



ALMAVIVA S.P.A. AND SUBSIDIARIES
Unaudited Interim Condensed Consolidated Financial
Statements for the three months ended March 31st,
2023 and 2022

Board of Directors May 10th, 2023

ALMAVIVA S.P.A. AND SUBSIDIARIES
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the three months ended March 31st, 2023 and 2022

INDEX TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION..... 7

UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT 8

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME 9

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY..... 10

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS... 11

EXPLANATORY NOTES 12

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

<i>(in thousands of Euro)</i>	Note	At March 31, 2023	Of which with related parties	At December 31, 2022	Of which with related parties
Intangible assets	7	109,310		90,999	
Goodwill	7	62,871		76,470	
Property, plant and equipment	8	89,306		87,563	
Investments accounted for using the equity method	9	245		243	
Non-current financial assets	10	1,256		1,256	
Deferred tax assets	11	21,425		21,367	
Other non-current assets	12	2,319		1,091	
Total non-current assets		286,733		278,989	
Inventories	13	19,023		18,811	
Contract assets	14	27,023		19,064	
Trade receivables	15	507,116	192	513,487	183
Current financial assets	16	3,517		14,533	
Other current assets	17	166,337	24,099	142,041	24,495
Cash and cash equivalents	18	180,559		164,660	
Total current assets		903,576		872,596	
Non-current assets held for sale		0		0	
Total assets		1,190,309		1,151,586	
Share capital		154,899		154,899	
Share premium reserve		17,788		17,788	
Stock grant reserve		7,897		7,693	
Other reserves		(30,407)		(105,428)	
Profit/(loss) for the period		15,721		72,344	
<i>Total group shareholders' equity</i>		<i>165,897</i>		<i>147,296</i>	
<i>Non-controlling interests</i>		<i>32,354</i>		<i>31,566</i>	
Total shareholders' equity	19	198,252		178,862	
Non-current liabilities for employee benefits	20	39,820		39,672	
Non-current provisions	21	7,218		8,040	
Non-current financial liabilities	22	381,992		380,717	
Deferred tax liabilities	23	84		84	
Other non-current liabilities	24	1,322		635	
Total non-current liabilities		430,436		429,148	
Current provisions	21	5,182		4,933	
Trade payables	25	340,921	104	351,526	140
Current financial liabilities	26	34,937		33,374	
Current tax liabilities	27	28,494		31,890	
Other current liabilities	28	152,087	33,559	121,853	29,900
Total current liabilities		561,621		543,576	
Total liabilities		992,057		972,724	
Total equity and liabilities		1,190,309		1,151,586	

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

For the three months ended March 31,

<i>(in thousands of Euro)</i>	Note	2023	Of which with related parties	2022	Of which with related parties
Revenues from contracts with customers	29	262,666	0	251,653	3,449
Other Income	30	6,514	7	5,696	136
Total revenues and other income		269,181		257,349	
Cost of raw materials and services	31	(104,448)	(149)	(93,738)	(95)
Personnel expenses	32	(119,221)	(204)	(121,818)	
Depreciation and amortization	33	(12,184)		(10,589)	
Profit/(Loss) from sale of non-current assets	33	43		32	
Other expenses	34	(2,442)		(2,130)	
Operating profit/(loss)		30,928		29,105	
Financial income	35	901		742	
Financial expenses	35	(7,547)		(7,153)	
Exchange gains/(losses)	35	(43)		(458)	
Profit/(loss) from investments accounted for using equity method	36	2		0	
Profit/(Loss) before taxes		24,241		22,236	
Income taxes	37	(7,749)		(6,985)	
Profit/(Loss) from continuing operations		16,493		15,251	
Profit/(Loss) for the period		16,493		15,251	
of which:					
Profit/(loss) pertaining to the group		15,721		14,929	
Profit/(loss) pertaining to non-controlling interests		772		322	
Earning (Loss) per share (EPS) basic and diluted					
Basic, earning (loss) for the year attributable to ordinary equity holders of the parent		€ 0.11		€ 0.10	
Diluted, earning (loss) for the year attributable to ordinary equity holders of the parent		€ 0.11		€ 0.10	

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

<i>(in thousands of Euro)</i>	Note	For the three months ended March 31,	
		2023	2022
Profit/(loss) for the period		16,493	15,251
<i>Other components of comprehensive income that may be subsequently reclassified to profit or loss, after taxes:</i>			
Exchange differences on translation of foreign operations	19	3,027	18,500
Total		3,027	18,500
<i>Other components of comprehensive income that will not be subsequently reclassified to profit or loss, after taxes:</i>			
Actuarial gains/(losses) on valuation of liabilities for employee benefits	20	0	0
Total		0	0
Comprehensive income/(loss) for the period		19,520	33,751
of which:			
Comprehensive income/(loss) pertaining to the group		18,747	33,266
Comprehensive income/(loss) pertaining to non-controlling interests		772	486

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

Note 19

<i>(in thousands of Euro)</i>	Share capital	Share premium reserve	Legal reserve	Other reserve and profit (loss) carried forward					Total other reserve and profit (loss) carried forward	Profit/(loss) for the year	Total Group shareholders' equity	Other reserve and profit (loss) carried forward	Translation reserve	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
				Profit (loss) carried forward reserve	FTA Reserve	Stock Grant reserve	Actuarial gain (losses) reserve	Translation reserve								
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	15,721	15,721			772	772	16,493
Other movements pertaining Other comprehensive income							0	3,027	3,027		3,027		0		0	3,027
Comprehensive income/(loss) for the year	0	0	0	0	0	0	0	3,027	3,027	15,721	18,747	0	0	772	772	19,519
Allocation of prior year's profit/(loss)			0	72,344					72,344	(72,344)	0	2,757		(2,757)	0	0
Almawave increase in Equity due to M&A operations				0					0		0	0			0	0
Dividends paid				0					0		0				0	0
Changes in area and other movements				(351)		0	0		(351)		(351)	17			17	(334)
Stock Grant reserve						204			204		204				0	204
Shareholders' Equity at March 31, 2023	154,899	17,788	15,139	(11,740)	4,493	7,897	4,927	(43,231)	(37,654)	15,721	165,897	32,573	(991)	772	32,355	198,252

<i>(in thousands of Euro)</i>	Share capital	Share premium reserve	Legal reserve	Other reserve and profit (loss) carried forward					Total other reserve and profit (loss) carried forward	Profit/(loss) for the year	Total Group shareholders' equity	Other reserve and profit (loss) carried forward	Translation reserve	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
				Profit (loss) carried forward reserve	FTA Reserve	Stock Grant reserve	Actuarial gain (losses) reserve	Translation reserve								
Shareholders' Equity at January 1, 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	14,929	14,929			322	322	15,251
Other movements pertaining Other comprehensive income								18,336	18,336		18,336		164		164	18,500
Comprehensive income/(loss) for the year	0	0	0	0	0	0	0	18,336	18,336	14,929	33,265	0	164	322	486	33,751
Allocation of prior year's profit/(loss)				57,908					57,908	(57,908)	0	1,990		(1,990)	0	0
Almawave listing effect				0					0		0				0	0
Almawave listing fees				0					0		0				0	0
Dividends paid and distribution of reserves				0					0		0				0	0
Changes in area and other movements				1,510					1,510		1,510	88			88	1,598
Stock Grant reserve						433			433		433				0	433
Shareholders' Equity at March 31, 2022	154,899	17,788	12,465	(62,085)	4,493	5,103	2,529	(35,112)	(85,072)	14,929	115,012	21,674	(934)	322	21,065	136,077

