Gruppo Almaviva

Almaviva SpA and Subsidiaries Consolidated Financial Statements for the years ended December 31, 2023 and 2022

We are GROWTH

VIVA

40 ANNI

Board of Directors
March 19th, 2024

ALMAVIVA S.P.A. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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AlmavivA The Italian Innovation Company S.p.A.

Consolidated financial statements as of December 31, 2023

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

Translation from the original Italian text

Building a better working world

EY S.p.A.
Via Lombardia, 31
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Tel: +39 06 324751
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of AlmavivA Group (the Group), which comprise the consolidated statement of financial position as at December, 31 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.
We are independent of the AlmavivA The Italian Innovation Company S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

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

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

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

Report on compliance with other legal and regulatory requirements

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

The Directors of AlmavivA The Italian Innovation Company S.p.A. are responsible for the preparation of the Report on Operations[1] of AlmavivA Group as at December 31, 2023, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of AlmavivA Group as at December 31, 2023 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of AlmavivA Group as at December 31, 2023 and comply with the applicable laws and regulations.

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

Rome, March 20, 2024

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

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

[1] For the purpose of publication of the consolidated financial statements of AlmavivA Group as at December 31, 2023 and for the year ended in the "Notices" section of Luxembourg Stock Exchange and in the AlmavivA The Italian Innovation Company S.p.A.'s website, the Report on Operations has not been translated into the English language

AlmavivA The Italian Innovation Company S.p.A.

Consolidated financial statements as of December 31, 2022

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

Translation from the original Italian text

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In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
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- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
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Report on compliance with other legal and regulatory requirements

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

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In our opinion, the Report on Operations is consistent with the consolidated financial statements of AlmavivA Group as at December 31, 2022 and comply with the applicable laws and regulations.

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

Rome, March 16, 2023

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

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

[1] For the purpose of publication of the consolidated financial statements of AlmavivA Group as at December 31, 2022 and for the year ended in the "Notices" section of Luxembourg Stock Exchange and in the AlmavivA The Italian Innovation Company S.p.A.'s website, the Report on Operations has not been translated into the English language

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

(in thousands of Euro)	**Note**	**At December 31, 2023**	**Of which with related parties**	**At December 31, 2022**	**Of which with related parties**
Intangible assets	7	121,732		90,999	
Goodwill	7	87,153		76,470	
Property, plant and equipment	8	90,419		87,563	
Investments accounted for using the equity method	9	6,086		243	
Non-current financial assets	10	2,016		1,256	
Deferred tax assets	11	24,591		21,367	
Other non-current assets	12	2,190		1,091	
Total non-current assets		**334,187**		**278,989**	
Inventories	13	21,712		18,811	
Contract assets	14	28,694		19,064	
Trade receivables	15	522,067	32,866	513,487	183
Current financial assets	16	3,801		14,533	
Other current assets	17	180,717	27,877	142,041	24,495
Cash and cash equivalents	18	240,652		164,660	
Total current assets		**997,644**		**872,596**	
Total assets		**1,331,831**		**1,151,586**	
Share capital		154,899		154,899	
Share premium reserve		17,788		17,788	
Stock grant reserve		9,291		7,693	
Other reserves		(40,421)		(105,428)	
Profit/(loss) for the period		81,989		72,344	
Total group shareholders' equity		*223,546*		*147,296*	
Non-controlling interests		*35,878*		*31,566*	
Total shareholders' equity	19	**259,424**		**178,862**	
Non-current liabilities for employee benefits	20	39,285		39,672	
Non-current provisions	21	14,787		8,040	
Non-current financial liabilities	22	395,940		380,717	
Deferred tax liabilities	23	4,910		84	
Other non-current liabilities	24	987		635	
Total non-current liabilities		**455,909**		**429,148**	
Current provisions	21	7,078		4,933	
Trade payables	25	379,925	78	351,526	140
Current financial liabilities	26	20,661		33,374	
Current tax liabilities	27	33,088		31,890	
Other current liabilities	28	175,746	33,593	121,853	29,900
Total current liabilities		**616,497**		**543,576**	
Total liabilities		**1,072,407**		**972,724**	
Total equity and liabilities		**1,331,831**		**1,151,586**	

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

		For the twelve months ended December 31,			
(in thousands of Euro)	**Note**	**2023**	**Of which with related parties**	**2022**	**Of which with related parties**
Revenues from contracts with customers	29	1,156,115	42,016	1,070,017	0
Other Income	30	29,379	21	24,999	29
Total revenues and other income		**1,185,494**		**1,095,016**	
Cost of raw materials and services	31	(475,465)	(581)	(443,550)	(445)
Personnel expenses	32	(494,678)	(1,598)	(466,256)	(3,020)
Depreciation and amortization	33	(51,223)		(44,725)	
Profit/(Loss)from sale of non-current assets	33	660		45	
Other expenses	34	(25,064)		(14,186)	
Operating profit/(loss)		**139,724**		**126,343**	
Financial income	35	5,533		3,687	
Financial expenses	35	(34,569)		(32,479)	
Exchange gains/(losses)	35	(244)		(499)	
Profit/(loss) from investments accounted for using equity method	36	2		6	
Profit/(Loss) before taxes		**110,446**		**97,058**	
Income taxes	37	(23,707)		(21,957)	
Profit/(Loss) from continuing operations		**86,738**		**75,101**	
Profit/(Loss) for the period		**86,738**		**75,101**	
of which:					
Profit/(loss) pertaining to the group		*81,989*		*72,344*	
Profit/(loss) pertaining to non-controlling interests		*4,749*		*2,756*	
Earning (Loss) per share (EPS) basic and diluted:					
Basic, earning (loss) for the year attributable to ordinary equity holders of the parent		*€ 0.56*		*€ 0.48*	
Diluted, earning (loss) for the year attributable to ordinary equity holders of the parent		*€ 0.56*		*€ 0.48*	
Other components of comprehensive income:					
Exchange differences on translation of foreign operations	*19*	7,939		7,298	
Actuarial gains/(losses) on valuation of liabilities for employee benefits	*20*	(1,201)		1,307	
Comprehensive income/(loss) for the period		**93,477**		**83,706**	
of which:					
Comprehensive income/(loss) pertaining to the group		*88,674*		*80,842*	
Comprehensive income/(loss) pertaining to non-controlling interests		*4,803*		*2,864*	

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

Note 19

(in thousands of Euro)	Share capital	Share premium reserve	Legal reserve	Other reserve and profit (loss) carried forward					Total other reserve and profit (loss) carried forward	Profit/(loss) for the year	Total Group shareholders' equity	Other reserve and profit (loss) carried forward	Translation reserve	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
				Profit (loss) carried forward reserve	FTA Reserve	Stock Grant reserve	Actuarial gain (losses) reserve	Translation reserve								
Shareholders' Equity at January 1, 2023	**154,899**	**17,788**	**15,139**	**(83,733)**	**4,493**	**7,693**	**4,927**	**(46,257)**	**(112,877)**	**72,344**	**147,296**	**29,799**	**(991)**	**2,757**	**31,566**	**178,862**
Profit/(loss) for the year									**0**	**81,989**	**81,989**			**4,749**	**4,749**	**86,738**
Other movements pertaining Other comprehensive income							(1,201)	7,885	6,684		6,684		54		54	6,738
Comprehensive income/(loss) for the year	**0**	**0**	**0**	**0**	**0**	**0**	**(1,201)**	**7,885**	**6,684**	**81,989**	**88,673**	**0**	**54**	**4,749**	**4,803**	**93,476**
Allocation of prior year's profit/(loss)			3,965	68,379					68,379	(72,344)	0	2,757		(2,757)	0	0
Dividends paid				(11,913)					(11,913)		(11,913)	(333)			(333)	(12,246)
Changes in area and other movements				(2,109)					(2,109)		(2,109)	(158)			(158)	(2,267)
Stock Grant reserve						1,598			1,598		1,598				0	1,598
Shareholders' Equity at December 31, 2023	**154,899**	**17,788**	**19,104**	**(29,376)**	**4,493**	**9,291**	**3,726**	**(38,372)**	**(50,238)**	**81,989**	**223,546**	**32,065**	**(937)**	**4,749**	**35,878**	**259,424**

(in thousands of Euro)	Share capital	Share premium reserve	Legal reserve	Other reserve and profit (loss) carried forward					Total other reserve and profit (loss) carried forward	Profit/(loss) for the year	Total Group shareholders' equity	Other reserve and profit (loss) carried forward	Translation reserve	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
				Profit (loss) carried forward reserve	FTA Reserve	Stock Grant reserve	Actuarial gain (losses) reserve	Translation reserve								
Shareholders' Equity at January 01, 2022	**154,899**	**17,788**	**12,465**	**(121,503)**	**4,493**	**4,670**	**2,529**	**(53,448)**	**(163,259)**	**57,908**	**79,804**	**19,596**	**(1,098)**	**1,990**	**20,489**	**100,292**
Profit/(loss) for the year									**0**	**72,344**	**72,344**			**2,756**	**2,756**	**75,101**
Other movements pertaining Other comprehensive income							1,307	7,191	8,498		8,498		107		107	8,605
Comprehensive income/(loss) for the year	**0**	**0**	**0**	**0**	**0**	**0**	**1,307**	**7,191**	**8,498**	**72,344**	**80,842**	**0**	**107**	**2,756**	**2,863**	**83,706**
Allocation of prior year's profit/(loss)			2,674	55,234					55,234	(57,908)	0	1,990		(1,990)	0	0
Almawave increase in Equity due to M&A operations				7,682					7,682		7,682	4,535			4,535	12,217
Dividends paid				(25,000)					(25,000)		(25,000)				0	(25,000)
Changes in area and other movements				(146)		1	1,091		946		946	3,678			3,678	4,624
Stock Grant reserve						3,022			3,022		3,022				0	3,022
Shareholders' Equity at December 31, 2022	**154,899**	**17,788**	**15,139**	**(83,733)**	**4,493**	**7,693**	**4,927**	**(46,257)**	**(112,877)**	**72,344**	**147,295**	**29,799**	**(991)**	**2,757**	**31,566**	**178,862**

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

		For the twelve months ended December 31,	
(in thousands of Euro)	**Note**	**2023**	**2022**
Profit/(loss) for the period		**86,738**	**75,101**
Adjustments to reconcile profit before tax to net cash flows:			
Income Taxes	37	23,707	21,957
Financial income	35	(5,533)	(3,687)
Financial expenses	35	34,569	32,479
Exchange (gains)/losses	35	244	499
Depreciation, amortization and write-downs	33	51,269	44,720
Write-downs/(revaluations) of non-current financial assets and equity investments	36	(48)	(2)
Losses from sale of non-current assets	33	(660)	42
Interest received		5,532	3,460
Interest paid		(25,720)	(30,277)
Income taxes paid		(16,903)	(11,379)
Cash flows generated from operating activities before changes in working capital		*153,197*	*132,914*
Change in trade receivables excluding of the exchange rate effect and consolidation scope changes	15	4,267	(84,975)
Change in inventories excluding of the exchange rate effect and consolidation scope changes	13	819	(6,338)
Change in contract assets excluding of the exchange rate effect and consolidation scope changes	14	(9,630)	4,250
Change in trade payables excluding of the exchange rate effect and consolidation scope changes	25	21,135	75,701
Change in other assets excluding of the exchange rate effect and consolidation scope changes	12-17	(35,182)	4,487
Change in other liabilities excluding of the exchange rate effect and consolidation scope changes	24-28	26,994	(23,896)
Change in liabilities for employee benefits and provisions gross of exchange rate effect	20-21	4,411	(9,831)
Cash flows generated from operating activities changes in working capital		*12,815*	*(40,603)*
Cash-flow generated from/(absorbed by) operating activities (A)		**166,011**	**92,311**
Investments in property, plant and equipment	8	(11,279)	(12,307)
Investments in intangible assets	7	(38,720)	(29,441)
Acquisition of investments accounted for using the equity method	9	(1,844)	(18)
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity mehod	9	1,198	627
Acquisition of subsidiaries net of cash and cash equivalents	6	(10,072)	(19,239)
Change in non-current financial asset	10	(410)	2,459
Cash-flow generated from/(absorbed by) investing activities (B)		**(61,127)**	**(57,920)**
Dividens paid		(12,246)	(25,000)
Proceeds from borrowings	22	813	3,730
Repaymant of medium/long-term loans and non-current financial liabilities	22	(2,695)	(2,837)
Repayment of lease liabilities		(9,470)	(12,311)
Change in current and non - current financial liabilities	26	(18,029)	3,893
Change in current financial assets	16	10,731	(10,954)
Cash-flow generated from/(absorbed by) financing activities (C)		**(30,896)**	**(43,479)**
NET CASH FLOW BEFORE EXCHANGE RATE DIFFERENCES (A + B + C)		**73,988**	**(9,087)**
Effect of foreign exchange rates on cash and cash equivalents (D)		2,004	4,125
Cash flow of the year (A+B+C+D)		**75,992**	**(4,962)**
Opening cash and cash equivalents		164,660	169,622
Closing cash and cash equivalents		240,652	164,660

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES

1. GENERAL INFORMATION

AlmavivA The Italian Innovation Company S.p.A. (hereinafter "AlmavivA" or the "Company") is the parent company of one of the leading Italian groups in the Information & Communication Technology sector, which operates globally with an organisational structure incorporating approximately 44,649 employees and several offices around Italy and abroad.

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

The Consolidated financial statements of the Company and its subsidiaries (the "AlmavivA Group") are prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union and comprise the Consolidated statement of financial position as at December 31, 2023, the related Consolidated other comprehensive income statement, Consolidated statement of changes in shareholders' equity and Consolidated statement of cash flows for the years ended December 31, 2023, together with the related explanatory notes thereto (hereinafter collectively as the "Consolidated Financial Statements"), compared with December 31, 2022.

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

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

The Consolidated Financial Statements were approved by the Company's Board of Directors on March 19, 2024.

1.1. Macroeconomie and geopolitical uncertainty

Already in 2022 and during 2023, macroeconomic and geopolitical scenario has been characterized by a significant commodity price volatility, high inflation, rising interest rates and increasing energy prices, that have affected also the current economic environment. Despite this scenario, the growing demand on the new-technology market, have made it possible to confirm the strong resilience of the Group in its own reference sectors, as can be seen from the positivity of the results as at December 31, 2023. Therefore, management, 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. Therefore, there are not macroeconomic and geopolitical events and related subsequent events that are significant to the Group financial statements and, subsequently, there are not uncertainty associated with the measurement of assets and liabilities and any additional disclosures of those uncertainties and corresponding judgements applied are necessary.

2. BASIS OF PREPARATION

Standards

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

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

Contents of the consolidated financial statements

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

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

The accounting standards adopted for the draw up of the Consolidated Financial Statements comply with: (i) those used for the draw up of the consolidated financial statements as at December 31, 2022, except for the adoption of the new standards, amendments and interpretations in force from January 1st, 2023.

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

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

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

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

The Euro represents the functional currency of the parent company and subsidiaries, and that used for presenting the financial statements.
The following table indicates the exchange rates adopted:

Exact exchange rates

Amount of currency for 1 Euro

Country	Currency	ISO	December 31, 2023	December 31, 2022
Saudi Arabia	Riyal	SAR	4.1438	3.9998
Brazilian	Real	BRL	5.3618	5.6386
China	Yuan	CNY	7.8509	7.3582
Colombian	Peso	COP	4267.5200	5172.4700
Dominican Republic	Peso	DOP	64.1828	59.9444
Egypt	Lira	EGP	34.1589	26.3990
United Arab Emirates	Dirham	AED	4.0581	-
Europe	Leu	RON	4.9756	4.9495
Russia	Rublo	RUB	99.6225	74.3000
United States	Dollaro	USD	1.1050	1.0666
Tunisian	Dinaro	TND	3.3936	3.3221

Average exchange rates

Amount of currency for 1 Euro

Country	Currency	ISO	December 31, 2023	December 31, 2022
Saudi Arabia	Riyal	SAR	4.0548	3.9489
Brazilian	Real	BRL	5.401	5.4399
China	Yuan	CNY	7.66	7.0788
Colombian	Peso	COP	4675	4473.28
Dominican Republic	Peso	DOP	60.5374	57.9251
Egypt	Lira	EGP	33.1581	20.1636
United Arab Emirates	Dirham	AED	3.971	-
Europe	Leu	RON	4.9467	4.9313
Russia	Rublo	RUB	99.6225	74.3
United States	Dollaro	USD	1.0813	1.053
Tunisian	Dinaro	TND	3.3556	3.2509

2.1 Going Concern

During the 2023, AlmavivA Group consolidated the growth trends in revenues achieved in previous periods (reaching Euro 1,156 million, increased Euro 86.1 million compared to the previous year). The result as of December 31, 2023, shows a consolidated operating profit growing compared to the previous year and equal to Euro 139,724 thousand (increased Euro 13,381 thousand compared to December 31, 2022). At the level of Net Profit there is a positive result of Euro 86,738 thousand.

As for the conflict situation between Russia and Ukraine, it’s confirmed as the Group has not identified any significant impacts until now. From 2022, AlmavivA carries out, on behalf of the Ministry of Foreign Affairs and the Italian Embassy, through the subsidiary AlmavivA Russia LLC, part of the activities related to the provision of visas for entry into Italy. At present day, there are no signs of issues related to these activities carried out; continuity in the services provided is also expected for 2024.

Regarding the situation of conflict in the Middle East area, there are currently no significant exposures to the affected markets and there are no issues about relationships with suppliers involved in the supply chains. The current crisis could, however, help to emphasize the effects related to the increase in costs of energy and raw materials, as well as rising interest rates on debt. Management verifies the evolution of the situation, sanctions, and restrictions on a daily basis.

