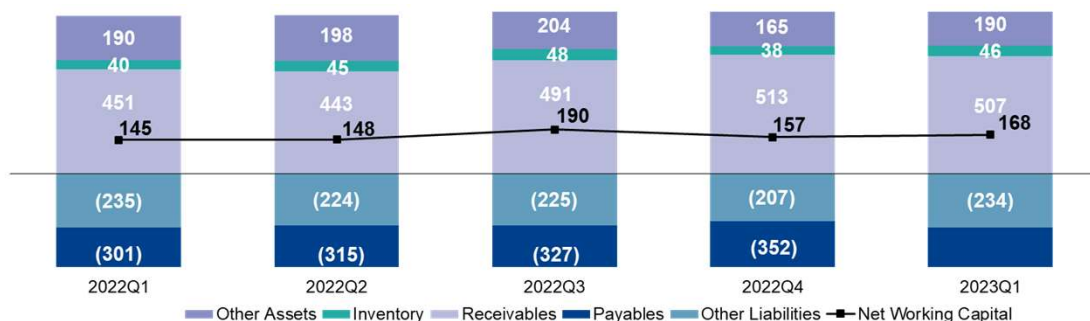
<sup>(1)(2)</sup> Include leases repayment.

<sup>(3)</sup> Includes the dismissal of assets and the goodwill of Tecna (€0.4m).

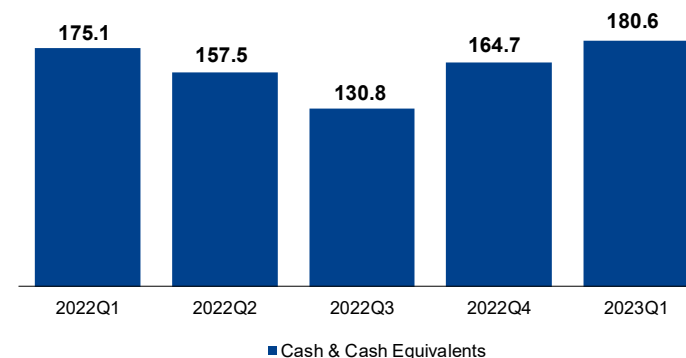
# Financial Highlights

Solid liquidity position with several undrawn resources available

## Working Capital (€m)



## Cash & Cash Equivalents (€m, current currency)

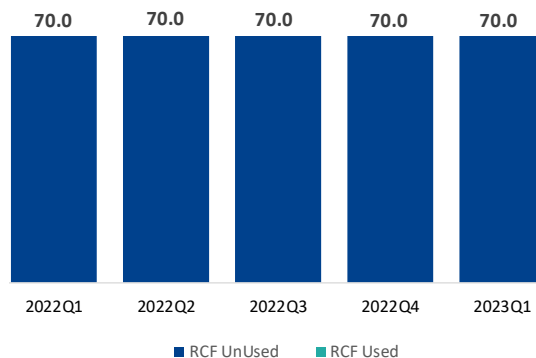


## Factoring without Recourse & RCF (€m)

### Factoring WO Recourse



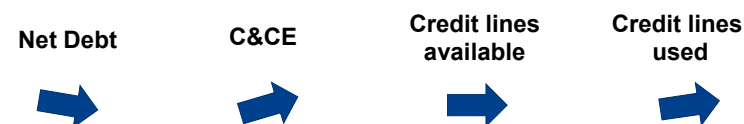
### RCF



## Net Debt (€m)

	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1
Net Debt	(246.4)	(258.4)	(291.2)	(233.6)	(231.6)
Delta vs Previous Q		(11.9)	(32.8)	57.5	2.0
Delta vs 2022Q1		(11.9)	(44.8)	12.8	14.8