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

<i>(in thousands of Euro)</i>	Note	For the three months ended March 31,	
		2023	2022
Profit/(loss) for the period		16,493	15,251
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Income Taxes	37	7,749	6,985
Financial income	35	(901)	(742)
Financial expenses	35	7,547	7,153
Exchange (gains)/losses	35	43	458
Depreciation, amortization and write-downs	33	12,184	10,589
Write-downs/(revaluations) of non-current financial assets and equity investments	36	(2)	0
Losses from sale of non-current assets	33	(43)	(32)
Interest received		900	690
Interest paid		(2,153)	(1,924)
Income taxes paid		(2,424)	(1,649)
<i>Cash flows generated from operating activities before changes in working capital</i>		<i>39,392</i>	<i>36,779</i>
Change in trade receivables excluding of the exchange rate effect and consolidation scope changes	15	7,844	(18,211)
Change in inventories excluding of the exchange rate effect and consolidation scope changes	13	(212)	(1,402)
Change in contract assets excluding of the exchange rate effect and consolidation scope changes	14	(7,959)	(3,350)
Change in trade payables excluding of the exchange rate effect and consolidation scope changes	25	(11,093)	24,496
Change in other assets excluding of the exchange rate effect and consolidation scope changes	12-17	(24,514)	(16,526)
Change in other liabilities excluding of the exchange rate effect and consolidation scope changes	24-28	18,985	3,648
Change in liabilities for employee benefits and provisions gross of exchange rate effect	20-21	(434)	(3,551)
<i>Cash flows generated from operating activities changes in working capital</i>		<i>(17,383)</i>	<i>(14,896)</i>
Cash-flow generated from/(absorbed by) operating activities (A)		22,009	21,883
Investments in property, plant and equipment	8	(3,428)	(2,773)
Investments in intangible assets	7	(10,606)	(5,841)
Acquisition of investments accounted for using the equity method	9	(0)	(6)
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity method	9	1,198	(92)
Acquisition of subsidiaries net of cash and cash equivalents	6	(410)	(10,141)
Cash-flow generated from/(absorbed by) investing activities (B)		(13,245)	(18,854)
Proceeds from borrowings	22	0	2,980
Repayment of medium/long-term loans and non-current financial liabilities	22	0	(202)
Repayment of lease liabilities		(2,154)	(2,931)
Change in current and non-current financial liabilities	26	(2,402)	(3,873)
Change in current financial assets	16	11,015	106
Cash-flow generated from/(absorbed by) financing activities (C)		6,459	(3,920)
NET CASH FLOW BEFORE EXCHANGE RATE DIFFERENCES (A + B + C)		15,224	(891)
Effect of foreign exchange rates on cash and cash equivalents (D)		675	6,327
Cash flow of the year (A+B+C+D)		15,899	5,436
Opening cash and cash equivalents		164,660	169,622
Closing cash and cash equivalents		180,559	175,058

ALMAVIVA S.P.A. AND SUBSIDIARIES EXPLANATORY NOTES

1. GENERAL INFORMATION

AlmavivA The Italian Innovation Company S.p.A. (hereinafter "AlmavivA" or the "Company") is the parent company of one of the leading Italian groups in the Information & Communication Technology sector, which operates globally with an organisational structure incorporating approximately 45,129 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 Unaudited Interim Condensed Consolidated Financial Statements of the Company and its subsidiaries (the "AlmavivA Group") are prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") adopted by the European Union, in particular the international accounting standard applicable for the preparation of interim financial statements (IAS 34 - Interim Financial Reporting) and include the consolidated statement of financial position as at March 31, 2023, the related consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the three months period ended as at March 31, 2023, compared, as regards the income statement part, the cash flow part and the change in shareholders' equity part, with the three months period ended as at March 31, 2022 and as regards the consolidated statement of financial position part, with December 31, 2022, together with the explanatory notes.

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

The 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 43.

The Unaudited Interim Condensed Consolidated Financial Statements were approved by the Company's Board of Directors on May 10th, 2023.

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

2. BASIS OF PREPARATION

Standards

The Interim Condensed Consolidated Financial Statements of the AlmavivA Group have been drawn up in compliance with current regulations.

The Interim Condensed 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.

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

Contents of the consolidated financial statements

The Interim Condensed Consolidated Financial Statements of the AlmagivA Group, as reported above, 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, and to the international accounting standard applicable for the draw up of interim financial statements (IAS 34 - Interim Financial Reporting).

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

The Interim Condensed Consolidated Financial Statements do not disclose all the information required in the preparation of the annual consolidated financial statements. For this reason, it is necessary to read the Interim Condensed Consolidated Financial Statements together with the consolidated financial statements as at December 31, 2022.

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

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.

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

The following table indicates the exchange rates adopted:

Exact exchange rates					
Amount of currency for 1 Euro					
Country	Currency	ISO	March 31, 2023	December 31, 2022	March 31, 2022
Saudi Arabia	Riyal	SAR	4.0781	3.9998	4.1629
Brazilian	Real	BRL	5.5158	5.6386	5.3009
China	Yuan	CNY	7.4763	7.3582	7.0403
Colombian	Peso	COP	5048.9700	5172.4700	4167.3800
Dominican Republic	Peso	DOP	59.7307	59.9444	61.1433
Egypt	Lira	EGP	33.5530	26.3990	20.2799
Europe	Leu	RON	4.9490	4.9495	4.9463
Russia	Rublo	RUB	84.2100	74.3000	117.2010
United States	Dollaro	USD	1.0875	1.0666	1.1101
Tunisian	Dinaro	TND	3.3257	3.3221	3.2778

Average exchange rates					
Amount of currency for 1 Euro					
Country	Currency	ISO	March 31, 2023	December 31, 2022	March 31, 2022
Saudi Arabia	Riyal	SAR	4.0147	3.9489	4.1321
Brazilian	Real	BRL	5.5784	5.4399	5.4884
China	Yuan	CNY	7.3807	7.0788	6.9916
Colombian	Peso	COP	5098.41	4473.28	4193.59
Dominican Republic	Peso	DOP	58.8398	57.9251	60.5575
Egypt	Lira	EGP	33.0293	20.1636	18.4459
Europe	Leu	RON	4.9263	4.9313	4.9482
Russia	Rublo	RUB	84.2100	74.3	117.201
United States	Dollaro	USD	1.0706	1.053	1.1019
Tunisian	Dinaro	TND	3.3273	3.2509	3.249

2.1 Going Concern

During the first three months of 2023, Almoviva Group consolidated the growth trends in revenues achieved in previous periods (reaching Euro 262.7 million, increased Euro 11 million compared to the previous year). The result as of March 31, 2023, shows a consolidated operating profit growing compared to the previous year and equal to Euro 30,928 thousand (increased Euro 1,823 thousand compared to March 31, 2022). At the level of Net Profit there is a positive result of Euro 16,493 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, Almoviva carries out, on behalf of the Ministry of Foreign Affairs and the Italian Embassy, through the subsidiary Almoviva 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 2023. Except for the aforementioned subsidiary, there are currently no significant exposures to the affected markets and there are no supply relationships with Russian suppliers such as to slow down their supply chains. 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.