In the IT sector, in line with the recovery of the economy, the digital market is showing a progressive growth (+2.8% in 2023, +3.8% in 2024, in Italy) and even more sustained growth in 2025 and 2026 is expected, qualifying itself centrally in the country's relaunch strategies, both through public investments and investments by large companies.

Many projects related to the funds and resources put in place by the National Recovery and Resilience Plan (PNRR) will also have a positive impact. The PA sector represents one of the main players in the digital market, both in terms of the size of spending and the growth dynamics that characterize it. With the PNRR, further emphasis has been placed on the digitalization of the PA, as support to the growth of the country and for overcoming the gap that Italy has accumulated in digital compared to other member states of the European Union. Currently, the largest market segment is that relating to the Central Public Administration. In fact, investments by large central administrations, such as the Ministry of Economy and Finance and the Ministry of Justice, as well as by the main public bodies such as INPS and INAIL, take on considerable importance.

In particular, it should be noted that within the Next Generation EU, the PNRR foresee investments for a total of Euro 222.1 billion, of which approximately Euro 100 billion to support the digitalization and innovation of businesses and the production system, the strengthening and technological evolution of the health business area and for sustainable mobility infrastructures. These three business areas constitute core areas of know-how for the AlmavivA Group and constitute a great opportunity to collaborate in the growth of the country.

What will also decisively drive digital spending will be the awareness of the strategic role that digital investments have taken on for companies in all sectors; within a complex context marked by uncertainties, private companies and central and local public administrations are however aware of the potential that technologies play in driving a solid economic recovery. In fact, it is expected that in 2024 overall spending on digital products, solutions and services in Italy will exceed Euro 82.2 billion, up 3.8% compared to the previous year, marking a clear increase (source Anitec-Assinform, forecasts 2023- 2026, January 2024).

Digital Enablers are continuing to grow at rates above the market average; among these, the highest growth forecast is expected for AI and Cognitive computing, blockchain, IoT, cloud computing and cybersecurity. In this situation, AlmavivA has prepared itself to play a primary role especially on Digital Health, Cybersecurity, Environment & Sustainability and Culture and Tourism sector, improving the development and enhance of the most innovative technological solutions, providing its customers with better tools and solutions.

On Public Administration (PA) sector, 2023 was characterized by the development of revenues in the areas relating to the Central and Local Public Administration (PA) thanks also to the opportunities connected to the PNRR in all the referring sectors. Moreover, in addition to the contribution deriving from last activities connected to the L3 and L4 SPC contract and the production accrued on contracts acquired in the Social Security, Defense (where the activities relating to the National VTS-Vessel Traffic Service deserve a mention) and Telemedicina sectors. Further development of production in the Public Administration sector is expected for 2024, in line with the framework contracts and tenders awarded, in particular on the lines linked to the areas of Healthcare, Welfare, Defence, Water Management, Tourism, Local and Central PA. Development activities will be completed on the contract relating to the PNT platform and the operation phase will begin.

At "practice" level, consolidation of the Cybersecurity business area will also continue. Established in 2023, in addition to covering part of the activities related to the concession for the design, implementation and management of the NTP, it focuses on the development of the market and in maximizing the opportunities deriving from the award of the AQ Consip "Remote Security" for the supply of security services for the Central Public Administrations and in general from the relevant Framework Agreements.

In line with the expected growth on specific business, on July 27, 2023, the double acquisition by AlmavivA S.p.A. of (i) the companies B. M. Tecnologie Industriali, an instrumental engineering company supporting water utilities, and (ii) 2f Water Venture, a company that in the Integrated Water Service (SII) sector creates innovative solutions for identifying leaks in water networks, was finalized. The transaction provides for the transfer to the Almaviva Group of 60% of B. M. Tecnologie Industriali and 60% of 2f Water Venture.

The highlighted acquisition combines the consolidation of the *value proposition* in the world of water utilities, with the completion of the value chain and with an offer of end-to-end solutions with full control of the entire supply chain, and with the affirmation of the Almaviva Group as market leader in the management of a critical asset in the country system and in the active construction of a more sustainable future, pursuant to ESG parameters.

All phases relating to the management of water resources are now completely supervised by the Group companies, through Almaviva's Giotto Integrated Water Care Solution platform and Almawave's Smart Water Management platform, the Tecnau and Sister solutions, which have already entered the Almaviva perimeter last year, and those of the two newly acquired companies.

As regard the Finance sector, the improvement process of Group positioning continues, started in 2022 with an improvement of AlmavivA business area specialized in the banking sector through the transfer of the business unit into ReActive S.r.l. and the acquisition of the company Kline S.r.l. specialized in application platforms for Front-to-Back operations of the entire Wealth Management, SIM, SGR and Private Banking sector.

The reference market confirms strong growth in all three of ReActive's focus industries (banking, insurance and wealth management), with strong attention from the financial services world to digitization and important investments expected on the digital transformation front.
In this market environment, ReActive, as part of its commercial diversification strategy, is proceeding with the development of the first projects, negotiations and discussions with new important banking customers and with the main large banks in its pipeline. To support this growth, an activity is underway to reorganize and upgrade the delivery and commercial structures.

The savings management and consultancy sector (wealth management) represent an investment priority for all operators in the sector; in this context, the subsidiary Kline is finalizing the release of the first component of the new platform, AntaVision, for the management of SIM, SGR and Private Bank processes.

As regards the Transportation sector, the market continues to grow at a global level, supported by innovation linked to intelligent technologies and platforms that exploit the IoT to enable the adoption of new mobility paradigms, improve the security and resilience of infrastructures, and optimize operational efficiency. In this context, we highlight important worldwide investments in the ESG field and, on a national market basis, opportunities linked to the PNRR.

As regards the supply of outsourced activities to the Ferrovie dello Stato Group (FSI), during 2023, transition activities following the award to Almaviva (in joint venture with other important players) of Tender 1, 2 and 5 have been completed; with the start of the new contracts, an increase in "on demand" activities is expected in 2024.

As regards local markets, commercial, partnership actions and investments continue to use the advantages of the opportunities offered by the PNRR and the Complementary Funds. AlmavivA's offer in transport allows us to give effective responses to the problems that Public Institutions address in the Smart Cities, Smart Mobility and Critical Infrastructure Monitoring areas (showing however difficulties in having adequate contractual instruments).

In 2023 the Group strengthened its presence on international markets, both through strategic partnerships and with the consolidation of its presence and the operational structure of its foreign subsidiaries (in this context of international growth, the establishment of ALMAVIVA USA CORP. and ALMAVIVA EAU LIMITED subsidiaries is highlighted). Significant growth in volumes is expected in 2024, in line with the strategic development plan. In 2024 operational releases (first prototype carriages) on WMATA project on the Washington metro will continue and negotiations for the awarding of contracts in both the USA and Canada are ongoing. This development is also supported by an improvement of the commercial structure that at the moment is composed by direct and indirect controls on the regions of greatest interest (north-east Europe, Middle East, Brazil, USA).

The strategy of continuous evolution of the MOOVA integrated platform (in 2024 investments of around €5.0 million are expected) and the financing of innovation projects. At the moment, AlmavivA mobility systems and Passenger Information System solutions are present in Finland, Saudi Arabia, Switzerland, United States, but also in Qatar, United Arab Emirates, Egypt, Oman, Bahrain.

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

In 2023 continued the improvement of activities related to entry visas.
Further expansion of activities is planned for 2024, with the start of new entry visas services in collaboration with italian embassy in Saudi Arabia and with participation to other tenders proposed by the Ministry of Foreign Affairs. At the date, Almaviva is the third operator in the visas outsourcing market for Italy.

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.

Also in 2024, the Group will be able to receive benefit from the potential positive effects of the new Italian pension regulations, which could lead (as 2023) to an acceleration of the remix of resources in the production area with consequent professional optimization. We also highlight the possible productivity benefits associated with Union agreements on supplementary benefits signed in December 2022 on welfare and variable performance bonuses.

As regard AlmavivA Contact and AlmavivA Services subsidiaries, the 2023 shows a decrease in terms of revenues compared to the same period of the previous years (less 86%). The decrease in terms of costs (-63% compared to the same period of the previous year) made it possible to nearly offset the decrease in terms of revenues. It is highlighted the risk provisions for a new redundancy plan for January 2024, defined in agreement with the trade unions, and for the release of the Milan office.

According to part of the framework agreement signed on December 19, 2023, at the Ministry of Business and Made in Italy and in the presence of the Ministry of Labor and Social Policies, local representatives, ANPAL Servizi and the Trade Unions:

- The commitment of Almaviva Contact and the trade unions to sign an agreement for access to the Redundancy Fund for termination for the entire company population with the exception of the Market Research sector;
- The commitment of ANPAL Servizi and the Regions in supporting with program of relocation and possible adjustment of the skills of workers Almaviva Contact with every useful initiative.

Focusing on Market Research activities is expected in 2024; furthermore, the possibility of making Almaviva Contact, due to business affinity, a holding company for visas activities is being evaluated, consolidating what is currently carried out at Almaviva Group level; these activities are in strong development and with adequate levels of margins.

Budget 2024 still shows a transitory situation, the effects of which deriving from the optimizations undertaken will be more evident during 2025.

The Brazilian macroeconomic scenario has been more resilient to inflation dynamics than Italian and European scenario. The EUR/BRL exchange rate, in 2023, have had an average value equal to 5.40 EUR/BRL, with a less variable trend compared to 2022; during the 2024, a flat trend of the exchange rate is expected, with an average value about 5.5 EUR/BRL.

Inflation (HICP) should remain at flat levels. The 2023 recorded an average inflation of 4.6%, with a decreasing trend to 4.0% confirmed also for 2024 from analysts' estimates. The Selic, the interest rate for the interbank market, is now at 11.25% per annum. This rate has seen a decrease of 2.0 pp in 2023 from 13.75% to 11.75%, with an adding decrease in February 2024. Regarding 2024 a decrease of 2.5 pp is expected, with a value of 9.00% for the end of the year.

Brazil, more than other markets in which the Group is present, continue to be in a phase of consolidation and restructuring of the companies operating in the BPO-call center sector. In this scenario, further opportunities open up for AlmavivA, which boasts a solid financial base, careful and punctual cost control and an effective operating process and a consolidated knowledge of the country and the reference market and, last but not least, an increasingly growing use of digital, through the use of proprietary technologies.

In this context AlmavivA do Brasil, continuing with the process started with the acquisition made during 2020 and 2022, aims to improve its position into the reference market and to optimize the customer base, increasing the level of diversification.

Therefore, the evolution of the DRM International segment, according to the guideline defined by objectives, during the 2023 shows a growth in terms of revenues equal to 9.2% (also due to the consolidation of CRC - CENTRAL de RECUP. de CREDITOS, acquired in March 2022), based on the diversification of the customers (acquisition of new customers in the finance, multiservice, industry, utilities sectors) and on a focus on market sectors characterized by higher specialization, higher margins and on continuous investments on technology. The 2024 financial year is expected to be consistent with the same commercial development and operational efficiency guidelines.

The legal benefits relating to the LEI BRASIL MAIOR have been extended until December 2024, a rule that allows a lower contribution burden on labor costs.

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

As regards Almawave – New Technology segment, in 2023 show a growth in terms of revenues of +19.8% (Euro 57.5 million as at December 31, 2023) and an operating result of Euro 8.8 million (+37.8%, also due to the consolidation of the results of the two subsidiaries acquired in April and May 2022).

On December 21, 2023, Almawave completed, through its subsidiary The Data Appeal Company, the acquisition of 70% of the share capital of Mabrian Technologies, a Spanish company specialized in the development and implementation of Travel and Destination Intelligence solutions and focused on innovative data analytics and decision intelligence solutions. The transaction was financed entirely through the use of resources from the Almawave Group.

In terms of technologies and supply, the Group intends to continue its growth path, continuing to invest, with ever greater determination, in artificial intelligence and in the development of proprietary technology.

The increase and strengthening of its solutions useful in various markets, such as Government, Fintech, Tourism, Ecological Transition, Smart Mobility & Transportation and Healthcare, will continue. In order to consolidate its Italian leadership in the Artificial Intelligence sector, new resources will also be invested for the evolution of the core technological product in the AIwave framework, and the products of the companies acquired, as well as to support the programs of recruiting new talent.

For a growing diversification of the customer base, many attentions will be devoted to commercial development at national and international level, which will be supported by investments in marketing that are adequate and functional to market positioning.

A portion of the investment in business development will be used to improve Almawave's positioning on the international market. A focus will be represented by LATAM, Africa and Middle East markets. In these last two areas with high potential, and in which the company has already achieved good results also through collaboration with partner companies, the intention is to further strengthen the path undertaken.

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

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

From a financial point of view, there is a senior secured bond debt (Senior Secured Notes) for a value of € 350 million, maturity on October 2026 and coupon at 4.875%, reserved exclusively for institutional investors. In 2024, the payment of the two half-yearly coupons (April 30, 2024, and October 30, 2024) for a total annual amount of €17.1 million, is expected.

For 2024, on a like-for-like basis, a reduction in Net Financial Debt is expected.

2.2 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of AlmavivA S.p.A. and of the Italian and foreign companies controlled directly or indirectly by AlmavivA 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 ofthe investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

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

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

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

Consolidation criteria adopted for subsidiaries
The main consolidation criteria are the following:

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

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

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The acquisition cost is determined as the sum of the consideration paid, measured at fair value at the acquisition date, and the amount of the non-controlling interest of the acquired entity. For each single business combination, the Group determined the non-controlling interest 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. The Group determines that it has acquired a business asset when the integrated set of activities and assets includes at least one production factor and a substantial process that together significantly contribute to the ability to generate output. The acquired process is considered substantial if it is crucial to the ability to continue generating an output and the acquired factors of production include an organized workforce that has the necessary skills, knowledge or experience to perform that process or contributes significantly to the ability to continue generating an output and is considered unique or scarce or cannot be replaced without significant cost, effort or delay to capabilities to continue generating an output. 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.

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.

Equity investments in associates and joint ventures
The Group holds investments in joint ventures as further detailed in the explanatory notes. The financial statements of the investments in question are drawn up on the same date as that of the Group with accounting principles aligned with those of the Group and therefore there are no adjustments in the measurement of the value of the investments in joint ventures. Associates and joint venture companies are included in the consolidated financial statements using the equity method, as required, respectively, by IAS 28 (Investments in associates and joint ventures) and by IFRS 11 (Joint control arrangements). Associates and joint ventures are included in the consolidated financial statements from the date on which the significant influence or joint control begins and until the moment in which this situation ceases to exist.

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.

Treatment of put options on shares of subsidiaries
According to IAS 32, paragraph 23, a contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. Therefore, if the entity does not have the unconditional right to avoid the purchase for cash or other financial instruments at the time of the possible exercise of a put option on shares of controlled subsidiaries, a financial debt must be recognised; all subsequent changes are charged to the income statement. The same accounting treatment is applicable even if, in addition to a put option, there is the simultaneous presence of a symmetrical call option, so-called "*symmetrical put and call options related to non-controlling interest*". The Group considers the shares subject to put options (or crossed puts and

calls) already acquired, in cases where the economic benefits and risks associated with the present ownership of the shares do not remain with the third-party shareholders; therefore, in these circumstances, it does not proceed with the recognition of the non-controlling interests in the consolidated financial statements.

Consolidation Area

The companies consolidated at December 31, 2023 are listed below. Compared to the consolidated financial statements as at December 31, 2022, consolidation area has changed or has had a dilution of share:

- On February 7, 2023, AlmavivA USA Corp. was established, a company under American law located in New York City, whose share capital is fully owned by AlmavivA S.p.A., which will operate mainly in the IT Services segment, Transportation sector;
- On May 17, 2023, Almaviva EAU Limited was established, a company under UAE law, with registered office in Abu Dhabi – Masdar City Free Zone, whose share capital is wholly owned by Almaviva S.p.A.. The Company will operate mainly in the IT Services segment, Transportation sector.
- On July 19, 2023, Almaviva S.p.A. purchased the investment held by Simest S.p.A. in the share capital of the subsidiary Almaviva Do Brasil, equal to n. 2,432,268 shares. Following the above, the share capital of the aforementioned subsidiary is divided as follows:
  - Almaviva S.p.A., n. 434,367,566 shares, equal to 79.463%;
  - Almaviva Contact S.p.A., no. 112,261,839 shares, equal to 20.537%.
- On July 27, 2023, Almaviva S.p.A. finalized the acquisition of 60% of the share capital of B.M. Tecnologie Industriali S.p.A. Benefit Company, a company based in Rubano (PD) specialized, in the research and management of leaks in aqueducts and sewerage systems, as well as in the environmental and qualitative-quantitative monitoring of water and sewerage networks;
- On July 27, 2023, Almaviva S.p.A. finalized the acquisition of 60% of the share capital of 2F Water Venture S.r.l. Benefit Company, a company based in Padua specialized, in the research and management of leaks in aqueducts and sewerage systems, as well as in the environmental and qualitative-quantitative monitoring of water and sewerage networks;
- On November 24, 2023, Brita S.A., a company incorporated under Brazilian law, with headquarters in Sao Paulo, was established with capital held by Almaviva S.p.A. for 99.5% and by Almaviva do Brasil S.A. for the remaining 0.5%.
- On December 21, 2023, The Data Appeal Company S.p.A. has completed the acquisition of 70% of the share capital of Mabrian Technologies S.L., a Spanish company based in Mahon, Menorca whose object is the development and marketing of solutions in the Travel and Destination Intelligence sector with a focus on data analytics and decision intelligence.