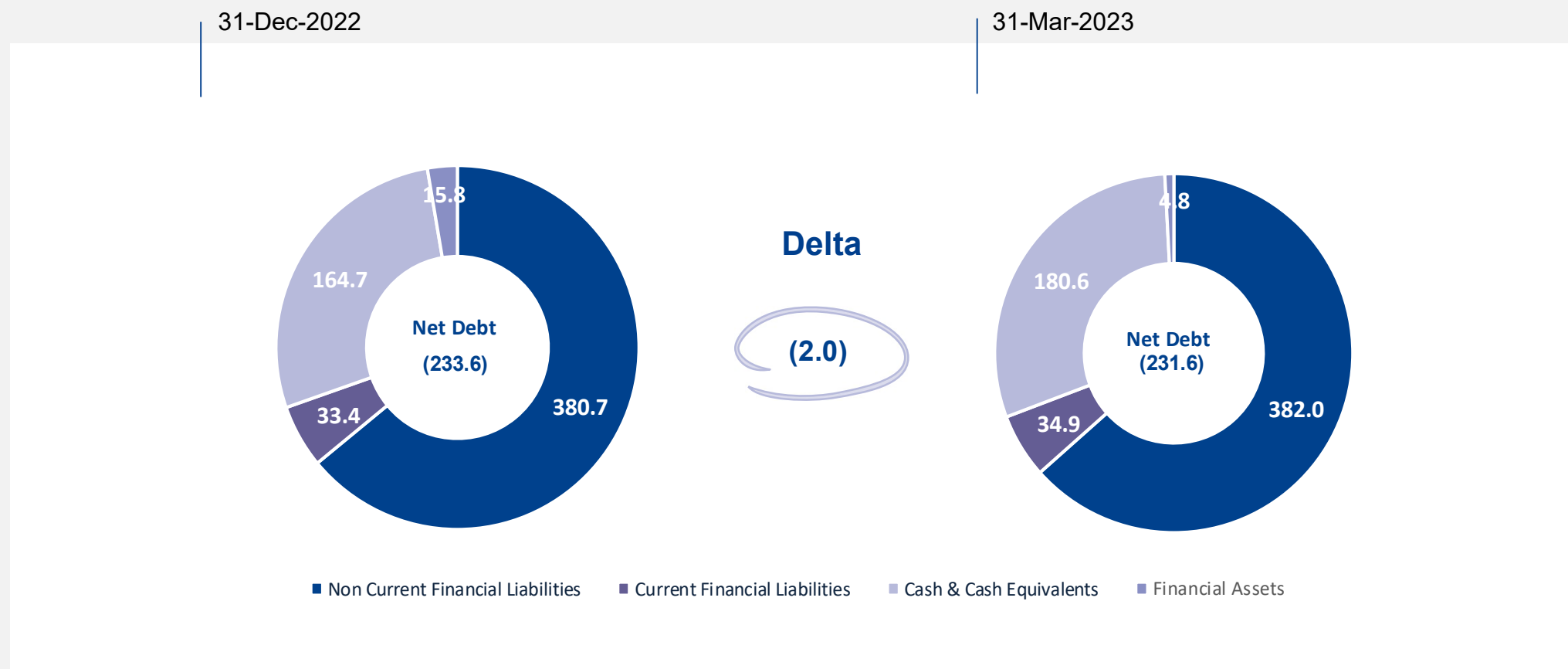
## QoQ comparison



# Financial Debt

Longstanding Improvement in Financial Metrics

(€m)



■ Non Current Financial Liabilities  
 ■ Current Financial Liabilities  
 ■ Cash & Cash Equivalents  
 ■ Financial Assets

- Outstanding Cash Balance position
- Reported Leverage at 1.3x
- Adjusted<sup>(1)</sup> Leverage at 1.2x

<sup>(1)</sup> Including Ebitda Adjustments and Adjusted Net Debt, considering the acquisition of The Data Appeal Company, Sistemi Territoriali and Tecnaui.

# Capitalisation Structure as at March 2023



## Credit Stats: improvement QoQ

€m	Amount	LTM Mar 23 EBITDA	Pricing	Maturity
Cash and cash equivalents	(180.6)			
Total current and non-current financial assets <sup>(1)</sup>	(4.8)			
<b>Senior Secured Notes</b>	<b>350.0</b>		<b>4.875%</b>	<b>Oct-2026</b>
Super Senior RCF (Drawn)	-			
Other financial liabilities <sup>(2)</sup>	66.9			
<b>Total Gross Debt</b>	<b>416.9</b>	<b>2.4x</b>		
<b>Total Net Debt</b>	<b>231.6</b>	<b>1.3x</b>		
<b>LTM Mar 23 EBITDA</b>		<b>174.4</b>		
Super Senior RCF (Undrawn)	70.0		E+250bps	May-2026

### Key Credit Stats based on reported financials

- Net Total Leverage: 1.3x
- Interest Coverage Ratio: 6.0x vs 4.8x as at March 2022
- No RCF drawdown
- In April, margin on RCF decreased from 275 bps to 250 bps due to Net Total Leverage improvement

<sup>(1)</sup> Include financial credits.

<sup>(2)</sup> Other financial liabilities include SIMEST participation, Government subsidized financings, accrued interests on coupon (€7.1m) to be paid in April 2023 and leasing.

# Q1 2023 Performance



## Final remarks

Strong market in all core business segments

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Outstanding Backlog: €2.6b; 3.3x LTM Mar-2023 Revenues

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Continuous awarding of main IT tenders in Italy, strengthening the presence in some specific verticals

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Excellent performance in all sectors

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Continuous expansion in International market with a compelling product and service offering

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Positive track record in M&A activity

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Continuous positive trend improvement in Leverage (1.2x) and Interest Coverage (6.4x) on adjusted basis

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Solid cash balance position

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