ALMAVIVA S.P.A. AND SUBSIDIARIES

EXPLANATORY NOTES (continued)

As regards the health emergency relating to Covid-19, it is confirmed that Almoviva Group has shown a not significant impact also during this first quarter of 2023.

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

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

In the IT segment, market estimates show a growth forecast for the Information Technology sector; the centrality in the country's revitalization strategies promises a new step: in this direction we highlight the start, from 2022, of the National Recovery and Resilience Plan (PNRR), which initiated the Country's digital transformation: for resources allocated, digitization is the first of six "missions" identified by the Plan, with 27% of total funding earmarked for reforms to get out of the pandemic crisis. In particular, as part of the Next Generation EU, the Italian Plan for Recovery and Resilience (PNRR) provides for investments for a total of Euro 222.1 billion, divided as follows: (i) approximately Euro 50 billion to support the digitization and innovation of businesses and the production system; (ii) Euro 20.3 billion in the Health sector, with the aim of strengthening the local network and modernizing the technological equipment of the National Health Service (NHS) with the strengthening of the Electronic Health Record and the development of telemedicine; (iii) Euro 31.5 billion for infrastructures for sustainable mobility. These three areas constitute core areas of know-how for the Almoviva Group and will constitute a great opportunity to collaborate in the growth of the country.

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

The digitization of the Public Administration has long been an important matter of government policies, aimed at bridging the country's digital gap. The digital growth strategy identifies several infrastructural actions aimed at ensuring easier and safer access to public services. This strategy focuses on the principle of "digital first", through the switch-off of the traditional use of services from citizens, thanks to the diffusion of digital culture and the development of digital skills in businesses and citizens.

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

The forecast for 2023 estimates a development in revenues based especially in the areas relating to the Central and Local Public Administration (PA) thanks also to the opportunities connected to PNRR. Almoviva has prepared itself to play a primary role especially for the Digital Healthcare, Culture, Environment and Cybersecurity areas, providing its customers with better tools and solutions. In particular, we highlight the award, in RTI with Engineering (Almoviva share equal to 40%), of the AGENAS concession for the design, construction and management of the National Telemedicine Platform (NTP). The duration of the entire concession is 10 years and a total value of €247.5 million. The national telemedicine platform will make it possible to give timely and quality responses to the demand for health services in the area, opening a new phase in the perspective of modernization and rationalization of the Italian Health Service.

ALMAVIVA S.P.A. AND SUBSIDIARIES

EXPLANATORY NOTES (continued)

During 2023, in addition to the improvement of the activities related SPC L3 and L4 contract, a production improvement on important tenders and on Public Administration contracts acquired, is expected.

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

As regard the Finance sector, the improvement process of Group positioning continues, started in 2022 with an improvement of AlmagivA 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.

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

As regards the supply of outsourced activities to the Ferrovie dello Stato Group (FSI), during the first half of 2023 is expected (i) the completion of the transition activities due to the award to Almagiviva (in joint venture with other important players) of Tender 1, 2 and 5, and (ii) the release of the activities relating to tenders 3 and 4 in which Almagiviva was unable to participate due to the constraints imposed by FSI, with the consequent awarding of the related activities to other operators.

As regards other markets, both national and international, commercial and partnership actions and investments continue to use the advantages of the opportunities offered by the PNRR and the Complementary Funds and to support international development. During the first quarter of 2023, the integration into the group process of TECNAU S.r.l., company acquired in September 2022 and specialized in CTC-Centralized Traffic Control, SCADA-Supervisory Control and Data Acquisition systems and cyber security in the transportation and utilities sector, was completed. The acquisition allows the Almagiviva Group to acquire know-how and products to be integrated into the current offer portfolio and into the proprietary Moova platform.

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

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

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

The development process of the MoovA proprietary platform continues, which is increasingly becoming a fundamental asset for the development of new markets, with investments planned for the year for approximately € 1.3 million. It should be noted the completion of an agreement for the sale of Moova licenses (and related services) with Accenture in the TPL / MaaS sector. At the moment, Almoviva mobility systems and Passenger Information System solutions are present in Finland, Saudi Arabia, Switzerland, United States, but also in Qatar, United Arab Emirates, Egypt, Oman, Bahrain.

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

Regarding international development, in addition to the aforementioned initiatives in the transport sector, developments in the public administration of the European Union ("EU") continue, developed through the subsidiary Almoviva de Belgique. In this scenario, it should be noted the award to the consortium of companies of which Almoviva is the leader, of the new DIGIT T&M II contract for the provision of ICT consultancy services for all the General Managements of the European Commission and related executive agencies, a contract with a duration of 4 years (2023 – 2026).

During 2023, an improvement of activities related to entry visas, started in 2022 according to the award of the tenders of the Ministry of Foreign Affairs, is expected.

Further expansion of activities is planned for 2023, with participation for tenders proposed by the Ministry of Foreign Affairs and the development of a new dedicated IT platform.

Certain actions continue to be carried out in all Group companies with the utmost attention and intensity of control, concerning, in particular:

- Structure costs
- Purchase policies
- The reduction of external costs through the correct balance between direct and indirect resources and the optimization of production and management processes
- The optimization of working capital management, with particular attention to trade receivables and work in progress
- The redesign of the corporate and organizational structure, aimed at improving production and management efficiency, with particular focus on technical and managerial skills, as well as on adequate capitalization of the companies.

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

As regard Almoviva Contact and Almoviva Services subsidiaries, the first quarter of 2023 shows a reduction at revenues level compared to the same period of the previous years (less 85%), maintaining the contraction already recorded in previous years.

The decrease in costs (-74% compared to the same period of the previous year) made it possible to offset the decrease at revenues level by confirming, net of extraordinary items, the process of improving the result in continuity with the previous year.

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

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

The first quarter of 2023 showed a substantial reduction in the workforce, basically due to the transfer of resources to competitors who have acquired the closed businesses of AlmavivA Contact and AlmavivA Services companies. This quarter shown the departure of 572 employees in Italy (-38% compared to 2022) and of 35 in Romania (-30% compared to 2022).

The Brazilian macroeconomic scenario has been more resilient to inflation dynamics than Italian and European scenario. The EUR/BRL exchange rate, in the first months of 2023, have had an average value equal to 5.57 EUR/BRL, with a flat trend compared to 2022; during the next months of 2023, a flat trend of the exchange rate is expected, with an average value about 5.6 EUR/BRL.

Inflation (HICP) should remain at flat levels. The first quarter of 2023 recorded an average inflation of 5.3%, with a flat trend of 5.7% confirmed for the next months of 2023. The Selic, the interest rate for the interbank market, is now at 13.75% per annum. This rate has seen an increase of 4.5% in 2022 from 9.25% to 13.75%. The increases are mainly due to contain the inflation phenomenon. Regarding 2023 a decrease of 1.5% is expected, with a value of 12.25% for the end of the year.

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

In this context AlmavivA do Brasil, 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. The dimensional growth, the diversification of the markets served and the continuous process of optimizing costs and operating synergies between the companies of the Group in Brazil make it possible to have one of the more interesting margins of market.

Therefore, the evolution of the AlmavivA do Brasil Group, according to the guideline defined by 2023 objectives, during the first quarter of 2023 show a growth on a revenue basis equal to 25.8% (also due to the consolidation of CRC - CENTRAL de RECUP. de CREDITOS, acquired on 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 and higher margins.