Compared to the Consolidated Financial Statements as of December 31, 2022, the consolidation area has changed due to the following added companies: AlmavivA USA Corp., Almaviva EAU Limited, B.M. Tecnologie Industriali S.p.A. Benefit Company, 2F Water Venture S.r.l. Benefit Company, Brita S.A. and Mabrian Technologies S.L.

The following table shows the share held as of December 31, 2023, compared to the previous period, of the companies consolidated using the full method:

Company	Description	Country	Currency	31.12.2023	31.12.2022
AlmavivA S.p.A.		Roma	EUR	Parent	Parent
Lombardia Gestione S.r.l.		Milano	EUR	51.00	51.00
Almaviva de Belgique S.A.		Bruxelles (B)	EUR	100.00	100.00
Almaviva Digitaltec S.r.l.		Napoli	EUR	100.00	100.00
Wave S.r.l.		Pianoro (BO)	EUR	100.00	100.00
Sadel S.p.A.		Castel Maggiore (BO)	EUR	84.05	84.05
Wedoo Holding S.r.l.		Roma	EUR	55.00	55.00
Wedoo S.r.l.		Torino	EUR	55.00	55.00
Wedoo L.L.C.		Michigan (USA)	USD	55.00	55.00
Data Jam S.r.l.		Napoli	EUR	80.00	80.00
Almaviva Saudi Arabia L.L.C.		Riyad (SA)	Saudi Riyal	100.00	100.00
Almaviva EAU Limited	*Established in 2023*	Abu Dhabi (UAE)	UAE Dirham	100.00	-
Almaviva Egypt L.L.C.		Il Cairo (EG)	Egyptian Pound	100.00	100.00
Kline S.r.l.		Milano	EUR	70.00	70.00
Reactive S.r.l.		Milano	EUR	100.00	100.00
Almaviva Digital Espana		Madrid	EUR	100.00	100.00
Almaviva Republica Dominicana S.r.l.		Santo Domingo (DO)	Dominican Peso	100.00	100.00
Almaviva Russia L.L.C.		Mosca (RU)	Ruble	57.14	40.00
Tecnau Transport Division S.r.l.		Trezzano sul Naviglio (MI)	EUR	100.00	100.00
Almaviva Finland Oy		Helsinky (FI)	EUR	100.00	100.00
Almaviva USA Corp.	*Established in 2023*	New York City (USA)	USD	100.00	-
2F Water Venture S.r.l. Soc. Benefit	*Acquiered in 2023*	Padova	EUR	60.00	-
B.M. Tecnol. Indust. S.p.A. Soc.Benefit	*Acquiered in 2023*	Padova	EUR	60.00	-
Brita S.A.	*Established in 2023*	San Paolo (BR)	Brazilian Real	100.00	-
Almaviva Contact S.p.A.		Roma	EUR	100.00	100.00
Almaviva do Brasil S.A.		San Paolo (BR)	Brazilian Real	100.00	99.58
Aquarius Participacoes S.A.	*Merged in Almaviva do Brasil on March 2023*	San Paolo (BR)	Brazilian Real	-	99.58
Chain Servicos e Contact Cent. S.A	*Merged in Almaviva do Brasil on March 2023*	San Paolo (BR)	Brazilian Real	-	99.58
CRC Central de Recup de creditos		San Paolo (BR)	Brazilian Real	100.00	99.58
CRC Digital		San Paolo (BR)	Brazilian Real	100.00	99.58
Almacontact S.A.S.		Bogotà (CO)	Colombian Peso	100.00	99.58
Italy Call S.r.l.		Roma	EUR	100.00	100.00
Almaviva Tunisie S.A.		Ville Tunisi (TN)	Tunisian Dinar	56.25	56.25
Almaviva Services S.r.l.		Iasi (RO)	Romanian Leu	100.00	100.00
Almawave S.p.A.		Roma	EUR	65.11	66.01
Almawave do Brasil Ltda.		San Paolo (BR)	Brazilian Real	65.11	66.01
Pervoice S.p.A.	*Merged in Almawave SpA on September 2023*	Trento	EUR	-	66.01
Almawave USA Inc.		San Francisco (USA)	USD	65.11	66.01
OBDA Systems S.r.l.		Roma	EUR	39.07	39.61
The Data Appeal S.p.A.		Firenze	EUR	65.11	66.01
Mabrian Technologies S.I.	*Acquiered in 2023*	Barcellona (E)	EUR	45.58	-
Sistemi Territoriali S.r.l.		Cascina (PI)	EUR	65.11	66.01
Agrisian S.C.p.A. in liquidazione		Roma	EUR	50.86	50.86

The following table shows the share held as of December 31, 2023, compared to the previous period, of the companies consolidated using the equity method:

Company	Description	Country	Currency	31.12.2023	31.12.2022
CCID-Almaviva Inform.Technol.Co.Ltd.		Shanghai (PRC)	Chinese Yuan	50.00	50.00
Consorzio Hypertix in liquidazione		Roma	EUR	49.99	49.99
TVEyes L.T. S.r.l.		Trento	EUR	20.00	20.00
PNT Italia S.r.l.	*Established in 2023*	Roma	EUR	40.00	-

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

The ultimate parent Company

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

Subsidiaries with significant minority interests

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

		For the year ended December 31	
Company	**Country**	**2023**	**2022**
Almawave S.p.A.	Italy	34.89%	33.99%
Kline S.r.l.	Italy	30.00%	30.00%
The Data Appeal S.p.A.	Italy	34.89%	33.99%

Accumulated balances of material non-controlling interest:

(in thousands of Euro)		For the year ended December 31	
Company	**Country**	**2023**	**2022**
Almawave S.p.A.	Italy	23,564	19,821
Kline S.r.l.	Italy	8,831	8,563
The Data Appeal S.p.A.	Italy	358	337

Profit allocated to material non-controlling interest:

(in thousands of Euro)		For the year ended December 31	
Company	**Country**	**2023**	**2022**
Almawave S.p.A.	Italy	2,053	826
Kline S.r.l.	Italy	268	222
The Data Appeal S.p.A.	Italy	19	214

The minorities in the other subsidiaries are not considered significant for consolidation purposes.

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

December 31, 2023	Almawave S.p.A.	Kline S.r.l.	The Data Appeal S.p.A.
(in thousands of Euro)			
Revenues from contracts with customers	43,592	11,256	5,305
Cost of raw materials and services	(20,162)	(2,587)	(2,674)
Personnel expenses	(16,128)	(5,509)	(2,348)
Depreciation and amortization	(3,998)	(2,941)	(231)
Depreciation and amortization	(134)	(65)	(100)
Profit before taxes	**4,879**	**367**	**299**
Income taxes	1,443	837	(82)
Profit from continuing operations	**6,322**	**1,204**	**217**
Other comprehensive income for the year	**5,884**	**894**	**54**
Other comprehensive income pertaining to the group	2,053	268	19
Dividends paid pertaining to non-controlling interests	-	-	-

December 31, 2022	Almawave S.p.A.	Kline S.r.l.	The Data Appeal S.p.A. *
(in thousands of Euro)			
Revenues from contracts with customers	37,418	11,649	3,492
Cost of raw materials and services	(19,124)	(2,316)	(1,520)
Personnel expenses	(13,328)	(5,501)	(1,778)
Depreciation and amortization	(2,875)	(3,035)	(96)
Depreciation and amortization	(193)	(49)	(12)
Profit before taxes	**2,746**	**755**	**780**
Income taxes	(542)	(153)	(149)
Profit from continuing operations	**2,204**	**602**	**631**
Other comprehensive income for the year	**2,429**	**739**	**631**
Other comprehensive income pertaining to the group	826	222	214
Dividends paid pertaining to non-controlling interests	-	-	-

**Acquiered in 2022. The amounts refear to the period april-december 2022*

Summarized statement of financial position at December 31, 2023	Almawave S.p.A.	Kline S.r.l.	The Data Appeal S.p.A.
(in thousands of Euro)			
Non-current assets	48,675	23,794	8,906
Trade receivables	37,844	3,000	3,582
Current liabilities	(36,963)	(6,379)	(9,068)
Non-current liabilities	(3,443)	(1,274)	(3,274)
Equity	**67,537**	**29,437**	**1,025**
Pertaining to the group	43,973	20,606	667
Pertaining to non-controlling interests	23,564	8,831	358

Summarized statement of financial position at December 31, 2022	Almawave S.p.A.	Kline S.r.l.	The Data Appeal S.p.A.
(in thousands of Euro)			
Non-current assets	44,930	26,083	1,348
Trade receivables	34,383	2,707	2,318
Current liabilities	(33,777)	(5,382)	(2,864)
Non-current liabilities	(1,928)	(941)	(581)
Equity	**58,313**	**28,543**	**990**
Pertaining to the group	38,492	19,980	653
Pertaining to non-controlling interests	19,821	8,563	337

Summarized statement of cash flow Decembre 31, 2023	Almawave S.p.A.	Kline S.r.l.	The Data Appeal S.p.A.
(in thousands of Euro)			
Cash-flow generated from operating activities	11,472	4,312	(222)
Cash-flow absorbed by investing activities	(6,335)	(646)	(6,350)
Cash-flow absorbed by financing activities	(389)	(320)	2,286
Cash flow of the year	**4,748**	**3,346**	**(4,286)**

Summarized statement of cash flow December 31, 2022	Almawave S.p.A.	Kline S.r.l.	The Data Appeal S.p.A. *
(in thousands of Euro)			
Cash-flow generated from operating activities	4,493	5,668	(554)
Cash-flow absorbed by investing activities	(12,997)	(756)	(660)
Cash-flow absorbed by financing activities	2,314	(158)	(62)
Cash flow of the year	**(6,190)**	**4,754**	**(1,276)**

**Acquiered in 2022. The amounts refear to the period april-december 2022*

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting policies and measurement criteria

For accounting periods starting on or after January 1st, 2023, the IASB has amended IAS 1 by providing guidelines and examples to help entities apply the concept of materiality to disclosures relating to the accounting principles adopted. The IASB has also amended IFRS Practice Statement 2 to support the changes to IAS 1 by explaining and demonstrating the application of the “four-step materiality process” to accounting policy disclosures. The amendments aim to help entities provide more useful information on the accounting standards adopted by:

- Replacing the obligation for entities to disclose their "significant" accounting policies with the obligation to focus on their "significant" accounting policies; And
- The addition of guidelines on how entities apply the concept of materiality in making decisions regarding disclosure of the accounting principles adopted.

The replacement of "significant" accounting policy information with "significant" accounting policy information in IAS 1 and the corresponding new guidance in IAS 1 and IFRS Practice Statement 2 may impact entities' accounting policy disclosures. Determining whether the accounting principles adopted are relevant or not requires greater use of professional judgment. The AlmavivA Group has considered these changes and has begun a gradual process of reviewing the information provided in the financial statements with reference to the relevant principles applied also in light of the different nature of the interested parties potentially interested in reading and understanding the information included in this document.

The most significant accounting principles and valuation criteria adopted for the preparation of the financial statements are described below.

The Group applied for the first time some standards or amendments that have been in force since January 1st, 2023. The application of these standards or amendments, for more details on which reference is made to paragraph 3.2 below, did not have any significant effects on the financial statements consolidated as at December 31, 2023.

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

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

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

The costs relating to technological development activities are recorded under balance sheet assets when: (i) the cost attributable to the development activity can be reliably determined; (ii) there is the intention, the availability of financial resources and the technical capacity to render the asset available for use or sale; (iii) it can be demonstrated that the asset is able to produce future economic benefits.
In the presence of specific indicators of the risk of non-recovery of the carrying amount of the Intangible assets with a definite useful life, these are subject to impairment testing, as described in the specific section.

Goodwill and other intangible assets with an indefinite useful life are not subject to amortization; the recoverability of their book values is verified at least annually and, in any case, when events occur that indicate impairment.

Property, plant and equipment
Property, plant and equipment, comprising investment property, are booked at historical cost, inclusive of any directly attributable accessory charges. The cost of Property, plant and equipment, whose use is limited over time, is systematically depreciated each year on a straight-line basis in relation to the estimated economic-technical life. The annual depreciation rates used are as follows:

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

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

Revenue from contracts with customers
In compliance with the provisions of IFRS 15, the recognition of revenues occurs when (or as) the contractual promises (performance obligations) are fulfilled by means of the transfer to the customer of the good or service object of the promise, since the activity is transferred when the customer acquires control of it.
At that moment, or over this reference time period, revenues are recognized for an amount that reflects the consideration to which the Group believes it is entitled in exchange for the transfer of services to the customer.
In order to achieve the accounting of revenues, IFRS 15 provides for the application of a model structured in five phases which, in summary, involve the following steps:

- identify the contract, defined as an agreement (written or verbal) with commercial substance between two or more parties that creates legally protectable rights and obligations with the customer;
- identify the distinctly identifiable performance obligations (also "performance obligations") contained in the contract;
- determine the price of the transaction, as the consideration that the Group expects to receive from the provision of services to the customer, consistently with the techniques

envisaged by the Principle and depending on the possible presence of financial components and variable components;
- allocate the price to each performance obligation;
- recognize the revenue when the related performance obligation is fulfilled by the entity, taking into consideration the fact that the Group's services are generally recognized over a period of time and could only be rendered at a specific moment on a residual basis.

With regard to the identification of the contract, the conditions envisaged by IFRS 15, paragraph 9, are considered, including: approval of the contract by both parties and the assumption of the commitment to fulfill the respective obligations; the identifiability of the rights and obligations of each party with regard to the goods and/or services to be transferred; the identifiability of the payment conditions; the evaluation of the commercial substance of the agreement; and the probability that the entity will receive the agreed consideration in exchange for the transfer of the goods and/or services provided.

With regard to the identification of performance obligations, at the beginning of the contract the Group evaluates the services promised in the contract concluded with the customer in order to identify each performance obligation included therein which can be distinguished or a set of substantially similar obligations which follow the same transfer model to the customer.

With regard to the determination of the contractual fee, taking into account the operational complexity linked to its services, additional elements are often added to the basic fees provided for by the agreements, which are requested in response to greater costs incurred and/or greater work carried out pursuant to requests received from the customer. In this case, these are contractual amendments which, in compliance with IFRS 15, can obtain approval in written form, through oral agreement or through sector commercial practices. For the purposes of recording revenues following such contractual changes, the presence of an enforceable right to the consideration is assessed on the basis of contractual provisions and the further aspects illustrated below in relation to the case of variable payments. Since there are no contracts that provide the customer with refund rights or volume discounts, the variable fees to reduce revenues essentially refer to the penalties applicable by customers for failure to achieve certain KPIs.

With regard to the recognition of revenues, the contracts with customers typically signed within the Group provide for contractual promises fulfilled over time on the basis of the transfer of the goods and/or services provided as their progressive completion is achieved. IFRS 15 requires evaluating progress in fulfilling the performance obligation according to the criterion that best represents the methods by which control of the goods and/or services provided is transferred to the customer. The reference accounting standard provides two alternative methodologies for recording "over-time" revenues, namely the output method and the input method.
The Group believes that the output method, which determines the recognition of revenues based on the value of the goods or services transferred up to the date considered, is the criterion most representative of the methods with which the entity fulfills the contractual performance obligations. This criterion is concretely applied by adopting the contractual milestone methodology.

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

<u>*Contract balances*</u>

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

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

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

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

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

<u>*Financial instruments – Initial recognition and subsequent measurement*</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

<u>*Financial assets*</u>
Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.
In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.
Fur purposes of subsequent measurement, financial assets are classified in four categories:

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

Equity instruments

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.
Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.
The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group records a provision for expected credit losses ('ECL') for all financial assets represented by debt instruments not held at fair value recognized in the income statement. In particular, expected losses are generally determined on the basis of the product between: (i) the exposure to the counterparty net of any mitigating elements (so-called "Exposure at Default"); (ii) the probability that the counterparty will not comply with its payment obligation (so-called “Probability of Default”); (iii) the estimate, in terms of percentage, of the amount of credit that in any case will not be able to be recovered in the event of default (so-called "Loss Given Default"). This element is generally defined on the basis of previous experience and possible recovery actions that can be taken (for example extrajudicial actions, legal disputes, etc.).

Please note that to determine the probability of default ("PD") of the counterparties, a differential approach is adopted depending on the class to which the customers belong. For central and local public administration customers or for customers treated as public administration, the PD is determined by referring to the ratings of the country of reference; for the remaining customers, in the absence of extensions, the assessment of expected losses is based on a provision matrix, constructed by grouping, where appropriate, the credits into appropriate clusters to which to apply write-down percentages defined on the basis of the experience of previous losses, adjusted, where necessary, to take into account forward-looking information regarding the credit risk of the counterparty or clusters of counterparties.

Financial liabilities
Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss.

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

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

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

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

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

increases to take into account the interest on the lease liability and decreases to consider the payments made. Furthermore, the book value of the lease payables is restated in the event of any changes to the lease or for the revision of the contractual terms for the modification of payments; it is also restated in the presence of changes regarding the valuation of the purchase option of the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine such payments

Group as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.
A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

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

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

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

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

Costs and related liabilities to employee benefits also include post-employment benefits such as the employee severance indemnities. The provision for employee severance indemnities, which is mandatory for Italian companies, is considered:
- a defined-benefit plan with respect to the benefits that vested up to December 31, 2006, as well as with respect to benefits vesting from January 1, 2007 (or, where applicable, until the subsequent date of subscription to the supplementary pension fund);
- a defined-contribution plan with respect to benefits vesting from January 1, 2007 on for employees who opted for alternative pension plans and, in the case of companies with more than 50 employees, employees who chose to leave their vested benefits with the company.