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

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

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

As regards Almawave S.p.A., the first quarter of 2023 showed a substantial increase on revenue basis (+41%) and on margin basis compared to the same period of the previous year, also due to the two companies acquired in 2022 (Sistemi Territoriali s.r.l. and The Data Appeal Company S.r.l.). As regards technologies and offering, the Group continues its growth investing in order

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

to increase and strengthen specific market requests ("Vertical AI" solutions) able to fully satisfy customer needs and solve characteristic cases of various Industries (Public Administration, Transport, Healthcare) using the "composite AI" approach.

In order to improve its leadership in the Artificial Intelligence sector, new resources will be invested on the evolution of the core product technology platforms Iride, Audioma, Mastro, on new products of new companies acquired during 2022 and on development of programs related the recruiting process of talents.

Due to a growing diversification of the customer base, new resources will be dedicated to commercial development for both the domestic and foreign markets, with further marketing investments functional to business positioning.

Special attention by the company towards the Government market, also regarding the opportunities offered by the implementation of the PNRR (National Recovery and Resilience Plan) as well as tenders and framework agreements already won.

A portion of the investment in business development will be used to improve Almaxwave's positioning on the international market.

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

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

From a financial point of view, 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 2023, the payment of the two half-yearly coupons (April 30, 2023 and October 30, 2023) for a total annual amount of €17.1 million, is expected.

For 2023, a reduction in Net Financial Debt, is expected.

2.2 Basis of consolidation

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

Consolidation criteria adopted for the draw up of the Interim Condensed Consolidated Financial Statements comply with those used for the draw up of the consolidated financial statements as at December 31, 2022.

Consolidation Area

Compared to the Consolidated Financial Statements as at December 31, 2022, consolidation area has changed or has had a dilution of share due to:

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

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

Compared to the Consolidated Financial Statements as of December 31, 2022, the consolidation area has changed due to the addition of AlmovivA USA Corp.

Compared to the Interim Condensed Consolidated Financial Statements as at March 31, 2022, consolidation area has changed or has had a dilution of share due to:

- On April 13, 2022, Almovave S.p.A. has completed the acquisition of the entire share capital of The Data Appeal Company S.p.A. ("TDAC"), a company based in Florence active in the development of vertical AI analytics solutions, a leader in the tourism, fintech and location intelligence sectors. The transaction was carried out, as regards 24.24% of TDAC' share capital, through a purchase by cash, and as regards the remaining 75.76% of TDAC' share capital, through an in-kind contribution to Almovave against an Almovave' share capital increase reserved for TDAC shareholders, corresponding to no. 2,155,172 newly issued shares;
- On May 25, 2022, Almovave S.p.A. has completed the acquisition of the entire share capital of SISTEMI TERRITORIALI S.r.l., a company based in Cascina (PI) active in the development of solutions and projects in the Data Science field, focused on Open Data Analytics, Spatial Intelligence and Decision Support System platforms, for the Multi-utilities and Government sectors;
- On June 27, 2022, AlmovivA Finland Oy was established, a company under Finnish law whose capital is entirely held by AlmovivA S.p.A., which will operate mainly in the IT segment, Transportation sector;
- On September 14, 2022, AlmovivA S.p.A. has completed the acquisition of the entire share capital of TECNAU TRANSPORT DIVISION S.r.l., a company based in Trezzano sul Naviglio (MI) active in the supply and integration of technological systems for rail and underground transport, airports, and industries, as well as for the sector water / purification;
- On February 7, 2023, AlmovivA USA Corp. was established, a company under American law located in New York City, whose share capital is fully owned by AlmovivA S.p.A., which will operate mainly in the IT Services segment, Transportation sector.

Compared to the Interim Condensed Consolidated Financial Statements as at March 31, 2022, the consolidation area has changed due to the following added companies: The Data Appeal Company S.p.A.; Sistemi Territoriali S.r.l.; AlmovivA Finland Oy; Tecnav Transport Division S.r.l. and AlmovivA USA Corp.

The consolidated companies as at March 31, 2023, compared to the same figure as at December 31, 2022 and March 31, 2022, are listed below:

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

<i>Companies and method of consolidation</i>	Currency	Share held	At March 31, 2023	At December 31, 2022	At March 31, 2022
Almaviva S.p.A. (Parent Company) Rome, Italy	Euro	100.00%	Parent	Parent	Parent
Lombardia Gestione S.r.l. Milan, Italy	Euro	51.00%	Full	Full	Full
AlmavivA de Belgique S.A. Brussels, Belgium	Euro	100.00%	Full	Full	Full
Almaviva Digitaltec S.r.l. Naples, Italy	Euro	100.00%	Full	Full	Full
Wave S.r.l. Pianoro, Italy	Euro	100.00%	Full	Full	Full
Sadel S.p.A. Castel Maggiore, Italy	Euro	84.05%	Full	Full	Full
Wedoo Holding S.r.l. Torino, Italy	Euro	55.00%	Full	Full	Full
Wedoo S.r.l. Torino, Italy	Euro	55.00%	Full	Full	Full
Wedoo LLC Michigan, U.S.	US Dollar	55.00%	Full	Full	Full
Data Jam (ex Spin Data) S.r.l. Napoli, Italy	Euro	80.00%	Full	Full	Full
Almaviva Saudi Arabia LLC Riyad, Saudi Arabia	Saudi Riyal	100.00%	Full	Full	Full
Almaviva Egypt LLC Cairo, Egypt	Egyptian pound	100.00%	Full	Full	Full
Kline S.r.l. Milan, Italy	Euro	70.00%	Full	Full	Full
Reactive S.r.l. Milan, Italy	Euro	100.00%	Full	Full	Full
Almaviva Digital Espana * Madrid, Espana	Euro	100.00%	Full	Full	Full
AlmavivA Republica Dominicana S.r.l. Santo Domingo, Dominican Republic	Dominican Peso	100.00%	Full	Full	Full
AlmavivA Russia L.L.C. Moscow, Russian Federation	Ruble	40.00%	Full	Full	Full
Tecnav Transport Division S.r.l. * Milan, Italy	Euro	100.00%	Full	Full	-
Almaviva Finland Oy ** Helsinki, Finland	Euro	100.00%	Full	Full	-
Almaviva USA Corp. **** New York City U.S.	US Dollar	100.00%	Full	-	-
AlmavivA Contact S.p.A. Rome, Italy	Euro	100.00%	Full	Full	Full
AlmavivA do Brasil S.A. San Paolo, Brazil	Brazilian Real	99.58%	Full	Full	Full
Aquarius Participações S.A. *** San Paolo, Brazil	Brazilian Real	99.58%	Full	Full	Full
Chain Serviços e Contact Center S.A. *** San Paolo, Brazil	Brazilian Real	99.58%	Full	Full	Full
CRC Central de Recup de creditos * San Paolo, Brazil	Brazilian Real	99.58%	Full	Full	Full
CRC Digital * San Paolo, Brazil	Brazilian Real	99.58%	Full	Full	Full
Almacontact S.A.S. Bogotá, Colombia	Colombian Peso	99.58%	Full	Full	Full
Italy Call S.r.l. Rome, Italy	Euro	100.00%	Full	Full	Full
AlmavivA Tunisie S.A. Ville de Tunisi, Tunisie	Tunisian Dinar	56.25%	Full	Full	Full
AlmavivA Services S.r.l. Iasi, Romania	Romanian Leu	100.00%	Full	Full	Full
Almawave S.p.A. Rome, Italy	Euro	66.01%	Full	Full	Full
Almawave do Brasil Ltda. San Paolo, Brazil	Brazilian Real	66.01%	Full	Full	Full
Pervice S.r.l. Trento, Italy	Euro	66.01%	Full	Full	Full
Almawave USA Inc. San Francisco, U.S.	US Dollar	66.01%	Full	Full	Full
OBDA Systems S.r.l. Rome, Italy	Euro	39.61%	Full	Full	Full
The Data Appeal S.p.A. * Florence, Italy	Euro	66.01%	Full	Full	-
Sistemi Territoriali S.r.l. * Cascina (PI), Italy	Euro	66.01%	Full	Full	-
Agrisian S.C.p.A. in liquidazione Rome, Italy	Euro	50.86%	Full	Full	Full