The provision for employee severance indemnities, which can be construed as a defined-benefit plan, is valued by the Projected Unit Credit Method, based on actuarial and financial assumptions (actuarial assumptions: mortality, turnover, disability of the population included in the plan; financial assumptions: discount rate, rate of wage increases, capitalization rate) and is presented net of advances paid. The valuation of liabilities is performed by independent actuaries.
The increase in the present value of the provision for employee severance indemnities is recognized as personnel expense except for the revaluation of the net liability related to actuarial gains and losses which are recorded in the statement of other comprehensive income and are not subsequently booked to the income statement; the cost for interest is recognised in the income statement, under the line item Financial expenses.

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

Tax Credit according to Law 194/2014
The tax credit deriving from Art. 1, paragraph 198-209, of the law of 27 December 2019, n. 160 was assimilated, in the absence of specific indications, to a public grant and as such treaty pursuant to IAS 20. The latter is recognized in the financial statements only where there is reasonable certainty about its reliable determination and recognition and, in in particular, the latter requirement is considered satisfied upon the release of the specific technical report drawn up by specifically appointed professional firms.
The amount of the grant is determined on the basis of specific expenses recognized in the income statement and on the basis of development costs then capitalized among intangible assets.
The Company, in accounting for contributions pursuant to IAS 20, applies the income method and the systematic recognition criterion can be summarized as follows: the amount of accrued credit passes to the income statement up to the total of the specific expenses that generated it and only on a residual basis it refers to development costs capitalized among intangible assets. In the latter case, the benefit deriving from the tax credit is accrued in the income statement in the years in which the amortization of the aforementioned intangible assets is charged and in the same proportion.

Impairment test of assets and corresponding reversal
At the balance sheet date or at least once per year, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The

recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Group bases its impairment calculations on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.
For assets excluding goodwill, an assessment is made at the balance sheet date or at least once per year to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.
Goodwill is tested for impairment annually as at 31 December or at least once per year and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Costs
Costs are recognized when the related goods and services are sold or consumed during the year, when they are allocated on a systematic basis or when their future economic benefits cannot be identified.
Operating lease fees are booked to the income statement over the duration of the lease.
Costs incurred for the acquisition of new know-how, the study of alternative products or processes, of new techniques or models, for the design and construction of prototypes or, nonetheless, incurred for other scientific research or technological development activities that do not meet the conditions for recognition in balance sheet assets are considered current costs and booked to the income statement in the year they are incurred.

Income taxes
Current income taxes are calculated on the basis of the estimate of taxable income; the expected payable is booked to the item "current tax liabilities". Tax payables and receivables for current income taxes are booked at the value that is expected to be paid/recovered to/from the tax authorities, by applying the applicable tax rates and regulations or essentially approved at the end of the reporting period.
Deferred income taxes are calculated on the temporary differences between the values of assets and liabilities booked to the financial statements and the corresponding values recognised for tax purposes on the basis of the rates and regulations in force. Deferred tax assets are recognised when their recovery is considered likely; the recoverability of deferred tax assets is considered likely when taxable income is expected to be available, in the year in which the temporary difference will be cancelled, such as to allow the tax deduction to be carried out.

Similarly, unused tax credits and deferred tax assets on tax losses are recognised within the limits of their recoverability.
Deferred taxes are booked to the income statement, with the exception of those related to items recognised directly in shareholders' equity; based on said assumption, also the associated deferred taxes are booked to shareholders' equity.
Prepaid and deferred taxes are offset where there is a legal right which allows current tax assets and current tax liabilities to be offset and deferred taxes refer to the same taxpayer and same tax authority.

Tax consolidation
Up to December 31, 2022, the parent company and its Italian investees, as they met the legal requirements, exercised the option of participating in the tax consolidation under the parent company AlmavivA Technologies S.r.l.
The economic and financial relations arising from the participation in the tax consolidation are governed by a single contract.
Given that the tax basis of the tax consolidation is the sum of the taxable amounts and the tax losses that the individual entities assign to the consolidating company, any loss transferred to the tax consolidation is recognised under the consolidating company and based on the reasonable certainty of recovery assessed on a consolidated basis.
The agreements also provide the option of assigning to the consolidating company any excess taxes against which the consolidating company and the consolidated companies recognise reciprocal equity balances.
Recognition in equity requires the replacement of the tax payables and receivables with payables and receivables among consolidated entities. In particular, the recognition is made as follows:

- Against positive taxable income transferred or tax losses transferred, charges for current taxes are recognized (income from joining the tax consolidation in the event of tax losses) as a contra-entry to a debt (credit in the case of tax losses) towards the consolidating company

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

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

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

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.
The effect of the right to receive the shares already accrued at the balance sheet date is reflected in the calculation of the dilution of the earnings per share.

3.2 New standards, interpretations and amendments adopted by the Group

IFRS 17 lnsurance Contracts
IFRS 17 lnsurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 lnsurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., lite, non-life, direct insurance and re-insurance), regardless ot the type of entities that issue them as well as to certa in guarantees and tinancial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model tor insurance contracts that is more useful and consistent for insurers, covering ali relevant accounting aspects. IFRS 17 is based on a generai model, supplemented by:

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

The new standard had no impact on the Group's consolidateci financial statements.

Definition of Accounting Estimates - Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.
The amendments had no impact on the Group's consolidateci financial statements.

Disclosure of Accounting Policies-Amendments to IAS1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'materiai' accounting policies and adding guidance on how entities apply the concepì of materiality in making decisions about accounting policy disclosures.
The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation ot any items in the Group's tinancial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
The amendments to IAS 12 lncome Tax narrow the scope ot the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.
The amendments had no impact on the Group's consolidateci financial statements.

International Tax Reform-Pillar Two Model Rules - Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:
- ► A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- ► Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception - the use of which is required to be disclosed - applies immediately. The remaining disclosure requirements apply for annua I reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The amendments had no impact on the Group's consolidated financial statements.

3.3 Standards issued but not yet effective

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

Amendments to IFRS 16: Lease Llablllty In a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.
The amendments are effective for annua I reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.
The amendments are not expected to have a materiai impact on the Group's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- ► What is meant by a right to defer settlement
- ► That a right to defer must exist at the end of the reporting period
- ► That classification is unaffected by the likelihood that an entity will exercise its deterrai right
- ► That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.
The amendments are effective for annua I reporting periods beginning on or after 1 January 20243 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Jnstruments: Disc/osures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annua I reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.
The amendments are not expected to have a materiai impact on the Group's financial statements.

4. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT

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

Management judgement mainly refers to aspects such as:
- the evaluation of existence of control, joint control or significant influence over group entities, as further described in paragraph 2.2 above;
- the evaluation of the useful lives of Intangible assets and Property, plant and equipment, as further described in paragraph 3.1 above;
- evaluation of the capitalization of development costs;
- the determination of the lease term for contracts that contain extension options and in which the Group operates as lessee;
- the 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 identification of Cash Generating Units (CGU) as groups of minor assets that generate cash flows and to which goodwill is also assigned; the Group has identified the Wedoo, 2F Water Venture, BM Tecnologie Industriali, Kline, Reactive, Wave and Tecnau CGUs associated to the IT Services segment; the Almaviva Do Brasil and CRC Central de Recuperacao de creditos CGUs associated to the DRM International segment and the Almawave, The Data Appeal Company, Sistemi Territoriali and Mabrian CGUs associated to the Almawave New technology segment.
- the recognition of public grants and other activities;
- the recoverability of deferred-tax assets;
- the number of shares to be assigned to employees included in the Stock Grant Plan and the related fair value; this topic is dealt with in more detail in Note 33

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

Capitalization of development costs
The Group capitalizes the costs relating to projects for the development of new products, including those relating to internal resources involved in their creation. The initial capitalization of costs is based on the fact that the judgment of the administrators on the technical and economic feasibility of the project is confirmed, usually when the project itself has reached a

specific stage of the development plan. To determine the values to be capitalized, the administrators make estimates based on the standard cost of a man day spent on the project.

Significant opinion in determining the lease term of contracts that contain an extension option - The Group as a lessee.
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the 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.

Identification of cash-generating units (CGUs)
In application of IAS 36, the goodwill recognized in the Consolidated Financial Statements of the Group as a result of business combinations has been allocated to individual CGUs 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: Wedoo, 2F Water Venture, BM Tecnologie Industriali, Kline, Reactive, Wave, Tecnau, Almaviva Do Brasil, CRC Central de Recuperacao de creditos, Almawave, The Data Appeal Company, Sistemi Territoriali and Mabrian.

Recognition of government grants and other activities
As part of its research and development activities, the group incurs costs which may be fully or partially facilitated in the form of tax credit by virtue of the incentive mechanisms for technological innovation introduced first through art. 1, paragraph 35, of the law of 23 December 2014, n. 190 and recently reaffirmed with art. 1, paragraph 198-209, of the law of 27 December 2019, n. 160.
The recognition in the financial statements of these public grants is subject to reasonable certainty as to its reliable determination and recognition. These requirements are considered satisfied upon the release of specific technical reports commissioned by the companies of the group to specifically appointed professional firms with specific expertise in the matter. Where these reports are issued within the terms of preparation of the financial statements, the contribution is recorded in the closing financial statements in compliance with the accrual criterion, thus also ensuring full correlation of the same with the costs incurred in the year against which itself is recognized.

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

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

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

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

Provision for expected credit losses of trade receivables and contract assets
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).
The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the

historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

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

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

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

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

Recovery of deferred-tax assets
As at December 31, 2023, the Consolidated Financial Statements include deferred taxes, connected to the recognition of tax losses that can be used in future years and income components subject to deferred deductibility of taxes, for an amount whose recovery in future

years is considered highly likely by the directors. The recoverability of the aforementioned prepaid taxes is subject to the achievement of sufficient future taxable income to absorb the aforementioned tax losses and for the use of the benefits of other deferred tax assets. Significant management judgments are required in order to determine the amount of prepaid taxes that can be recognised in the financial statements, based on the timing and amount of the future taxable income as well as the future tax planning strategies and tax rates in force at the moment of their reversal. However, at the moment the Group should ascertain that it is unable to recover, in future years, all or part of the prepaid taxes recognised, the consequent adjustment will be booked to the income statement in the year in which said circumstance is verified.
Please refer to paragraph 3.1 "Accounting policy and measurement criteria" above, for more details on each relevant financial item included in each category of estimates. Verification of the recoverability of deferred tax assets in the consolidated financial statements at 31 December 2023 was carried out on the current 2024-2028 Business Plan approved by the Board of Directors.

5. OPERATING AND REPORTABLE SEGMENTS

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

The operating segments identification process is made:

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

There were no sector aggregations in order to determine the operating segments subject to disclosure; however, information relating to operating areas that are not subject to disclosure have been aggregated and presented in the "Others" category.

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

For management purposes, the organization into segments is based on the products and services provided as follows:

a. IT Services, provide ICT and Cloud Computing solutions, includes the following companies: AlmavivA, Lombardia Gestione, AlmavivA de Belgique, Agrisian, AlmavivA Digitaltec, Sadel, Wave, Wedoo Holding, Wedoo Srl, Wedoo LLC, Data Jam S.r.l. (already Spin Data S.r.l.), AlmavivA Saudi Arabia for information Technology LLC, AlmavivA Egypt L.L.C., Kline S.r.l., AlmavivA Republica Dominicana S.r.l., Reactive S.r.l., AlmavivA Russia L.L.C., AlmavivA Digital España S.L. (previously Tilbranhill S.L.U.), AlmavivA Finland Oy, Tecnau Transport Division S.r.l., AlmavivA USA Corp., Almaviva EAU Limited, BM Tecnologie Industriali S.p.A., 2F Water Venture S.r.l. and Brita S.A.;

b. DRM International (ex CRM International), provides Contact Center and others services in South America and in Africa, includes the following companies: AlmavivA do Brasil, Almacontact, AlmavivA Tunisie, Central De Recuperacao De Créditos Ltda, CRC Digital Ltda.;
c. 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 Inc, OBDA Systems S.r.l., The Data Appeal Company S.p.A., Sistemi territoriali S.r.l. and Mabrian Technologies S.L..

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

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

For the twelve months ended December 31, 2023

(in thousands of Euro)	**IT Services**	**DRM International (ex CRM International)**	**Almawave New Technology**	**Adjustments, eliminations and other**	**Total Segments**	**Others**	**Adjustments, eliminations and other**	**Consolidated**
Revenue								
Revenues from contracts with customers	803,592	300,477	46,862	0	1,150,931	5,184	0	1,156,115
Inter-segment	3,214	112	10,629	(13,470)	485	1,428	(1,913)	0
Total revenues from contracts with customers	**806,806**	**300,589**	**57,491**	**(13,470)**	**1,151,416**	**6,612**	**(1,913)**	**1,156,115**
Income/(Expenses)								
Cost of raw materials and services	(385,619)	(78,037)	(24,138)	15,144	(472,650)	(5,209)	2,393	(475,465)
Personnel expenses	(297,207)	(165,562)	(21,539)	251	(484,057)	(10,777)	156	(494,678)
Other operating income	28,649	223	1,908	(1,493)	29,287	3,266	(3,174)	29,379
Other operating expenses	(23,226)	(90)	(260)	(139)	(23,714)	(3,887)	2,538	(25,064)
Earning before intersts, taxes, depreciation and amortization (EBITDA)	**129,404**	**57,123**	**13,462**	**293**	**200,282**	**(9,995)**	**(0)**	**190,287**
% Revenue	*16.0%*	*19.0%*	*23.4%*	*n.d.*	*17.4%*	*n.d.*	*n.d.*	*16.5%*
Depreciation and amortization and write-downs	(26,308)	(19,196)	(4,665)	0	(50,169)	(1,054)	0	(51,223)
Losses from sale of non-current assets	207	0	25	0	232	428	0	660
Operating Profit	**103,302**	**37,927**	**8,822**	**293**	**150,345**	**(10,621)**	**(0)**	**139,724**
% Revenue	*12.8%*	*12.6%*	*15.3%*	*n.d.*	*13.1%*	*n.d.*	*n.d.*	*12.1%*
At December 31, 2023								
Total assets	**1,186,282**	**286,012**	**116,403**	**(106,868)**	**1,481,829**	**118,070**	**(298,477)**	**1,301,422**
Total liabilities	**533,650**	**61,518**	**42,971**	**(22,877)**	**615,262**	**33,466**	**(30,921)**	**617,808**

For the twelve months ended December 31, 2022

(in thousands of Euro)	**IT Services**	**DRM International (ex CRM International)**	**Almawave New Technology**	**Adjustments, eliminations and other**	**Total Segments**	**Others**	**Adjustments, eliminations and other**	**Consolidated**
Revenue								
Revenues from contracts with customers	714,536	275,198	40,402	0	1,030,136	39,881	0	1,070,017
Inter-segment	3,767	54	7,581	(9,910)	1,492	7,100	(8,592)	0
Total revenues from contracts with customers	**718,303**	**275,252**	**47,983**	**(9,910)**	**1,031,628**	**46,981**	**(8,592)**	**1,070,017**
Income/(Expenses)								
Cost of raw materials and services	(359,039)	(72,373)	(21,093)	11,719	(440,785)	(12,747)	9,983	(443,550)
Personnel expenses	(261,383)	(148,415)	(18,113)	315	(427,596)	(39,127)	466	(466,256)
Other operating income	24,085	1,064	1,611	(1,697)	25,064	1,844	(1,909)	24,999
Other operating expenses	(12,671)	(208)	(171)	149	(12,902)	(1,337)	53	(14,186)
Earning before intersts, taxes, depreciation and amortization (EBITDA)	**109,295**	**55,320**	**10,217**	**576**	**175,409**	**(4,386)**	**0**	**171,023**
% Revenue	*15.2%*	*20.1%*	*21.3%*	*n.d.*	*17.0%*	*n.d.*	*n.d.*	*16.0%*
Depreciation and amortization and write-downs	(23,908)	(15,295)	(3,813)	313	(42,703)	(2,022)	0	(44,725)
Losses from sale of non-current assets	331	0	0	0	331	(286)	0	45
Operating Profit	**85,718**	**40,025**	**6,404**	**889**	**133,037**	**(6,694)**	**0**	**126,343**
% Revenue	*11.9%*	*14.5%*	*13.3%*	*n.d.*	*12.9%*	*n.d.*	*n.d.*	*11.8%*
At December 31, 2022								
Total assets	**1,015,901**	**228,617**	**99,013**	**(62,616)**	**1,280,915**	**167,593**	**(334,079)**	**1,114,429**
Total liabilities	**444,257**	**63,032**	**37,787**	**(23,739)**	**521,336**	**41,671**	**(36,349)**	**526,659**

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

For the twelve months ended December 31, 2023

(in thousands of Euro)	IT Services	DRM International (ex CRM International)	Almawave New Technology	Adjustments, eliminations and other	Total Segments	Others	Adjustments, eliminations and other	Consolidated
Operating profit	**103,302**	**37,927**	**8,822**	**293**	**150,345**	**(10,621)**	**(0)**	**139,724**
(+) Depreciation and amortization	26,308	19,196	4,665	0	50,169	1,054	(0)	51,223
(+) Losses from sale of non-current assets	(207)	0	(25)	0	(232)	(428)	0	(660)
Earning before intersts, taxes, depreciation and amortization (EBITDA)	**129,404**	**57,123**	**13,462**	**293**	**200,282**	**(9,995)**	**(0)**	**190,287**
% Revenue	*16.0%*	*19.0%*	*23.4%*	*n.d.*	*17.4%*	*n.d.*	*n.d.*	*16.5%*

For the twelve months ended December 31, 2022

(in thousands of Euro)	IT Services	DRM International (ex CRM International)	Almawave New Technology	Adjustments, eliminations and other	Total Segments	Others	Adjustments, eliminations and other	Consolidated
Operating profit	**85,718**	**40,025**	**6,404**	**889**	**133,037**	**(6,694)**	**0**	**126,343**
(+) Depreciation and amortization	23,908	15,295	3,813	(313)	42,703	2,022	0	44,725
(+) Losses from sale of non-current assets	(331)	0	0	0	(331)	286	(0)	(45)
Earning before intersts, taxes, depreciation and amortization (EBITDA)	**109,295**	**55,320**	**10,217**	**576**	**175,409**	**(4,386)**	**0**	**171,023**
% Revenue	*15.2%*	*20.1%*	*21.3%*	*n.d.*	*17.0%*	*n.d.*	*n.d.*	*16.0%*

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 twelve months ended December 31,	
(in thousands of Euro)	**2023**	**2022**
Segment profit	**139,724**	**126,343**
Finance income	5,533	3,687
Finance costs	(34,569)	(32,479)
Exchange gains/(losses)	(244)	(499)
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	2	6
Profit/(loss) before taxes	**110,446**	**97,058**

Reconciliation of Total assets

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Segment operating assets	**1,301,422**	**1,114,429**
Deferred tax assets	24,591	21,367
Current financial assets	3,801	14,533
Non-current financial assets	2,016	1,256
Total assets	**1,331,831**	**1,151,586**

Reconciliation of Total liabilities

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Segment operating liabilities	**617,808**	**526,659**
Non-current financial liabilities	395,940	380,717
Current financial liabilities	20,661	33,374
Current tax liabilities	33,088	31,890
Deferred tax liabilities	4,910	84
Total liabilities	**1,072,407**	**972,724**

The following table shows a breakdown of Group's revenues for geographic areas as at December 31, 2023:

€/000	**At December 31, 2023**	**%**
Italy	816,937	71%
Foreign countries	339,178	29%
of which Latam	*296,770*	
of which other countries (*)	*42,408*	
Total revenues	**1,156,115**	**100%**

(*) as Belgium, United Kingdom, Luxemburg, USA, Saudi Arabia, Poland, France, Egypt and Arabian Emirates

6. SIGNIFICANT TRANSACTIONS IN THE PERIOD

During the period, the purchase price allocation (PPA) process related the business combinations, which as at December 31, 2022 had been presented using the provisional method, was also completed. Regarding to the M&A transactions of The Data Appeal Company S.p.A., Sistemi Territoriali S.r.l. and Tecnau Transport Division S.r.l., no adjustments emerged compared to the provisional allocation to goodwill already presented as at December 31, 2022. Furthermore, regarding to the M&A transaction of the brazilian subsidiaries Central de Recuperação de Créditos Ltda and CRC Digital Ltda, the PPA process, concluded during the first months of 2023, resulted in a reclassification of the initially recognized Goodwill equal to Euro 14,229 thousand.

Furthermore, during the period ended December 31, 2023, there were significant corporate transactions relating to business combinations, which involved AlmavivA SpA, a brief description of which is provided below:

- On July 27, 2023, Almaviva S.p.A. has completed the acquisition of 60% of the share capital of B.M. Tecnologie Industriali S.p.A. Benefit Company, a company based in Rubano (PD) specialized, in the research and management of leaks in aqueducts and sewerage systems, as well as in the environmental and qualitative-quantitative monitoring of water and sewerage networks.
- On July 27, 2023, Almaviva S.p.A. has completed the acquisition of 60% of the share capital of 2F Water Venture S.r.l. Benefit Company, a company based in Padua specialized, in the research and management of leaks in aqueducts and sewerage systems, as well as in the environmental and qualitative-quantitative monitoring of water and sewerage networks.
- On December 21, 2023, The Data Appeal Company S.p.A. has completed the acquisition of 70% of the share capital of Mabrian Technologies S.L., a Spanish company based in Mahon, Menorca whose object is the development and marketing of solutions in the Travel and Destination Intelligence sector with a focus on data analytics and decision intelligence.

The fair values of the assets acquired and liabilities assumed of BM Tecnologie Industriali SpA at the acquisition date are shown below:

ASSETS	**Fair value on the acquisition date**
(Euro/000)	
NON-CURRENT ASSTES	
Property, plant and equipment	4,794
Intangible assets	230
Investments	-
Non-current financial assets	418
Deferred tax assets	-
Other non-current assets	13
TOTAL NON-CURRENT ASSTES	**5,455**
CURRENT ASSETS	
Inventories and amount due from customers	2,331
Trade receivables	6,217
Other current assets	574
Cash and cash equivalents	3,082
TOTAL CURRENT ASSETS	**12,204**
TOTAL ASSETS	**17,659**
NON-CURRENT LIABILITIES	
Non-current liabilities for employee benefits	340
Non-current financial liabilities	5,171
TOTAL NON-CURRENT LIABILITIES	**5,511**
CURRENT LIABILITIES	
Current provisions	15
Trade payables	2,740
Current financial liabilities	1,679
Current tax liabilities	495
Other current liabilities	1,850
TOTAL CURRENT LIABILITIES	**6,779**
TOTAL LIABILITIES	**12,290**
Contingent and transferred consideration	18,016
Fair value of net assets	5,369
Goodwill	**12,646**
Cash and cash equivalents acquired	3,082
Consideration paid	(9,327)
Net acquired cash flow	**(6,245)**

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

From the acquisition date, BM Tecnologie Industriali SpA contributed with Euro 4,163 thousand to Group’s revenues and a positive value of Euro 1,563 thousand to the Group's net profit.

The fair values of the assets acquired and liabilities assumed of 2F Water Venture Srl at the acquisition date are shown below:

ASSETS	**Fair value on the acquisition date**
(Euro/000)	
NON-CURRENT ASSTES	
Property, plant and equipment	63
Intangible assets	720
Investments	112
Non-current financial assets	-
Deferred tax assets	-
Other non-current assets	-
TOTAL NON-CURRENT ASSTES	**895**
CURRENT ASSETS	
Inventories and amount due from customers	1,389
Trade receivables	1,561
Other current assets	1,208
Cash and cash equivalents	1,936
TOTAL CURRENT ASSETS	**6,094**
TOTAL ASSETS	**6,989**
NON-CURRENT LIABILITIES	
Non-current liabilities for employee benefits	37
Non-current financial liabilities	979
TOTAL NON-CURRENT LIABILITIES	**1,016**
CURRENT LIABILITIES	
Current provisions	-
Trade payables	2,668
Current financial liabilities	1,045
Current tax liabilities	175
Other current liabilities	89
TOTAL CURRENT LIABILITIES	**3,977**
TOTAL LIABILITIES	**4,993**
Contingent and transferred consideration	4,141
Fair value of net assets	1,996
Goodwill	**2,145**
Cash and cash equivalents acquired	1,936
Consideration paid	(2,302)
Net acquired cash flow	**(366)**

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

From the acquisition date, 2F Water Venture Srl contributed with Euro 3,251 thousand to Group's revenues and a positive value of Euro 1,169 thousand to the Group's net profit.

The fair values of the assets acquired, and liabilities assumed of Mabrian Technology S.L. at the acquisition date are shown below:

ASSETS	**Fair value on the acquisition date**
(Euro/000)	
NON-CURRENT ASSTES	
Property, plant and equipment	13
Intangible assets	1,310
Investments	-
Non-current financial assets	-
Deferred tax assets	78
Other non-current assets	14
TOTAL NON-CURRENT ASSTES	**1,415**
CURRENT ASSETS	
Inventories and amount due from customers	-
Trade receivables	1,144
Other current assets	41
Cash and cash equivalents	63
TOTAL CURRENT ASSETS	**1,248**
TOTAL ASSETS	**2,663**
NON-CURRENT LIABILITIES	
Non-current liabilities for employee benefits	-
Non-current financial liabilities	192
TOTAL NON-CURRENT LIABILITIES	**192**
CURRENT LIABILITIES	
Current provisions	
Trade payables	469
Current financial liabilities	470
Current tax liabilities	235
Other current liabilities	-
TOTAL CURRENT LIABILITIES	**1,174**
TOTAL LIABILITIES	**1,366**
Contingent and transferred consideration	6,134
Fair value of net assets	1,297
Goodwill	**4,837**
Cash and cash equivalents acquired	63
Consideration paid	(3,524)
Net acquired cash flow	**(3,461)**

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

It should be noted that as the acquisition date is close to the end of the 2023 financial year, the Group has not consolidated the income statement of Mabrian Technologies S.L.

7. INTANGIBLE ASSETS

The intangible assets of the Group amount to Euro 208,885 thousand (Euro 167,469 thousand at the previous period) and are broken down as follows:

(in thousands of Euro)	**Goodwill**	**Industrial patent and intellectual property rights**	**Concessions, licences, trademarks and similar rights**	**Other intangible assets**	**Assets under construction**	**Total**
At January 1, 2023	**76,470**	**36,305**	**2,308**	**30,594**	**21,793**	**167,469**
Change in consolidation areea	0	0	2	1,568	690	2,260
Investments and new acquisition	24,585	10,945	0	327	1,052	36,909
Capitalisation for internal projects	0	2,607	0	832	22,958	26,397
Amortization	0	(10,459)	(2,034)	(12,098)	0	(24,591)
Disposals	0	(17)	(4)	(132)	(145)	(298)
Reclassifications and other	(14,229)	11,011	10,947	9,504	(18,116)	(883)
Foreign exchange differences	327	670	615	(2)	12	1,622
At December 31, 2023	**87,153**	**51,062**	**11,834**	**30,593**	**28,244**	**208,885**

(in thousands of Euro)	**Goodwill**	**Industrial patent and intellectual property rights**	**Concessions, licences, trademarks and similar rights**	**Other intangible assets**	**Assets under construction**	**Total**
At January 1, 2022	**39,179**	**30,323**	**1,342**	**28,976**	**18,676**	**118,496**
Investments and new acquisition	36,074	6,578	1,263	304	282	44,501
Capitalisation for internal projects	0	1,400	0	840	18,774	21,014
Amortization	0	(8,615)	(407)	(10,411)	0	(19,433)
Disposals	0	(11)	(14)	0	0	(25)
Reclassifications and other	0	5,730	0	10,230	(15,960)	0
Change in consolidation areea	0	129	1	655	0	785
Foreign exchange differences	1,217	771	123	0	21	2,132
At December 31, 2022	**76,470**	**36,305**	**2,308**	**30,594**	**21,793**	**167,469**

The Group's investments as at December 31, 2023 amounted to Euro 36,909 thousand and mainly refer to (i) goodwill recognized on a non-definitive basis following business combinations completed over the period and (ii) "Industrial patent rights and use of intellectual property" and concessions, licenses and trademarks; these increases relate to costs for the acquisition of user and property licenses and costs for software development.

The Group also made further investments in the reference period, through capitalization for internal work, for a total of Euro 26,397 thousand referring to costs incurred mainly in the context of the creation and internal development of assets (software, IT applications) also used in the creation and management of the services offered in the operating segments in which the Group operates. The aforementioned capitalizations refer to the IT Services and Almawave - New Technology segments.

During the period, part of the investments made in previous years was completed and was therefore reclassified, in the respective categories of reference, including - for an amount of Euro 11,011 thousand - under the item "Industrial patent rights and use of works by 'ingenuity' which at the end of the period was equal to a total of Euro 51,062 thousand and which highlights the Group's endowment of software tools and IT applications developed internally and for evolutionary maintenance carried out on them. The Group, in relation to these assets, periodically carries out an analysis in correspondence with the closing of the financial statements aimed at finding their recoverable value with respect to that of recognition in the financial statements on the basis of the expected future economic benefits associated with them (active contracts of planned acquisition). Moreover, the economic performance of 2023 did not highlight any impairment indicators such as to formulate specific reflections on the recoverability of the aforementioned values.

The amortization of the period on intangible assets amounts to Euro 24,591 thousand. Regarding the main amortization ratios adopted as of December 31, 2023, in line with those already adopted in the previous year, since they are still considered representative of the techno-economic life of intangible assets and are included in the following ranges, please refer to Note 3 in the Accounting Principles used by the Group.

The exchange rate differences equal to Euro 1,622 thousand are due to the translation of the financial statements of companies operating in areas other than the Euro and mainly concern companies that prepare financial statements in Brazilian reais.

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

Euro/000

CGU	Segment	At January 1, 2023	Exchange differences	Additions	Disposals, reclassifications and other	At December 31, 2023
Wedoo	IT Services - IT	**630**				**630**
2F water Venture	IT Services - IT	**-**		2,145		**2,145**
BM Tecnologie Industriali	IT Services - IT	**-**		12,646		**12,646**
Kline	IT Services - Finance	**784**				**784**
Reactive	IT Services - Finance	**745**				**745**
Wave	IT Services - Transportation	**5,121**				**5,121**
Tecnau	IT Services - Transportation	**2,410**		410		**2,820**
Almaviva do Brasil	DRM International	**31,426**	327			**31,753**
CRC Central de Recup de creditos	DRM International	**16,128**	20	4,527	(14,229)	**6,446**
Almawave	Almawave - New Technolgy	**512**				**512**
The Data Appeal Company	Almawave - New Technolgy	**16,037**				**16,037**
Sistemi Territoriali	Almawave - New Technolgy	**2,677**				**2,677**
Mabrian	Almawave - New Technolgy	**-**		4,837		**4,837**
Total		**76,470**	**347**	**24,565**	**(14,229)**	**87,153**

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

The plans taken as a reference, for the impairments illustrated below, relate to the period 2024-2028. These plans are based on a 2024 budget approved by the directors and on precise forecasts for the period 2025-2028 on the basis of assumptions consistent with the latest industrial plan approved by the group's management. Impairments are based on assumptions consistent with the company's business model. All the companies included in the plan are complying with the aforementioned assumptions without significant deviations; no significant deviations are expected even for the new-acquired companies.

As previously highlighted, the Purchase Price Allocation (PPA) process related the M&A transaction of the brazilian subsidiaries Central de Recuperação de Créditos Ltda and CRC Digital Ltda was completed in the first months of 2023, resulting in a reclassification of the Goodwill initially recognized for Euro 14,229 thousand and in an increase due to the tax impacts on it for a value equal to Euro 4,527 thousand.

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

The results of the impairment tests carried out as of December 31, 2023, confirmed excess values in use with respect to the book values of all the goodwill identified in the Management recruitment paragraph. Therefore, potential impacts on the consolidated financial statements of the AlmavivA Group due to the recognition of impairment losses on the goodwill in question are excluded. This also in the event of a shock-down (-20%) of the margins and shock-up (+ 2%) of the discount rates of the cash flows considered.

The discount rate corresponding to the average cost of capital (WACC) referring to goodwill was determined using the following assumptions:

	At December 31, 2023				
	Risk Free Rate	Expected Market Return	Average Cost of Debt	Taxes	**WACC**
IT Services - IT	4.22%	4.0%	5.78%	24%	8.0%
IT Services - Finance	4.22%	4.0%	5.78%	24%	8.0%
IT Services - Transportation	4.22%	4.0%	5.78%	24%	8.0%
DRM International (Brasile)	11.7%	4.0%	5.78%	34%	9.2%
DRM International (Colombia)	11.2%	4.0%	5.78%	33%	9.1%
Almawave - New Technolgy	4.22%	4.0%	5.78%	24%	8.0%

For the purposes of the Impairment Test on the goodwill relating to Almawave CGU, the Fair Value deriving from the value of the shares of the company listed on the EGM market was used.

8. PROPERTY, PLANT AND EQUIPMENT

The tangible assets of the AlmavivA Group, owned and leased, amount to Euro 90,419 thousand (Euro 87,563 thousand at the previous period) and are broken down as follows:

(in thousands of Euro)	Land and buildings	Plant and machinery owned and leased	Industrial and commercial equipment owned and leased	Other assets owned and leased	ROU Asset	Assets under construction and payments on account	Total
At January 01, 2023	**6,090**	**16,137**	**380**	**26,355**	**38,422**	**180**	**87,563**
Change in consolidation area	4	48	4,682	136	1,054	0	5,924
Additions	0	5,908	110	5,225	15,035	5	26,283
Depreciation	(791)	(4,316)	(476)	(8,010)	(13,085)	0	(26,678)
Disposals	0	(5)	(7)	(145)	(5,375)	0	(5,532)
Reclassifications and other	0	13	(11)	157	1	(180)	(20)
Foreign exchange differences	0	901	0	607	1,340	0	2,848
Historical cost	19,400	233,476	11,787	175,857	70,808	5	**511,333**
Accumulated amortization	(14,097)	(214,791)	(7,078)	(151,532)	(33,416)	0	**(420,914)**
At December 31, 2023	**5,303**	**18,685**	**4,709**	**24,325**	**37,392**	**5**	**90,419**

(in thousands of Euro)	Land and buildings	Plant and machinery owned and leased	Industrial and commercial equipment owned and leased	Other assets owned and leased	ROU Asset	Assets under construction and payments on account	Total
At January 01, 2022	**6,753**	**11,349**	**435**	**24,957**	**41,070**	**1,531**	**86,094**
Additions	126	5,957	106	5,936	17,653	181	29,959
Capitalisation for internal projec	0	0	0	0	0	0	0
Depreciation	(789)	(3,626)	(160)	(7,979)	(12,734)	0	(25,288)
Disposals	0	(145)	(15)	(780)	(11,518)	(27)	(12,485)
Reclassifications and other	0	301	1	1,203	0	(1,505)	0
Change in consolidation area	0	1,386	13	1,615	3,666	0	6,680
Foreign exchange differences	0	915	0	1,403	285	0	2,603
Historical cost	19,383	224,743	3,983	170,670	65,888	180	**484,847**
Accumulated amortization	(13,293)	(208,606)	(3,603)	(144,315)	(27,466)	0	**(397,283)**
At December 31, 2022	**6,090**	**16,137**	**380**	**26,355**	**38,422**	**180**	**87,563**

Investments are equal to Euro 26,283 thousand at December 31, 2023, of which those not relating to the application of IFRS 16 amounted to Euro 11,248 thousand; they mainly refer to the items "other assets" and "plant and machinery" for the acquisition of hardware, network and plant upgrades of the IT Services, DRM International operating segments and, to a lesser extent, the other sectors.