* Acquired in 2022
** Established in 2022
*** Merged in Almaviva do Brasil on March 2023
**** Established in 2023

<i>Companies and method of consolidation (continued)</i>	Currency	Share held	At March 31, 2023	At December 31, 2022	At March 31, 2022
CCID – Almaviva Inform. Technol. Co. Ltd Shanghai, People's Republic of China	Chinese Yuan	50.00%	Equity	Equity	Equity
Consorzio Hypertex Rome, Italy	Euro	49.99%	Equity	Equity	Equity
TVeyes L.T. S.r.l. Trento, Italy	Euro	20.00%	Equity	Equity	Equity
SIN S.p.A. ***** Rome, Italy	Euro	20.02%	-	-	-

***** ast at March 31, 2022, classify as asset held for sale and valued at the lower of book value and recoverable value

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

2.3 Effects of seasonality

The turnover and economic results of the Group are not significantly impacted by factors relating to the seasonality of the activities carried out in the Group's different operating sectors. The Group's performances actually tend to be generally uniform over the year, also thanks to the distribution to the operating activities in the two hemispheres, which makes it possible to mutually offset the periods of reduced operations of the Brazilian and European subsidiaries in the summer and winter periods. Therefore, taking into account the low economic impact of these trends, no additional financial disclosure is provided (required by IAS 34.21) relating to the trend in the last three months period ended as of March 31, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting policies and measurement criteria

The accounting standards adopted for the draw up of the Interim Condensed Consolidated Financial Statements comply with 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 group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3.2 New standards, interpretations and amendments adopted by the Group

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

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

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and 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 interim condensed consolidated financial statements.

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

Disclosure of Accounting Policies - Amendments to IAS 1 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 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

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

The amendments to IAS 12 Income Tax narrow the scope of 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 interim condensed consolidated financial statements.

4. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT

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

Management judgement mainly refers to aspects such as:

- the evaluation of existence of control, joint control or significant influence over group entities, as further described in paragraph 2.2 above;
- the evaluation of the useful lives of Intangible assets and Property, plant and equipment, as further described in paragraph 3.1 above;
- evaluation of the capitalization of development costs;
- the determination of the lease term for contracts that contain extension options and in which the Group operates as lessee;
- the analysis about whether the conditions to qualify assets or operations as Non-current assets held for sale in accordance with IFRS 5 are met and if those assets or operations also represent discontinued operations or not;
- the definition of the Group's Operating and reportable segments that are relevant to the business and reflect the regular review process in terms of operating results performed by the entity's chief operating decision maker to make decisions about resources to be allocated to segments and assess their performance, as further described in Note 5 below;
- the Group has identified the AlmavivA CGU, in which there are the company ReActive and the finance business unit of AlmavivA SpA, to which the goodwill called AlmavivA Finance is specifically associated; the AlmavivA Contact CGU to which the goodwill called Alicos and AlmavivA Contact refers; the Sadel CGU to which the goodwill called Wave refers; the Almawave CGU to which the goodwill referred to as Gempliss refers; the Pervoice CGU to which the goodwill called PerVoice refers; the Data Appeal CGU to which the goodwill called Data Appeal refers; the Sistemi Territoriali CGU to which the goodwill called Sistemi Territoriali refers; the Wedoo CGU to which the goodwill called Wedoo refers; the Kline CGU to which the goodwill called Kline refers; the TECNAU CGU to which the goodwill called TECNAU refers. In

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

th end, the AlmagivA do Brasil CGU to which the goodwill called AlmagivA Do Brasil and Central de Recuperacao de Creditos refers.

- the recognition of public grants and other activities;
- the recoverability of deferred-tax assets;
- the number of shares to be assigned to employees included in the Stock Grant Plan and the related fair value; this topic is dealt with in more detail in Note 33

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

Capitalization of development costs

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

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

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

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

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

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

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

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

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

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

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

The corresponding values for the previous period are not reclassified.

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

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

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

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

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

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

Identification of cash-generating units (CGUs)

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

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

As a result of this process, the following CGUs were identified where goodwill was allocated: AlmagivA Finance; AlmagivA Contact; Sadel; Pervoice; The Data Appeal; Wedoo; Kline; Tecna; AlmagivA do Brasil S.A.

Recognition of government grants and other activities

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

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

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

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. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service, In other circumstances, the Group considered more correct to use the method based on the outputs as a suitable criterion for measuring the progress of the services provided by the Group. In this last case, the determination of the function points shared with the customer constitutes the basis for the recognition of revenues.

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

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

Provision for expected credit losses of trade receivables and contract assets

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

ALMAVIVA S.P.A. AND SUBSIDIARIES

EXPLANATORY NOTES (continued)

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

Pension plans

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

Determination of the fair value of financial instruments

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

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

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 March 31, 2023, the Interim Condensed 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 Interim Condensed Consolidated Financial Statements as at March 31, 2023 was carried out on the current 2021-2025 Business Plan approved by the Board of Directors.

5. OPERATING AND REPORTABLE SEGMENTS

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

The operating segments identification process is made:

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

Compared to last year, due to the decrease in volumes and considering qualitative elements, the management does not believe that CRM Europe segment can be identified as an operating segment subject to disclosure. Therefore, comparative data as at March 31, 2022, "restated" were presented as required by the standard. There were no sector aggregations in order to determine the operating segments subject to disclosure; however, information relating to operating areas that are not subject to disclosure have been aggregated and presented in the "Others" category.

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

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

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: Almoviva, Lombardia Gestione, Almoviva de Belgique, Agrisian, Almoviva Digitaltec, Sadel, Wave, Wedoo Holding, Wedoo Srl, Wedoo LLC, Data Jam S.r.l. (already Spin Data S.r.l.), Almoviva Saudi Arabia for information Technology LLC, Almoviva Egypt L.L.C., Kline S.r.l., Almoviva Republica Dominicana S.r.l., Reactive S.r.l., Almoviva Russia L.L.C.; Almoviva Digital España S.L. (previously Tilbranhill S.L.U.); Almoviva Finland Oy and Tecnau Transport Division S.r.l., Almoviva USA Corp.;
- b. CRM International, provides Contact Center and others services in South America and in Africa, includes the following companies: Almoviva do Brasil, Almacontact, Almoviva Tunisie, Central De Recuperacao De Créditos Ltda and CRC Digital Ltda..
- c. Almovave – 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: Almovave, Pervoice, Almovave do Brasil, Almovave USA Inc, OBDA Systems S.r.l., The Data Appeal Company S.p.A. e Sistemi territoriali S.r.l.