Depreciation amounts to Euros 26,678 thousand. Regarding the main amortization ratios adopted as of December 31, 2023, in line with those already adopted in the previous year, since they are still considered representative of the techno-economic life of intangible assets and are included in the following ranges, please refer to Note 3 in the Accounting Principles used by the Group.

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

The disposals of Euros 5,532 thousand mainly refer to the early termination of some rental contracts held by IT Services and DRM International segment and Others business area.

The exchange differences from the translation of the financial statements of companies operating with functional currencies other than the Euro of positive Euro 2,848 thousand mainly concern companies that prepare financial statements in Brazilian reais.

The Group presents a balance of the item "Land and buildings" equal to Euro 5,303 thousand relating to the building located in Rome, in via dello Scalo Prenestino, owned by IT Services segment.

The item of Rights of use on assets, i.e. the ROU (Right Of Use) recorded in application of IFRS 16 and whose value at December 31, 2023 amounts to Euro 37,392 thousand, includes the rights of use on assets pursuant to contracts subject to the application of the IFRS 16 “Leasing” standard.

Fixed assets in progress show an increase equal to Euro 5 thousand, mainly referring to the IT Services segment.

Regarding the risk of recoverability of the value of Tangible Assets as at December 31, 2023, as better indicated in the previous Paragraph 1.1, during this period, as there were no indicators of permanent impairment in value, the Directors did not deem to proceed with the preparation of specific impairment tests.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
CCID – Almaviva Inform. Technol. Co. Ltd	117	117
Consorzio Hypertix in liquidation	99	99
TVEyes L.T. S.r.l.	29	27
PNT Italia S.r.l.	5,736	0
Diversity Tech S.r.l.	105	0
Total	**6,086**	**243**

Regarding to the increase of the period, on April 26, 2023, Almaviva S.p.A. and Engineering Ingegneria Informatica S.p.A. established PNT ITALIA S.R.L., a project company, pursuant to art. 184 of Legislative Decree 50/2016 and subsequent amendments, whose exclusive corporate purpose consists in the execution of services related the design, the implementation and the management of the enabling services of the National Telemedicine Platform. Almaviva S.p.A. holds a 40% share of the share capital in the company.

The changes applying Equity Method are shown below:

(in thousands of Euro)	**At December 31, 2022**	**Income Statement effect**	**Increases (Decreases)**	**At December 31, 2023**
CCID – Almaviva Inform. Technol. Co. Ltd	117	0	0	117
Consorzio Hypertix in liquidation	99	0	0	99
TVEyes L.T. S.r.l.	27	2	0	29
PNT Italia S.r.l.	0	0	5,736	5,736
Diversity Tech S.r.l.	0	0	105	105
Total	**243**	**2**	**5,841**	**6,086**

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

	Registered office		**Share Capital**	**Shares held (%)**	**Investor**
CCID – Almaviva Inform. Technol. Co. Ltd	Shangai, China	¥	39,642,000.00	50.00	AlmavivA S.p.A.
Consorzio Hypertix in liquidazione	Rome, Italy	€	198,000.00	49.99	AlmavivA S.p.A.
TVEyes L.T. S.r.l.	Trento, Italy	€	20,000.00	20.00	AlmavivA S.p.A.
PNT Italia S.r.l.	Rome, Italy	€	14,339,200.00	40.00	Almaviva S.p.A.
Diversity Tech S.r.l.	Rubano (PD) Italy	€	10,000.00	48.00	2F Water V. S.r.l.

As of December 31, 2023, there are no impairment indicators regarding the risk of recoverability of the investment.

10. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets of the AlmavivA Group amount to Euro 2,016 thousand (Euro 1,256 thousand as at December 31, 2022) and are broken down as follows:

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Long-term loans	1,936	1,188
Others Equity investments	80	68
Non-current financial assets	**2,016**	**1,256**

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Amount failling due within 12 months	0	0
Amount failling due between 1-5 years	1,936	1,188
Non-current financial receivables	**1,936**	**1,188**

Non-current financial receivables, equal to Euro 1,936 thousand (Euro 1,188 thousand as at December 31, 2022) are all instrumental to operating activities and are mainly related to financial assets to Auselda for Euro 1,181 thousand.

At December 31, 2023, no impairment losses were recorded on the item in question. In this case, the impairment was determined following the analytical model described in the preparation criteria.

11. DEFERRED TAX ASSETS

Deferred tax assets amount to Euro 24,591 thousand (Euro 21,367 thousand as at December 31, 2022) and are shown net of deferred tax liabilities, if they can be offset under the Italian and / or foreign reference regime, and have been allocated, within the limits of the values that it is expected to recover in future years based on the capacity of the expected taxable income, mainly in relation to temporary deductible differences (provisions for risks and other deferred charges) and in part residual in relation to previous tax losses.

At the end of the year, the Group generally assesses the presence of impairment indicators for prepaid taxes; in this sense, the recoverability of the same is carried out by considering the estimates of future taxable income based on the forecasts of the latest business plan approved by the Board of Directors. As at December 31, 2023, the management concluded that the capacity of taxable income will allow the use of the deferred tax assets recorded.

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Deferred Tax Assets	**24,591**	**21,367**

Divided in:

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Italian subsidiaries	17,704	16,842
Foreign subsidiaries	6,887	4,525
Total Deferred Tax Assets	**24,591**	**21,367**

12. OTHER NON-CURRENT ASSETS

Other non-current assets amount to Euro 2,190 thousand as at December 31, 2023 compared to an amount of Euro 1,091 thousand as at December 31, 2022, as illustrated in the table below:

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Security deposits	1,048	1,056
Prepaid expenses	3	31
Other receivables	1,139	4
Other non-current assets	**2,190**	**1,091**

"Other receivables" mainly refers to non-current portion of receivables due from R&D projects.

13. INVENTORIES

Inventories of the Group are equal to Euro 21,712 thousand (Euro 18,811 thousand as at December 31, 2022) and are composed as follows:

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Raw materials (at cost)	5,730	5,334
Work in progress (at cost)	3,155	4,254
Finished goods (at lower of cost and net realizable value)	12,827	9,223
Total inventories at the lower of cost and net realizable value	**21,712**	**18,811**

The increase of the year is mainly related to M&A transaction completed during the period. During 2023 have not been accounted any expenses for inventories to carry them at net realizable value.

14. CONTRACT ASSETS

As at December 31, 2023, contract assets are equal to Euro 28,694 thousand (Euro 19,064 thousand as at December 31, 2022).

They increase overall by Euros 9,630 thousand and refer essentially to the activities generated by the IT Services sector not yet completed or not yet subjected to testing by the customers.

15. TRADE RECEIVABLES

As at December 31, 2023, trade receivables are equal to Euro 522,067 thousand (Euro 513,487 thousand as at December 31, 2022) with an increase of the year equal to Euro 8,580 thousand. The following table shows the aging of the gross amount of trade receivables, the receivables retained as a guarantee and the amount of the bad debt provision:

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Amount not yet due	442,877	455,157
Amount due by less than 30 days	31,509	16,422
Amount due between 30-60 days	10,074	5,212
Amount due between 61-90 days	5,269	2,754
Amount due between 91-120 days	4,038	5,676
Amount due by more than 120 days	51,133	48,514
Trade receivables, gross amount	**544,900**	**533,735**
Trade receivables, amount retained as a guarantee	3,521	3,534
Bad debt provision	(26,354)	(23,782)
Trade receivables	**522,067**	**513,487**

The increase of the year is mainly due to: (i) M&A operations completed during the year; (ii) an increase in terms of revenues (refers to Note 29 of P&L). Trade receivables are exposed net of bad debt provision equal to Euro 26,354 thousand (Euro 23,782 thousand as at December 31, 2022).

The following table shows the changes in the bad debts provision for the year compared with the previous year:

(in thousands of Euro)	At December 31, 2023	At December 31, 2022
Balance at the beginning of the year	**23,782**	**22,966**
Provisions	2,570	624
Uses	0	(49)
Change in consolidation areea	0	0
Other	2	241
Balance at the end of the year	**26,354**	**23,782**

Further, as mentioned in 2017 Financial Statements, on May 2, 2017, the Italian Ministry of Economic Development made an order that put into special administration under Decree-Law "Marzano", the company Alitalia – Società Aerea Italiana S.p.A.
The Group – supported by an internal and external legal opinion further substantiated by recent case-law – considers pre-deductible and consequently fully recoverable the net receivables from Alitalia - Società Aerea Italiana S.p.A. in A.S. (as at May 2, 2017).
Therefore, the application for insinuation into the bankruptcy liabilities was proposed requesting the recognition of the credits on a pre-deductible basis and, alternatively, on an unsecured basis.

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

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

It should also be noted that the revocatory judgment pursuant to art. 67 of the Bankruptcy Law filed in 2020 by Alitalia in A.S. S.p.A. was recently settled transactively; as a result, a further request for insinuation into the bankruptcy liabilities of Alitalia Società Italiana S.p.A. in A.S. was lodged, in relation to the claim of about Euro 1.2 million deriving from the "revocatory recognition". The request of insinuation was proposed on an unsecured basis. It's waiting to receive the project bankruptcy liabilities with the evaluation of the application for the claim.

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

In the expectation that the timing of the collection of these receivables may depend on the evolution of the "A.S. Procedure", during the period and in previous years, financial expenses were recorded. At present day, the value of the receivable has been prudently adjusted by approximately more than 50%.

It should be noted that Note 41 "Guarantees, commitments, risks and other information" provides additional information regarding the credit risk management policy adopted by the Group and the ageing of the receivables past due but not written down.

16. CURRENT FINANCIAL ASSETS

As at December 31, 2023, current financial assets amounted to Euro 3,801 thousand (Euro 14,533 thousand as at December 31, 2022). The decrease of the period mainly refers to a collection of AlmavivA SpA. The amount mainly refers to AlmavivA SpA for Euro 3,601 thousand relating to financial receivables from one of the main customers linked to deferred payments with respect to the Company's services that have been granted to the aforementioned customer.

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

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Current financial assets	**3,801**	**14,533**

As regards the monetary movements of the period, it should be noted that: (i) at December 31, 2023, they generated a cash increase equal to Euro 10,731 thousand; (ii) at December 31, 2022 they generated a cash absorption equal to Euro 10,954 thousand.

17. OTHER CURRENT ASSETS

Other current assets amount to Euro 180,717 thousand as at December 31, 2023, compared to Euro 142,041 thousand as at December 31, 2022. The amount is composed as follow:

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Receivables due from personnel	4,653	4,224
Receivables due from social security institutions	4,902	5,636
Receivables due from tax autorithies	59,153	35,481
Receivables related to tax consolidation	28,400	24,540
Prepaid expenses	17,814	15,041
Advances to suppliers	4,191	3,424
Sundry items	61,604	53,695
Other current assets	**180,717**	**142,041**

In particular, it should be noted that the item Receivables from social security institutions, equal to Euro 4,902 thousand, includes almost all receivables from INPS not yet collected relating mainly to:

- To the receivable from the INPS treasury in AlmavivA SpA;
- Cigs and Fis credits of AlmavivA Contact.

Tax consolidation credits for Euro 28,400 thousand derive from the transfer to the parent company AlmavivA Technologies S.r.l. of the tax positions of the companies adhering to the institution in question. Offsetting this credit, there is also a debt position for Euro 27,687 thousand, as reported in Note 28.

Prepayments for Euro 17,814 thousand include future costs mainly related to IT Services segment.

Receivables from the tax authorities are divided into (i) credits for direct taxes Euro 5,308 thousand and (ii) receivables for indirect taxes equal to Euro 53,845 thousand relating mainly to AlmavivA S.p.A., Almacontact and Almaviva Do Brasil. Regarding to the receivables of AlmavivA S.p.A. for indirect taxes they refer mainly to the credit for the Group VAT for Euro 38,533 thousand. During 2023, it should be noted that Euro 22,641 thousand, related to Group VAT, was collected.

Sundry items equal to Euro 61,604 thousand mainly refers to:

- Receivables related to DRM International segment for judicial deposits on ongoing disputes against employees as local legislation provides that to proceed with an appeal against an employee or ex-employee it is necessary to establish a deposit to cover the reimbursement to be paid in the event of defeat;
- Receivables due from the State and Public Authorities for projects financed and R&D projects equal to Euro 8,126 thousand;
- Receivables for reimbursements which refer:
    - the credit for the request for reimbursement, submitted to a well-known insurance company, of the legal costs incurred in the context of a dispute initiated in the United States by an American company (the "US Litigation") against some of the companies of the AlmavivA Group (collectively the “AlmavivA 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 AlmavivA Companies, by virtue of a policy called "Directors' Civil Liability Insurance" signed with a well-known insurance company, took action against the contracting insurance company. Currently, the terms for lodge an appeal, against the rejection of the circuit court, at Supreme Court is pending.
      The AlmavivA Companies currently believe - also on the basis of the assessments made by their defense board - that they have valid arguments to be able to support their position and, consequently, to be able to subvert the outcome sentence. In consideration of these aspects, the receivable from the insurance company continues to be considered deriving from a contractual right and, at present, fully recoverable.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 240,652 thousand (Euro 164,660 thousand as at December 31, 2022) refers to credit balances at banks in existence as at December 31, 2023 and the amounts held at the Group treasuries. These voices are not subject to any restriction and are not foresee disinvestment costs.

19. SHAREHOLDERS' EQUITY

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Share capital	154,899	154,899
Share premium reserve	17,788	17,788
Legal reserve	*19,104*	*15,139*
Other reserves:		
FTA reserve	*4,493*	*4,493*
OCI reserve	*3,726*	*4,927*
stock grant reserve	*9,291*	*7,693*
Translation reserve	*(38,372)*	*(46,257)*
Other reserves	*(29,376)*	*(83,733)*
	(50,238)	*(112,877)*
Profit/(loss) for the year	81,989	72,344
Total group shareholders' equity	***223,546***	***147,296***
Reserves pertaining to NCIs:		
Translation reserve	*(937)*	*(991)*
Other reserves	*32,065*	*29,799*
	31,129	28,809
Profit/(loss) for the year pertaining to NCIs	4,749	2,756
Total non-controlling interests	***35,878***	***31,565***
Total Shareholders' equity	**259,424**	**178,862**

The total Shareholders' equity as at December 31, 2023 is equal to Euro 259,424 thousand (Euro 178,862 thousand as at December 31, 2022) showing an increase of Euro 80,562 thousand. This change in Equity of the AlmavivA Group was affected by (i) the results for the period equal to Euro 86,738 thousand, (ii) the positive impact of about Euro 7,939 thousand relating to the improvement of the Euro / Reais exchange rate on the Translation Reserve and (iii) the dividends paid in the period for an amount equal to Euro 12,246 thousand.

Share Capital
The Share capital as at December 31, 2023 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.

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

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

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

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

Legal reserve
The Legal reserve amounted to Euro 19,104 thousand as at December 31, 2023 and increased by the prior year's net profit allocation.

Share premium reserve
The Share premium reserve amounted to Euro 17,788 thousand as at December 31, 2023 and remained unchanged compared to December 31, 2022.

Stock Grant reserve
The stock grant reserve equal to Euro 9,291 thousand as at December 31, 2023, includes the fair value valuation at the same date regarding the Stock Grant Plan introduced by Almawave SpA and AlmavivA SpA during 2021. Please to refer to Note 32 for more details.

FTA reserve
The FTA reserve amounted to Euro 4,493 thousand as at December 31, 2022, as detailed below:
- AlmavivA for Euro 4,782 thousand;
- AlmavivA Contact for negative Euro 141 thousand;
- Almawave for negative Euro 270 thousand;
- AlmavivA do Brasil for Euro 122 thousand.

OCI reserve
The OCI reserve is equal to Euro 3,726 thousand as at December 31, 2023 (Euro 4,927 thousand as at December 31, 2022).

Translation reserve
The Translation reserve concerns the exchange differences from the translation to Euro of the financial statements of companies operating in non-Euro value.
As at December 31, 2023, it was a negative Euro 39,309 thousand (of which the Group's share was a negative Euro 38,372 thousand and the portion pertaining to non-controlling interests amounted to negative Euro 937 thousand).

Other reserves
The Other reserves is equal to negative Euro 29,376 and are represented by consolidation reserves and by undistributed profits or losses carried forward.
Non-controlling interests
The non-controlling interests are equal to Euro 35,878 thousand and refer to share capital, reserves, profit/loss of the year attributable to non-controlling interests, net of translation reserve.

Capital management
The Group's objectives in terms of capital management are the protection of business continuity, the creation of value for stakeholders and support for Group development. In particular, the Group aims to maintain an adequate level of capitalisation which makes it possible to achieve an economic return for shareholders, guarantee access to external sources of financing and satisfy investors. In this context, the Group manages its capital structure and makes adjustments to it, if rendered necessary by changes to economic conditions. Due to this, the Group constantly monitors the evolution of the level of indebtedness in relation to shareholders' equity, whose situation as at December 31, 2023 is summarised in the following table.

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Non current Net Financial Position	(395,940)	(380,717)
Current Net Financial Position	223,792	145,819
Non current financial receivables	2,016	1,256
Financial indebtness ("Debt")	**(170,132)**	**(233,642)**
Total Group Shareholder Equity	223,546	147,296
Non Controlling Interests	35,878	31,566
Total Shareholders' Equity ("Equity")	259,424	178,862
Debt/Equity ratio	**(0.66)**	**(1.31)**

20. LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits equal to Euro 39,285 as at December 31, 2023 are reported below:

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Liabilities for employee benefits	**39,285**	**39,672**

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:

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Balance at the beginning of the year	**39,672**	**45,409**
Change of the consolidatement area	338	6,869
Service cost	1,136	1,057
Interest cost	2,500	1,478
Payments / Utilizations	(5,561)	(13,834)
Actuarial gains/(losses) recognized in OCI	1,201	(1,307)
Balance at the end of the year	**39,285**	**39,672**
of which:		
Non-current portion	39,044	38,732
Current portion	241	940

The main assumptions made for the actuarial estimate process of the employee severance indemnity as at December 31, 2023 are summarised below:

Financial Assumptions	**At December 31, 2023**	**At December 31, 2022**
Discount rate	4.800%	6.303%
Annual rate of TFR increase	2.775%	2.930%
Annual rate of salary increase	variable according to seniority	variable according to seniority
Annual turnover rate	variable according to seniority	variable according to seniority
Annual rate of disbursement of advances	variable according to seniority	variable according to seniority

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

(in thousands of Euro)	*Rate +50 bp*	*Rate -50 bp*
Past Service Liability	38,259	40,378
Actuarial Profit/(loss)	197	2,270

Demographic Assumptions	**For the year ended December 31, 2023 and 2022**
Mortality	Table RG 48 State General Accounting Office
Disability	INPS Table - Commerce Sector
Retirement	General Mandatory Insurance requirements

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

21. PROVISIONS

Provisions are equal to Euro 21,865 as at December 31, 2023 (Euro 12,973 as at December 31, 2022) and are reported below:

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Non-current portion of provisions for risks and charges	14,787	8,040
Current portion of provisions for risks and charges	7,078	4,933
Provisions for risks and charges	**21,865**	**12,973**

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

(in thousands of Euro)	**Provision for taxes**	**Provision for redundacy incentives**	**Provision for guarantees granted**	**Provisions for contractual and commercial risks**	**Provisions for legal disputes**	**Other provisions for risks and charges**	**Total**
Balance as at January 1, 2023	**66**	**356**	**134**	**180**	**1,393**	**10,844**	**12,973**
Accruals	0	902	0	375	558	10,963	12,798
Utilizations	0	0	0	0	0	(3,446)	(3,446)
Decreases	0	(193)	0	0	(994)	(37)	(1,224)
Other changes not recorded through income statement	17	0	0	0	800	(53)	764
Balance as at December 31, 2023	**83**	**1,065**	**134**	**555**	**1,757**	**18,271**	**21,865**
of which:							
Non-current portion	66	22	134	0	0	14,565	14,787
Current portion	17	1,043	0	555	1,757	3,706	7,078

Information and comments on the most significant provisions are provided below:

"Redundancy fund" equal to Euro 1,065 thousand (Euro 356 thousand as at December 31, 2022) mainly relating to employees who have accrued in 2023 the pension requirement through "quota 100", early retirement, woman option and that they had voluntarily decided to join the exit from the company.

"Contractual and commercial risk fund" is related to provisions recorded by AlmavivA Contact for Euro 555 thousand.

Provision for legal disputes of Euro 1,757 thousand is mainly related to IT Services segment.

The line items, including non-current and current portion, for a total of Euro 18,271 thousand (Euro 10,844 thousand at December 31, 2022) relating to:

- prudential provisions on commercial risks relating to penalties;
- the Project Workers stabilization fund;
- provisions for disputes both towards personnel and for other civil disputes;
- commercial guarantee funds;
- the liquidation costs provision recorded from Agrisian by virtue of current obligations under the law.

22. NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities, equal to Euro 395,940 thousand (Euros 380,717 thousand as at December 31, 2022), refer to long-term payables as detailed below and include the non-current portion of financial liabilities for leasing deriving from the application of IFRS 16.

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Banks	3,906	2,521
Bond	344,897	340,131
Amounts due to other lenders	17,247	6,446
Financial liabilities associated with leasing	29,890	31,619
Non-current financial liabilities	**395,940**	**380,717**

(in thousands of Euro)	> 12 months	< 5 years	> 5 years
Banks	3,906	3,906	0
Bond	344,897	344,897	0
Amounts due to other lenders	17,247	17,247	0
Financial liabilities associated with leasing	29,890	27,120	2,770
	395,940	**393,170**	**2,770**

The fair value of the main financing component, relating to the bond issued on the Luxembourg market, is equal to Euro 346,329 thousand as at December 31, 2023. This assessment is affected by this period characterized by strong worldwide disturbance due to the Russian-Ukrainian conflict, with a consequent impact in terms of the performance of the stock and bond markets.

The increase is mainly related to the effects deriving from the M&A transactions carried out during the year and to the change in the consolidation area.
In this regard, it should be noted that the M&A agreement include crossed put & call options, which the Group has reflected in the financial statements by considering the shareholdings as

already acquired and recording a financial liability, discounted based on the deadlines established by contracts for the exercise of options.

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

(in thousands of Euro)	**At January 1, 2023**	**Proceeds from borrowings**	**Repayements of borrowings**	**Reclassification and other adjustments**	**At December 31, 2023**
AlmavivA S.p.A.	346,128	10,306	(2,002)	2,366	356,798
Sadel S.p.A.	1,959	0	(608)	(634)	717
AlmavivA do Brasil	151	0	0	(151)	0
CRC-Central de Recup.de Creditos	295	0	0	(295)	0
Obda Systems S.r.l.	4	0	(3)	0	1
The Data Appeal Company S.p.A.	292	2,510	0	(62)	2,740
Sistemi Territoriali S.r.l.	269	0	(82)	(88)	99
2F Water Venture S.r.l.	0	0	0	787	787
BM Tecnologie Industriali S.p.A.	0	0	0	4,716	4,716
Mabrian Technologies S.L.	0	0	0	192	192
Passività finanziarie connesse al leasing	31,619	5,946	(4,326)	(3,349)	29,890
Non-current financial liabilities	**380,717**	**18,762**	**(7,021)**	**3,482**	**395,940**

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

As regards the monetary movements of the period, it should be noted that as at December 31, 2023 the proceeds from borrowings amounted to Euro 813 thousand and the repayments of loans amounted to Euro 2,695 thousand.

Long-term financial liabilities of Euro 395,940 thousand mainly refers to the bond of Euro 350,000 thousand issued on November 3, 2021, 4.875% coupon with half-yearly payment on April 30 and October 30 of each year and maturity of 5 years. The bond was listed on the Luxembourg stock exchange on the Euro MTF Market (unregulated market).

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

The Bond is treated in the financial statements with the amortized cost method and has a value as of December 31, 2023, of Euro 344,897 thousand.

Liabilities to other lenders equal to Euro 17,247 thousand. The increase in the year is mainly related to the effects deriving from M&A transactions and to the changing in the consolidation area.

Non-current financial liabilities deriving from the adoption of IFRS 16 are equal to Euro 29,890 thousand, the reclassifications for Euro 3,349 thousand refer mainly the reclassification from non-current portions to current portions of the debt.

23. DEFERRED TAX LIABILITIES

Deferred tax liabilities are equal to Euro 4,910 thousand as at December 31, 2023 and decreased in the period for Euro 4,826 thousand due mainly the completion of the Purchase Price Allocation (PPA) process related the M&A transaction of the brazilian subsidiaries Central de Recuperação de Créditos Ltda and CRC Digital Ltda, as already anticipated in Note 7.

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Deferred tax liabilities	**4,910**	**84**

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Balance at the beginning of the year	**84**	**2**
Increases	4,826	82
Decreases	0	0
Balance at the end of the year	**4,910**	**84**

24. OTHER NON-CURRENT LIABILITES

Other non-current liabilities equal to Euro 987 thousand as at December 31, 2023 (Euro 635 thousand as at December 31, 2022) are reported below:

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Other non-current liabilities	228	304
Deferred income on capital grants	759	331
Other non-current liabilities	**987**	**635**

The fully amount refers to deferred income on capital grants.

25. TRADE PAYABLES

Trade payables are equal to Euro 379,925 thousand as at December 31, 2023 and increased for Euro 28,399 thousand compared to the previous year. They mainly include payables for the supply of services, as well as those relating to various services for activities carried out during the year. Specifically, overdue trade payables amount to Euro 71,959 thousand (Euro 59,975 thousand as of December 31, 2022) while those not due and due within 12 months amount to Euro 307,966 thousand (Euro 291,551 thousand as of December 31, 2022).

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Trade payables	**379,925**	**351,526**

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

26. CURRENT FINANCIAL LIABILITIES

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

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Payables due to banks	4,688	7,780
Current portion bonds	3,444	2,859
Payables due to other lenders	590	11,389
Accrued liabilities from financial expenses	158	163
Other financial payables	239	434
Financial liabilities for leasing IFRS 16	11,542	10,749
Current financial liabilities	**20,661**	**33,374**

Short-term financial liabilities for Euro 20,661 thousand refer to payables for short-term loans contracted with credit institutions and to the portion of payables for interest accrued to bondholders whose payment is expected on April 30, 2024. Finally, the item includes current financial liabilities for leasing, financial accruals and short-term payables of a different nature.
Payables due to other lenders show, during the period, a decrease refers to the payment of the financial liability to Simest for an amount of Euro 11,000 thousand, related to the portion of share capital and the share premium of AlmavivA do Brasil subscribed by SIMEST. This transaction entailed the irrevocable obligation to purchase from SIMEST (obliged to sell) the aforementioned shares subscribed by the latter, by June 30, 2023.

As regards the monetary movements of the period, it should be noted that: (i) at December 31, 2023, they generated a cash absorption equal to Euro 18,029 thousand; (ii) at December 31, 2022 they generated a cash increase equal to Euro 3,893 thousand.

27. TAX PAYABLES

Tax payables as at December 31, 2023, equal to Euro 33,088 thousand (Euro 31,890 thousand as at December 31, 2022) are reported below:

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Income taxes	2,560	1,961
Other taxes	30,528	29,929
Tax payables	**33,088**	**31,890**

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

28. OTHER CURRENT LIABILITIES

Other current liabilities as at December 31, 2023, equal to Euro 175,746 thousand (Euro 121,853 thousand as at December 31, 2022) are reported below:

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
Payables due to social security institutions	20,183	18,095
Payables due to personnel	47,387	39,851
Miscellaneous payables	67,084	40,642
Deferred income	41,092	23,265
Other current liabilities	**175,746**	**121,853**

The payables to social security institutions equal to Euro 20,183 thousand refer to compulsory contributions accrued and to be paid to the social security institutions in relation to the salaries and fees paid.
Payables to personnel equal to Euro 47,387 thousand mainly refer to the provision for holidays and leave accrued by the staff and not yet paid, as well as for the subsidiaries AlmavivA Contact S.p.A., AlmavivA Services, The Data Appeal Company and Sistemi Territoriali to the monthly payment for the month of December, the payment of which took place in the first days of January 2024, as per the ordinary management of salary payments.
Miscellaneous payables equal to Euro 67,084 thousand mainly include payables to project workers, payables to insurance companies, payables for collections to be paid to partners, payables to the parent company AlmavivA Technologies for tax consolidation (equal to Euro 27,687 thousand which partially offset, as reported in Note 17, the existing credit position for the tax consolidation) and payables to corporate bodies.
Deferred income for Euro 41,092 thousand relates to economic components pertaining to future years.

29. REVENUE

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

	For the twelve months ended December 31,	
(in thousands of Euro)	**2023**	**2022**
Revenues from sales and services	1,113,552	1,038,501
Revenues from sale of goods	33,986	30,932
Revenues from contract work in progress	8,577	584
Revenues from contracts with customers	**1,156,115**	**1,070,017**

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

	For the twelve months ended December 31,	
(in thousands of Euro)	**2023**	**2022**
Goods transferred at a point in time	33,986	30,932
Services transferred over time	1,122,129	1,039,085
Total revenue from contracts with custome	**1,156,115**	**1,070,017**

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

The table below shows a breakdown of revenues by Operating segments for years ended December 31, 2023, and 2022. Inter-segment elimination has not been considered and eliminated.

	For the twelve months ended December 31,	
(in thousands of Euro)	**2023**	**2022**
IT Services	803,592	714,536
DRM International (ex CRM International)	300,477	275,198
Almawave – New Technology	46,862	40,402
Others	5,184	39,881
Revenues from contracts with customers	**1,156,115**	**1,070,017**

Revenues in the IT Services segment as of December 31, 2023, increased by Euro 89,056 thousand, equal to 12.5% compared to the previous period. This increase is mainly due to the growth in demand for services from customers in the Transport, Health Treasury and Public Finance, Ministries, Local Government, Utilities/Industry and Welfare business areas. This growth was partially offset by a reduction in revenues attributable to the Banking Insurance, Agricolture/Environment, Homeland Security and Other business area. This trend is affected also by the M&A transactions completed during the period.

Revenues from contracts with customers in the DRM International segment at December 31, 2023, show an increase of Euro 25,280 thousand, equal to 9.2% compared to the previous period. The increase is attributable mainly to the Telco/Media, Finance, Transportation and Utility business areas, partially offset by a reduction in revenues attributable to the Industry/Retail business area. This trend is affected also by the improvement in the Euro/Reais exchange rate.

Revenues from contracts with customers in the Almawave-New Technology segment increased by Euro 6,459 thousand, up 16% compared to the previous period. This increase is mainly due to the increase in revenues from the sale of software technologies to customers in the Finance, Government, Tourism, Transport, Utilities and Other business areas, partially offset by a reduction in revenues attributable to the Telco/Media business area.

Revenues from contracts with AlmavivA Group customers are mainly generated in Italy. The revenues generated abroad mainly concern Brazil, Colombia and, to a lesser extent, other countries for which please refer to Note n. 5.

The fees for services to be provided at December 31, 2023, based on the contracts already acquired by the Group, amount to Euro 2,528,621 thousand, of which Euro 809,982 thousand to be absorbed within the following year and Euro 1,718,639 thousand to be absorbed beyond the next year.

30. OTHER INCOME

Other income are reported in the following table:

(in thousands of Euro)	For the twelve months ended December 31,	
	2023	**2022**
Recovery of personnel costs	581	1,279
Recovery of costs of service provision	4,868	5,218
Recovery of costs of use of assets	164	338
Reversal of provisions	3,446	7,885
Other income	6,725	5,311
Operating grants	6,343	3,153
Reversal of over-accruals of trade payables	7,252	1,815
Other income	**29,379**	**24,999**

Other income amount to Euro 29,379 thousand (Euro 24,999 thousand as at December 31, 2022) and the most significant items are related to the reversal of provision for guarantees; to the recovery of costs services; to the operating grants and to the reversal from adjustments to items allocated in previous years.

31. COST OF RAW MATERIALS AND SERVICES

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

(in thousands of Euro)	For the twelve months ended December 31,	
	2023	**2022**
Raw materials, consumables, supplies and goods	45,409	48,573
Costs for services	431,387	398,252
Costs of use of third party assets	7,183	6,230
Costs for services capitalised for assets created internally	(7,373)	(5,898)
Changes in inventories	(1,141)	(3,607)
Cost of raw materials and services	**475,465**	**443,550**

(in thousands of Euro)	For the twelve months ended December 31,	
	2023	**2022**
IT Services	385,619	359,039
DRM International (ex CRM International)	78,037	72,373
Almawave New Technology	24,138	21,093
Others	5,209	12,747
Adjustments eliminations and other	(17,538)	(21,702)
	475,465	**443,550**

The item increased during the period by Euro 31,915 thousand. The increase is generally attributable to higher revenues in the IT Services segment, with a consequent increase in costs (Euro 26,580 thousand), as well as in the Almawave-New Technology segment (increase in costs of Euro 3,044 thousand) and in the DRM International segment (increase in costs by Euro 5,665 thousand). This effect was partially offset by trend of remaining activities "Others", by the trend of the Euro/Reais exchange rate and by the M&A transactions carried out during the period.

The table below shows, in more details, the disaggregation of cost of services as at December 31, 2023 and 2022:

(in thousands of Euro)	For the twelve months ended December 31,	
	2023	**2022**
Maintenance	45,123	37,730
Insurance	4,670	4,213
Consultancy and professional services	239,556	224,804
Advertising, promotion and entertainment	2,398	1,269
Telephone expenses	4,271	4,813
Travel and stays	5,305	3,613
Energy and fluids	13,825	10,195
Distribution and warehousing	644	2,001
Other costs for services	115,595	109,614
Costs for services	**431,387**	**398,252**

The item other costs for services includes operating expenses and various services such as canteen expenses and meal vouchers reserved for employees, legal and notary fees, commissions and expenses for banking services, expenses for training courses, costs for cleaning and costs incurred towards third parties essentially referring to expenses for insurance policies and expenses for travel and business trips, the item in question also includes the expenses for corporate protection related to Covid 19 (costs for sanitization, cleaning, purchase of masks and gloves). The increase in costs is related to the increase in turnover volumes. Furthermore, the remuneration due to the Directors equal to Euros 5,279 thousand, the remuneration due to the Board of Statutory Auditors for Euro 438 thousand and to the Independent Auditors for Euro 723 thousand are also included.