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

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

For the three months ended March 31, 2023

<i>(in thousands of Euro)</i>	IT Services	CRM International	Almovave New Technology	Adjustments, eliminations and other	Total Segments	Others	Adjustments, eliminations and other	Consolidated
Revenue								
Revenues from contracts with customers	178,935	71,528	10,881	0	261,343	1,323	0	262,666
Inter-segment	628	31	1,918	(2,478)	99	1,424	(1,523)	0
Total revenues from contracts with customers	179,563	71,559	12,799	(2,478)	261,442	2,747	(1,523)	262,666
Income/(Expenses)								
Cost of raw materials and services	(82,172)	(20,126)	(5,498)	2,277	(105,519)	(1,286)	2,357	(104,448)
Personnel expenses	(70,037)	(40,319)	(5,519)	43	(115,832)	(3,426)	37	(119,221)
Depreciation and amortization and write-downs	(6,284)	(4,424)	(1,133)	0	(11,841)	(343)	0	(12,184)
Losses from sale of non-current assets	0	0	0	0	0	43	0	43
Other operating income	5,654	126	1,134	(379)	6,535	277	(298)	6,514
Other operating expenses	(2,407)	0	(66)	0	(2,473)	(78)	110	(2,442)
Operating Profit	24,316	6,816	1,717	(537)	32,312	(2,066)	683	30,928
% Revenue	13.5%	9.5%	13.4%	n.d.	12.4%	n.d.	n.d.	11.8%
At March 31, 2023								
Total assets	1,051,771	240,931	104,046	(85,900)	1,310,849	162,884	(309,623)	1,164,110
Total liabilities	457,986	63,840	41,687	(16,085)	547,427	39,291	(40,168)	546,550

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

For the three months ended March 31, 2022

<i>(in thousands of Euro)</i>	IT Services	CRM International	Almawave New Technology	Adjustments, eliminations and other	Total Segments	Others	Adjustments, eliminations and other	Consolidated
Revenue								
Revenues from contracts with customers	170,014	56,911	7,608	0	234,532	17,120	0	251,653
Inter-segment	766	23	1,475	(1,945)	319	1,624	(1,943)	0
Total revenues from contracts with customers	170,780	56,934	9,083	(1,945)	234,851	18,744	(1,943)	251,653
Income/(Expenses)								
Cost of raw materials and services	(81,431)	(9,541)	(3,827)	1,796	(93,003)	(3,426)	2,690	(93,738)
Personnel expenses	(64,213)	(39,424)	(3,693)	87	(107,244)	(14,677)	103	(121,818)
Depreciation and amortization and write-downs	(5,920)	(3,355)	(916)	104	(10,086)	(502)	0	(10,589)
Losses from sale of non-current assets	218	0	0	(186)	32	0	0	32
Other operating income	5,035	734	554	(400)	5,923	285	(512)	5,696
Other operating expenses	(2,201)	0	(46)	1	(2,246)	(153)	269	(2,130)
Operating Profit	22,267	5,348	1,155	(543)	28,227	271	607	29,105
% Revenue	13.0%	9.4%	12.7%	n.d.	12.0%	n.d.	n.d.	11.6%
At December 31, 2022								
Total assets	1,015,901	228,617	99,013	(69,792)	1,273,739	167,593	(326,903)	1,114,429
Total liabilities	444,257	63,032	37,787	(15,586)	529,489	41,671	(44,502)	526,659

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

For the three months ended March 31, 2023

<i>(in thousands of Euro)</i>	IT Services	CRM International	Almawave New Technology	Adjustments, eliminations and other	Total Segments	Others	Adjustments, eliminations and other	Consolidated
Operating profit	24,316	6,816	1,717	(537)	32,312	(2,066)	683	30,928
(+) Depreciation and amortization	6,284	4,424	1,133	0	11,841	343	0	12,184
(+) Losses from sale of non-current assets	0	0	0	0	0	(43)	0	(43)
Earning before interests, taxes, depreciation and amortization (EBITDA)	30,600	11,240	2,850	(537)	44,153	(1,767)	683	43,069
% Revenue	17.0%	15.7%	22.3%	n.d.	16.9%	n.d.	n.d.	16.4%

For the three months ended March 31, 2022

<i>(in thousands of Euro)</i>	IT Services	CRM International	Almawave New Technology	Adjustments, eliminations and other	Total Segments	Others	Adjustments, eliminations and other	Consolidated
Operating profit	22,267	5,348	1,155	(543)	28,227	271	607	29,105
(+) Depreciation and amortization	5,920	3,355	916	(104)	10,086	502	0	10,589
(+) Losses from sale of non-current assets	(218)	(0)	0	186	(32)	0	0	(32)
Earning before interests, taxes, depreciation and amortization (EBITDA)	27,969	8,702	2,071	(461)	38,281	774	607	39,662
% Revenue	16.4%	15.3%	22.8%	n.d.	16.3%	n.d.	n.d.	15.8%

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

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

Reconciliation of Operating Profit

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
Segment profit	30,928	29,105
Finance income	901	742
Finance costs	(7,547)	(7,153)
Exchange gains/(losses)	(43)	(458)
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	2	0
Inter-segment income/expenses (elimination)		
Profit/(loss) before taxes	24,241	22,236

Reconciliation of Total assets

<i>(in thousands of Euro)</i>	At March 31,	At December 31,
	2023	2022
Segment operating assets	1,164,110	1,114,429
Deferred tax assets	21,425	21,367
Current financial assets	3,517	14,533
Non-current financial assets	1,256	1,256
Non-current assets held for sale	0	0
Total assets	1,190,309	1,151,586

Reconciliation of Total liabilities

<i>(in thousands of Euro)</i>	At March 31,	At December 31,
	2023	2022
Segment operating liabilities	546,550	526,659
Non-current financial liabilities	381,992	380,717
Current financial liabilities	34,937	33,374
Current tax liabilities	28,494	31,890
Deferred tax liabilities	84	84
Total liabilities	992,057	972,724

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

6. SIGNIFICANT TRANSACTIONS IN THE PERIOD

There are no significant transaction in the three months period as at March 31, 2023.

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

7. INTANGIBLE ASSETS

The intangible assets of the Group amount to Euro 172,181 thousand (Euro 167,469 thousand as at December 31, 2022) and are broken down as follows:

<i>(in thousands of Euro)</i>	Goodwill	Industrial patent and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets	Assets under construction	Total
At January 1, 2023	76,470	36,305	2,308	30,594	21,793	167,469
Investments and new acquisition	410	4,259	612	125	417	5,823
Capitalisation for internal projects	0	537	0	232	4,423	5,192
Amortization	0	(2,203)	(626)	(3,025)	0	(5,854)
Disposals	0	0	0	0	(267)	(267)
Reclassifications and other	(14,229)	7,502	10,496	6,024	(10,689)	(896)
Foreign exchange differences	220	329	161	0	3	713
At March 31, 2023	62,871	46,729	12,951	33,950	15,680	172,181

The Group's investments as at March 31, 2023 amounted to Euro 5,823 thousand and mainly refer to (i) goodwill recognized on a non-definitive basis following business combinations completed over the period and (ii) "Industrial patent rights and use of intellectual property" and concessions, licenses and trademarks; these increases relate to costs for the acquisition of user and property licenses and costs for software development carried out mainly by the CRM International, IT Services and Almaxwave - New Technology segments.

The Group also made further investments in the reference period, through capitalization for internal work, for a total of Euro 5,192 thousand referring to costs incurred mainly in the context of the creation and internal development of assets (software, IT applications) also used in the creation and management of the services offered in the operating segments in which the Group operates. The aforementioned capitalizations refer to the IT Services and Almaxwave - New Technology segments.