32. PERSONNEL EXPENSES

Personnel expenses are broken down as follows:

(in thousands of Euro)	For the twelve months ended December 31,	
	2023	**2022**
Salaries and wages	418,459	386,980
Social security contributions	71,887	69,263
Employee benefit expenses	15,344	16,054
Other costs	4,154	3,692
Stock Grant costs	1,598	3,020
Agency work	2,291	2,364
Personnel expenses capitalised for assets created internally	(19,055)	(15,116)
Personnel expenses	**494,678**	**466,256**

Personnel expenses increased by Euro 28,421 thousand, or 6.10%.

The cost of employee with share-based payment, is equal to Euro 1,598 thousand as at December 31, 2023; the costs just mentioned derive from the best estimate of the achievement of the objectives contained in the Stock Grant Plan. There are no cancellations or changes to the plan during the period.

The number of employees as at December 31, 2023 is equal to 44,649.

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

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

(in thousands of Euro)	For the twelve months ended December 31,	
	2023	**2022**
Industrial patent and intellectual property rights	10,459	8,615
Concession, licence and trademarks	2,034	407
Other	12,098	10,410
Total Intangible Depreciation and Amortization	***24,591***	***19,433***
Civil and industrial buildings	791	789
Industrial and commercial equipment	476	160
Plants and machinery owned	4,316	3,626
Other assets owned and leased	8,010	7,979
ROU Asset - Civil and industrial buildings IFRS16	10,031	9,944
ROU Asset - Other assets owned and leased IFRS16	3,053	2,789
Total Tangible Depreciation and Amortization	***26,678***	***25,288***
Impairment Loss of Intangible asset	*0*	*5*
Impairment Gain of Intangible asset	*(46)*	*0*
Total Depreciation and Amortization	**51,223**	**44,725**

(in thousands of Euro)	For the twelve months ended December 31,	
	2023	**2022**
Disposals of Intangible Assets	0	3
Disposals of Tangible Assets	578	(45)
Disposals of FinancialAssets	82	87
Total profit (losses) from sale on non-current assets	**660**	**45**

34. OTHER EXPENSES

Other operating expenses are broken down as follows:

(in thousands of Euro)	For the twelve months ended December 31,	
	2023	**2022**
Provisions for risks	11,338	5,485
Taxes and duties	972	208
Membership fees	1,154	1,172
Other expenses	6,536	3,450
Reversal of over-accruals of trade receivables	2,494	3,247
Other operating expenses	**25,064**	**14,186**

Net provisions for risks and charges are mainly related to IT Services segment. Information relating to provisions for risks and charges is indicated in Note no. 21 to which reference is made. The other non-recurring operating costs include almost exclusively the economic effect found for the reversal of previous items.

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

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

	For the twelve months ended December 31,	
(in thousands of Euro)	**2023**	**2022**
Financial income	5,533	3,687
Financial expenses	(30,205)	(27,679)
Exchange gains/(losses)	(244)	(499)
Financial expenses for leasing IFRS 16	(4,364)	(4,800)
Net financial result	**(29,280)**	**(29,291)**

As shown in the previous table, the result is negative as at December 31, 2023, for Euro 29,280 thousand, against a negative result of Euro 29,291 thousand as at December 31, 2022, with a decrease of Euro 11 thousand.

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

	For the twelve months ended December 31,	
(in thousands of Euro)	**2023**	**2022**
Profit/(loss) from investments accounted for using equity method	2	6
Net result from equity investments	**2**	**6**

Gains/(losses) on equity investments and loss from investments accounted for using equity method shows a positive amount of Euro 2 thousand as at December 31, 2023 compared to a positive amount of 6 as at December 31, 2022.

37. INCOME TAXES

Income taxes are broken down as follows:

(in thousands of Euro)	For the twelve months ended December 31,	
	2023	**2022**
Italian Companies		
IRAP (Regional business tax)	4,913	4,126
IRES (Corporate income tax)	19,425	14,065
(Income) expenses from compliance with tax consolidation	(5,217)	(1,871)
	19,121	**16,320**
Foreign companies		
Other current taxes	7,664	12,473
	7,664	**12,473**
Current Taxes	**26,785**	**28,793**
Italian Companies		
IRAP (Regional business tax)	272	(155)
IRES (Corporate income tax)	(2,891)	1,404
	(2,619)	**1,249**
Foreign companies		
Other deferred taxes	(100)	1,040
	(100)	**1,040**
Deferred taxes	**(2,719)**	**2,289**
Income taxes for the year - Non recurring portion	**(359)**	**(9,125)**
Total Income taxes	**23,707**	**21,957**

It should be noted that the tax calculation was carried out considering the new Patent Box regime, introduced by the Legislative Decree. 146/2021 ss.mm.ii., consisting of an increase for tax purposes (IRES and IRAP) of 110% of certain research and development, technological innovation and design costs, incurred for intangible assets obtained during the year 2023 forms of industrial property rights.

38. INCOME TAXES RECONCILIATION

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

(in thousands of Euro)	For the twelve months ended December 31,			
	2023		2022	
Income before taxes	**110,446**	**100.0%**	**97,058**	**100.0%**
Theoretical taxes (*)	**26,507**	***24.0%***	***23,294***	***24.0%***
Effective tax charge	**23,707**	**21.47%**	**21,957**	**22.62%**
differences between theoretical and effective tax charge	**(2,800)**	**-2.53%**	**(1,337)**	**(1.38%)**
1) different foreign tax rates				
1a) Exchange rate differences	1,463	1.32%	5,672	5.86%
2) permanent differences:				
2a) IRAP and other italian regional taxes	4,913	4.44%	4,126	4.26%
2b) taxes of prior periods	(359)	(0.32%)	(9,125)	(9.42%)
2c) tax credit R&D	(222)	(0.20%)	(406)	(0.42%)
2d) consolidation adjustments	0	0.00%	(418)	(0.44%)
2f) other differences (**)	(8,595)	(7.77%)	(1,186)	(1.22%)
Total differences	**(2,800)**	**(2.53%)**	**(1,337)**	**(1.38%)**

(*) Theoretical taxe 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 occurence

39. GUARANTEES AND COMMITTMENTS

The Group granted the following guarantees as at December 31, 2023:

- personal guarantees of Euro 212,833 thousand (Euro 215,537 thousand as at December 31, 2022), which are "in favour of subsidiaries" recorded by AlmavivA S.p.A. for co-obligations issued to various insurance companies in the interest of Agrisian S.C.p.A. in Liquidation amounting to Euro 206,583 thousand and relative to the contract with the Ministry of Agricultural and Forest Resources; "in favour of other parties" in the amount of Euro 6,250 thousand, by AlmavivA Contact S.p.A. in the amount of Euro 3,290 thousand, by Sadel S.p.A. in the amount of Euro 284 thousand, by Tecnau S.r.l. in the amount of Euro 859 thousand, by Sistemi Territoriali S.r.l. in the amount of Euro 588 thousand and by Almaviva Digitaltec S.r.l. in the amount of Euro 1,229 thousand.
- real guarantees provided as part of the new High Yield bond issue of November 3, 2021 and the new Revolving credit line for Euro 69,543 thousand related to pledges on the shares held by AlmavivA S.p.A. in AlmavivA do Brasil S.A.. As a further guarantee of this loan, the shares held by AlmavivA Technologies S.r.l. have also been pledged. equal to 95.11% of the share capital in AlmavivA S.p.A.

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

Other guarantees, commitments and risks

These amounted to Euro 8,478 thousand (Euro 8,478 thousand as at December 31, 2022) and refer to third party assets held by AlmavivA S.p.A.

40. RISKS AND OTHER INFORMATION

Credit risk

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

Trade receivables due from customers represent the greatest exposure to credit risk. In respect of the risk of customer default, an appropriate write-down provision is recorded in the financial statements, the amount of which is periodically reviewed. The write-down process adopted by AlmavivA 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 AlmavivA Group's receivables, together with a breakdown by amounts falling due and past due. For more detailed information, please refer to Note 15 above.

(in thousands of Euro)	**At December 31, 2023**	**At December 31, 2022**
- Amount falling due	442,877	455,157
- Past due	75,669	54,796
- Trade receivables, amount retained as a guarantee	3,521	3,534
Trade receivables net of Bad debt provision	**522,067**	**513,487**

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. AlmavivA S.p.A. evaluated this risk as remote for the company and for the Group. During the assessment, the entity considered its own capability to generate cash flows from operating activities and from sources of financing that, after renewed financial structure, allow to get a significant saving on cost of borrowing. Liquidity risk has not suffered significant impacts from the Covid-19 pandemic.

Exchange rate risk

Exposure to the risk of exchange rates changing derives from the company's transactions in non-euro currencies (mainly the Brazilian Real) and affects the consolidated financial statements (economic result and shareholders' equity) due to translating assets and liabilities of companies that draft their financial statements with functional currency other than the Euro. The risk arising from translating assets and liabilities of companies that draft their financial statements with non-euro functional currency is not usually subject to hedging, barring another specific assessment. The consolidated financial statements as at December 31, 2023 were impacted by the trend of the EUR / R $ exchange rates.

41. INFORMATION ON FAIR VALUE MEASUREMENT

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

42. LEGAL ISSUES AND LITIGATIONS

Tax, administrative, civil and labour disputes are handled by the AlmavivA 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 21. For those proceedings whose negative outcome, owing to the different case law positions, was only considered possible, no specific allocations were made in accordance with the regulations governing the drafting of the consolidated financial statements.

Contingent liabilities

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

Shown below are the main contingent liabilities as at December 31, 2022 not recorded in the financial statements owing to the absence of the necessary requirements set out in reference standard IAS 37.

AlmavivA S.p.A.

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

The RTI AlmavivA has requested, with an appeal before the Lazio Regional Administrative Court, the joint and several condemnation of the MATTM, Consip and the Presidency of the Council of Ministers to pay the compensation and the greater sums due as compensation for damages, as a result of the provision with which the MATTM revoked the tender for the concession of the Waste Traceability Control System (SISTRI), announced by Consip and awarded to RTI AlmavivA. By judgment of 22 February 2021, the Lazio Regional Administrative Court partially upheld the appeal. RTI AlmavivA notified the appeal before the Council of State. The hearing following the completion of an agreement between the parties, with a decree dated January 31, 2024, the Council of State declared the proceedings extinguished.

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

Telecom Italia has appealed to the Lazio Regional Administrative Court for the annulment of the award measure, adopted by Consip, in favor of the RTI AlmavivA of lot 1 of the "open tender for the award of a framework agreement concerning the supply of Cloud Iaas and Paas products in a public delivery model, related services, professional support services, technical professional services for Public Administrations. With a sentence of May 24, 2022, the Lazio TAR rejected Telecom Italia's appeal. With a sentence on October 3, 2023, the Council of State rejected the Telecom Italia's appeal.

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

Leonardo lodged an appeal with the Lazio TAR for the cancellation of the award provision in favor of the RTI AlmavivA of the tender "for the assignment of the management services of the VTS. With sentence of October 28, 2022, Lazio TAR reject the appeal. With a sentence of July 12, 2023, the Council of State rejected Leonardo's appeal.

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

Gerry (third classified) appealed to the Lazio TAR for the cancellation of the award order in favor of BLS International Services Limited, for the exclusion of the latter (first classified) and AlmavivA (second classified) from the tender for the "outsourcing of services relating to the performance of activities related to the issue of entry visas in Italy". With a sentence of August 2, 2022, the Lazio Regional Administrative Court rejected the appeal. With a sentence of July 10, 2023, the Council of State rejected Gerry's appeal.

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

IBM lodged an appeal to the Lombardy TAR for the cancellation of the awarding measure in favor of the RTI of which Almaviva is part of the procedure relating to the MAAS project in the Milan metropolitan area. On August 3, 2023, Trenord and ATM canceled the procedure and revoked the award in favor of the RTI of Almaviva. With a sentence of September 28, 2023, the Lombardia's TAR declared the appeal inadmissible due to a lack of interest.

RTI Tecnositaf S.p.A. in liquidation (now Sinelec S.p.A. assignee, agent of RTI with Famas System S.p.A.)/ANAS S.p.A./RTI AlmavivA S.p.A. (agent of RTI established with Business Integration Partners S.p.A.)

The RTI Tecnositaf lodged an appeal to the Lazio TAR for the annulment, subject to the adoption of precautionary measures, of the provision for the award in favor of the RTI AlmavivA of the tender for the assignment of management services and application maintenance of the RAM, DSS and Smart Road in the cloud, under the Framework Agreement. With sentence on September 26, 2023, Lazio TAR rejected the appeal.

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

AlmavivA and other Group companies, as insured, requested the Court of Milan to order Lloyd's insurers to reimburse the costs and legal costs of defence incurred in the context of an American litigation, in addition to compensation for damages. The Court rejected the plaintiff's claims by judgment of 18 June 2020, against which has been lodged an appeal. The appeal was rejected. Almaviva and other Group companies lodged an appeal to the Supreme Court.

Fastweb S.p.A./Aria S.p.A./Regione Lombardia/Agenzia Nazionale per i Servizi Sanitari Regionali – AGENAS/Ministero della Salute/Presidenza del Consiglio dei Ministri – Dipartimento per la trasformazione digitale/Engineering Ingegneria Informatica S.p.A./Almaviva S.p.A/PNT Italia S.r.l.

Fastweb lodged an appeal to the Lombardia's TAR for the annulment of the documents of the open tender, made by Aria, for the stipulation of a framework agreement for the assignment of the Regional Telemedicine Infrastructure service. With sentence on December 19, 2023, Lombardia's TAR rejected the appeal. The deadlines for the appeal are pending

AlmavivA Contact S.p.A.

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

Sogei has requested the condemnation of AlmavivA Contact to the restitution of sums paid as consideration for certain contracts between parties for the provision of telephone Help Desk services in the years 1998-2002. AlmavivA Contact was defended in the judgment. At the end of the hearing to clarify the conclusions, the Court held the case for decision.

Labour litigation

In 2023, most of the pending cases at the Court of Cassation, relating to the collective redundancy procedure (started in October 2016) which led to the dismissal of n. 1666 employees at the Rome office, were concluded. The dispute brought about by the dismissed workers was settled in favor of the Company by all the judicial bodies involved.

Moreover, in continuity with what was done in previous years, the company in application of the collective agreement ASSTEL-ASSOCONTACT / OO.SS. of 1 August 2013 as amended - which governed collaborations in call centers - stipulated, when possible, transactions with collaborators engaged in the previous year in the Research Business Unit of Marcato in order to guarantee their inclusion in the pre-emption pool for the stipulation of new contracts and eliminate the risk of disputes aimed at the requalification of collaboration relationships into subordinate employment relationships.

In the last year there have been no out-of-court appeals relating to this type of dispute.

With reference, on the other hand, to the residual dispute initiated by former collaborators of the company at the Catania and Palermo offices, it is confirmed that both the Court of Catania and the Court of Appeal of Catania and Palermo have continued to confirm the line in favor of AlmavivA Contact, rejecting the workers' appeals.
It should be noted that during the year there was an increase in disputes relating to professional classification brought about by former company employees working as call center workers who claimed salary differences.

43. TRANSACTIONS WITH RELATED PARTIES

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

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

Jointly controlled companies, associated companies and subsidiaries excluded from the consolidation area are indicated in the annex "Companies and significant equity investments at December 31, 2023" which is considered an integral part of these notes.
The amounts of all the relationships initiated with the related parties are reported in the following tables, together with the nature of the most significant transactions.

Trade and other relations

Trade and other relations are analysed as follows:

(in thousands of Euro)	At December 31, 2023		For the twelve months ended December 31, 2023			
	Receivables	**Payables**	**Costs of Services**	**Other Costs**	**Revenues from Services**	**Other Income**
Relationships with the controlling company of AlmavivA S.p.A.						
AlmavivA Technologies Srl	27,858	29,318	342	0	0	2
Relationships with the controlling companies valued at equity method						
Consorzio Hypertix	68	0	0	0	0	0
TVEyes L.T.	0	51	7	0	0	18
Almaviva CCID	128	0	0	0	0	1
Consorzio Namex	0	0	14	0	0	0
PNT Italia Srl	32,689	4,302	0	0	42016	0
Strategic employees						
Stock Grant Plan	0	0	0	1,598	0	0
Other						
Elvit Consultoria e Partcipacoes LTDA	0	0	218	0	0	0
Total	**60,743**	**33,671**	**581**	**1,598**	**42,016**	**21**

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

44. SUBSEQUENT EVENTS

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

ALMAVIVA S.p.A. - ESTABLISHMENT OF THE SIDIF CONSORTIUM
On January 12, 2024, the establishment of the SIDIF Consortium between Almaviva S.p.A. and companies Telecom Italia S.p.A., Lutech Advanced Solutions S.p.A. and Fincantieri Next S.p.A., for the coordination of the digitalisation activities of the Ministry of Defense and the development, modernisation, adaptation and maintenance of the online communication systems of the Ministry of Defense and the Armed Forces, was completed. Almaviva S.p.A. holds a 60% stake in the Consortium Fund.

ALMAVIVA DO BRASIL S.A. – INCREASE IN SHARE CAPITAL
On February 22, 2024, an increase in the share capital was completed, which stood at Reais 601,499,885.00.
Following the preceding operation, the share capital of the aforementioned company is divided as follows:
- Almaviva S.p.A.: 74.766%;
- Almaviva Contact S.p.A.: 25.234%.

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