During the period, part of the investments made in previous years was completed and was therefore reclassified, in the respective categories of reference, 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 46,729 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 as of March 31, 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 5,854 thousand. The main depreciation ratios adopted as at March 31, 2023 are included in the following ranges:

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

The exchange rate differences equal to Euro 713 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.

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

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

<i>(in thousands of Euro)</i>	Business Area	At January 1, 2023	Exchange differences	Additions	Disposals, reclassifications and other	At March 31, 2023
Alicos	CRM and other	2,007				2,007
Almaviva Contact	CRM and other	26,533				26,533
Almaviva do Brasil	CRM and other	1,748				1,748
Almaviva Finance	Finance	745				745
Gempliss	New Technology	198				198
Pervoice	New Technology	314				314
Wave	Transportation	5,121				5,121
Wedoo	IT	630				630
Kline	Finance	784				784
CRC Central de Recup de creditos	CRM and other	16,128	213		(14,229)	2,112
The Data Appeal Company	New Technology	16,037				16,037
Sistemi Territoriali	New Technology	2,677				2,677
Tecnau	Transportation	2,410		410		2,820
Third	CRM and other	1,138		7		1,145
Total		76,470	220	410	(14,229)	62,871

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 reclassifications of Euro 14,229 thousand refer to the conclusion of the Purchase Price Allocation (PPA) process implemented by the Group, following the M&A transaction relating to the Brazilian companies Central de Recuperação de Créditos Ltda and CRC Digital Ltda.

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.

Regarding to the recoverability of the value of the Intangible Assets recognized as at March 31, 2023, as better indicated in the previous Note 1.1, in these first three months of the current financial year, as there are no impairment indicators, the Directors did not consider necessary to proceed with the preparation of specific impairment tests.

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

8. PROPERTY, PLANT AND EQUIPMENT

The tangible assets of the Almaviva Group, owned and leased, amount to Euro 89,306 thousand (Euro 87,563 thousand as at December 31, 2022) and are broken down as follows:

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

<i>(in thousands of Euro)</i>	Land and buildings	Plant and machinery owned and leased	Industrial and commercial equipment owned and leased	Other assets owned and leased	ROU Asset	Assets under construction and payments on account	Total
At January 01, 2023	6,090	16,137	380	26,355	38,422	180	87,563
Additions	0	1,993	44	1,300	4,896	91	8,324
Depreciation	(197)	(1,016)	(35)	(1,927)	(3,155)	0	(6,330)
Disposals	0	0	(1)	(21)	(1,221)	0	(1,243)
Reclassifications and other	0	9	(11)	(2)	96	0	92
Foreign exchange differences	0	345	0	236	318	0	899
Historical cost	19,381	227,760	3,980	172,553	67,717	271	491,662
Accumulated amortization	(13,488)	(210,292)	(3,603)	(146,612)	(28,361)	0	(402,356)
At March 31, 2023	5,893	17,468	377	25,941	39,356	271	89,306

Investments are equal to Euro 8,324 thousand at March 31, 2023, of which those not relating to the application of IFRS 16 amounted to Euro 3,428 thousand; they mainly refer to the items "other assets" and "plant and machinery" for the acquisition of hardware, network and plant upgrades of the IT Services, CRM International operating segments and, to a lesser extent, the other sectors.

Depreciation amounts to Euros 6,330 thousand, the main depreciation coefficients adopted at March 31, 2023, with the exclusion of the rights of use deriving from the application of IFRS 16, are included in the following ranges:

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

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

The disposals of Euros 1,243 thousand mainly refer to the early termination of some rental contracts held by IT Services segment, AlmavivA Contact and AlmavivA Services falling within the application of IFRS 16.

The exchange differences from the translation of the financial statements of companies operating with functional currencies other than the Euro of positive Euro 899 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 5,893 thousand relating to the building located in Rome, in via dello Scalo Prenestino, owned by IT Services Sector.

The item of Rights of use on assets, i.e. the ROU (Right Of Use) recorded in application of IFRS 16 and whose value as at March 31, 2023 amounts to Euro 39,356 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 271 thousand, mainly referring to the IT Services segment.

Regarding the risk of recoverability of the value of Tangible Assets as at March 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 consider necessary to proceed with the preparation of specific impairment tests.

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

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
CCID – Almoviva Inform. Technol. Co. Ltd	117	117
Consorzio Hypertix in liquidation	99	99
TVEyes L.T. S.r.l.	29	27
Total	245	243

The sole joint venture of the Group is the 50% equity investment in CCID-AlmovivA Inform. Technol. Co. Ltd. a Chinese company operating the local call centre segment. The changes applying Equity Method are shown below:

<i>(in thousands of Euro)</i>	At December 31, 2022	Income Statement effect	Increases (Decreases)	At March 31, 2023
CCID – Almoviva 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
Total	243	2	0	245

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 – Almoviva Inform. Technol. Co. Ltd	Shanghai, China	¥ 39,642,000.00	50.00	AlmovivA S.p.A.
Consorzio Hypertix in liquidation	Rome, Italy	€ 198,000.00	49.99	AlmovivA S.p.A.
TVEyes L.T. S.r.l.	Trento, Italy	€ 20,000.00	20.00	Pervoice S.p.A.

As of March 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 AlmovivA Group amount to Euro 1,256 thousand (Euro 1,256 thousand as at December 31, 2022) and are broken down as follows:

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Long-term loans	1,188	1,188
Others Equity investments	68	68
Non-current financial assets	1,256	1,256

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

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

Non-current financial receivables, equal to Euro 1,188 thousand (Euro 1,188 thousand as at December 31, 2022) are all instrumental to operating activities and relate to loans to personnel for Euro 7 thousand and financial assets to Auselda for Euro 1,181 thousand.

The investments on equity instruments are equal to Euro 68 thousand (Euro 68 as at December 31, 2022), are classified in accordance with IAS 32, and are broken down as follows:

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Conai	1	1
Calpark	5	5
Banca Brutia	5	5
Uirnet	5	5
Consorzio Namex	3	3
Other	49	49
Total	68	68

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

At March 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 21,425 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 period, 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.

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Deferred Tax Assets	21,425	21,367

Divided in:

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

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Italian subsidiaries	16,875	16,842
Foreign subsidiaries	4,550	4,525
Total Deferred Tax Assets	21,425	21,367

As at March 31, 2023, Management believes that there are no impairment indicators of deferred tax assets. In fact, as already illustrated in these explanatory notes, the forecasts included in the business plans appear reliable in light of the final results of the Group and reinforce the forecast of future taxable income sufficiently large to guarantee the recoverability of the amounts recorded, in continuity with the already recorded as at December 31, 2022.

12. OTHER NON-CURRENT ASSETS

Other non-current assets amount to Euro 2,319 thousand as at March 31, 2023 compared to an amount of Euro 1,091 thousand as at December 31, 2022, as illustrated in the table below:

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Security deposits	1,068	1,056
Prepaid expenses	31	31
Other receivables	1,220	4
Other non-current assets	2,319	1,091

“Other receivables” mainly refers to non-current portion of receivables due from R&D projects equal to Euro 1,216 thousand.

13. INVENTORIES

Inventories of the Group are equal to Euro 19,023 thousand (Euro 18,811 thousand as at December 31, 2022) and are composed as follows:

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Raw materials (at cost)	6,013	5,334
Work in progress (at cost)	4,218	4,254
Finished goods (at lower of cost and net realizable value)	8,792	9,223
Total inventories at the lower of cost and net realizable value	19,023	18,811

During 2023 have not been accounted any expenses for inventories to carry them at net realizable value. The total amount is related to Sadel S.p.A. for Euro 14,551 thousand, to AlmagivA S.p.A. for Euro 4,406 thousand and to TecnaU for Euro 66 thousand.

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

14. CONTRACT ASSETS

As at March 31, 2023, contract assets are equal to Euro 27,023 thousand (Euro 19,064 thousand as at December 31, 2022).

They increase overall by Euros 7,959 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 March 31, 2023, trade receivables are equal to Euro 507,116 thousand (Euro 513,487 thousand as at December 31, 2022) with a decrease of the year equal to Euro 6,371 thousand:

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Trade receivables, gross amount	527,317	533,735
Trade receivables, amount retained as a guarantee	3,601	3,534
Bad debt provision	(23,802)	(23,782)
Trade receivables	507,116	513,487

Trade receivables are exposed net of bad debt provision equal to Euro 23,802 thousand (Euro 23,782 thousand as at December 31, 2022). The increase of the period for Euro 20 thousand is related to The Data Appeal Company.

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Balance at the beginning of the year	23,782	22,966
Provisions	0	624
Uses	0	(49)
Change in consolidation area	0	0
Other	20	241
Balance at the end of the year	23,802	23,782

Starting from the 2018 financial year, the bad debt provision was determined by the practical expedient of the *Provision Matrix* for private customers. For customers in the public sector, the ECL was determined based on information obtained from external info-providers.

The following table show the ageing of the gross amount of trade receivables, excluding the portion retained by customers as a guarantee, as at March 31, 2023 and at December 31, 2022:

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Amount not yet due	425,651	455,157
Amount due by less than 30 days	17,283	16,422
Amount due between 30-60 days	10,912	5,212
Amount due between 61-90 days	13,807	2,754
Amount due between 91-120 days	2,543	5,676
Amount due by more than 120 days	57,121	48,514
Trade receivables, gross amount	527,317	533,735

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

Further, as mentioned in 2017 Financial Statements, on May 2, 2017, the Italian Ministry of Economic Development made an order that put into special administration under Decree-Law "Marzano", the company Alitalia – Società Aerea Italiana S.p.A.

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

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

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

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

It should also be noted that the revocatory judgment pursuant to art. 67 of the Bankruptcy Law filed in 2020 by Alitalia in A.S. S.p.A. was recently settled transactively; as a result, a further request for insinuation into the bankruptcy liabilities of Alitalia Società Italiana S.p.A. in A.S. was lodged, in relation to the claim of about Euro 1.2 million deriving from the "revocatory 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 previous years, financial expenses were recorded. At present day, the value of the receivable has been prudently adjusted by approximately 50%.

It should be noted that Note 40 "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 March 31, 2023, current financial assets amounted to Euro 3,517 thousand (Euro 14,533 thousand as at December 31, 2022). The decrease of the period mainly refers to an amount of AlmamivA S.p.A. whose bank payment was made and communicated in the last days of 2022 and collected in the first days of 2023.

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

The other amount mainly refers (i) to Almoviva SpA for Euro 3,301 thousand relating to financial receivables from one of the main customers linked to deferred payments with respect to the Company's services that have been granted to the aforementioned customer, and (ii) for Euro 216 thousand to ReActive Srl, to Lombardia Gestione Srl, to Wedoo Srl and Wedoo LLC.

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

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Current financial assets	3,517	14,533

17. OTHER CURRENT ASSETS

Other current assets amount to Euro 166,337 thousand as at March 31, 2023, compared to Euro 142,041 thousand as at December 31, 2022. The amount is composed as follow:

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Receivables due from personnel	4,304	4,224
Receivables due from social security institutions	5,255	5,636
Receivables due from tax authorities	36,530	35,481
Receivables related to tax consolidation	23,938	24,540
Prepaid expenses	33,152	15,041
Advances to suppliers	5,027	3,424
Sundry items	58,131	53,695
Other current assets	166,337	142,041

In particular, it should be noted that the item Receivables from social security institutions, equal to Euro 5,255 thousand, includes almost all receivables from INPS not yet collected relating mainly to):

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

Tax consolidation credits for Euro 23,938 thousand derive from the transfer to the parent company Almoviva Technologies S.r.l. of the tax positions of the companies adhering to the institution in question. Offsetting this credit, there is also a debt position for Euro 33,426 thousand, as reported in Note 28.

Prepayments for Euro 33,152 thousand include future costs mainly of Almoviva SpA (Euro 29,547 thousand), ReActive (Euro 1,793 thousand), Almoviva Contact (Euro 688 thousand), Almovave (Euro 326 thousand), The Data Appeal Company (Euro 193 thousand) and to a lesser extent of the other Group companies.

Receivables from the tax authorities are divided into (i) credits for direct taxes Euro 5,016 thousand relating to Almoviva SpA for Euro 3,899 thousand, Almoviva Contact for Euro 273 thousand, Agrisian for Euro 364 thousand, Almovave for Euro 186 thousand, Sistemi Territoriali for Euro 124 thousand and to a lesser extent to the other companies of the Group; (ii) receivables

ALMAVIVA S.P.A. AND SUBSIDIARIES

EXPLANATORY NOTES (continued)

for indirect taxes equal to Euro 31,514 thousand relating mainly to AlmagivA S.p.A., AlmagivA and the Brazilian companies. Regarding to the receivables of AlmagivA S.p.A. for indirect taxes they refer mainly to the credit for the Group VAT for Euro 20,202 thousand. During the first quarter 2023, it should be noted that Euro 15,110 thousand, related Group VAT, was collected.

Advances to suppliers increased by Euro 1,603 thousand, from Euro 3,424 thousand as at December 31, 2022 to Euro 5,027 thousand as at March 31, 2023.

Sundry items equal to Euro 58,131 thousand are mainly included:

- CRM International receivables for judicial deposits on disputes pending with employees;
- Receivables due from the State and Public Authorities for projects financed and R&D projects equal to Euro 9,803 thousand;
- Receivables for reimbursements which refer:
 - the credit for the request for reimbursement, submitted to a well-known insurance company, of the legal costs incurred in the context of a dispute initiated in the United States by an American company (the "US Litigation") against some of the companies of the AlmagivA Group (collectively the "AlmagivA Companies"), as well as third parties. The US litigation ended - both at first and second instance - with the rejection, also confirmed by the Supreme Court of the United States of America, of all the claims made by the American company, with compensation of the expenses. In order to obtain reimbursement of the legal expenses incurred in the US Litigation, the AlmagivA Companies, by virtue of a policy called "Directors' Civil Liability Insurance" signed with a well-known insurance company, took action against the contracting insurance company. Currently, the terms for lodge an appeal, against the rejection of the circuit court, at Supreme Court is pending. The AlmagivA Companies currently believe - also on the basis of the assessments made by their defense board - that they have valid arguments to be able to support their position and, consequently, to be able to subvert the outcome sentence. In consideration of these aspects, the receivable from the insurance company continues to be considered deriving from a contractual right and, at present, fully recoverable.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 180,559 thousand (Euro 164,660 thousand as at December 31, 2022) refers to credit balances at banks in existence as at March 31, 2023 and the amounts held at the Group treasuries. These voices are not subject to any restriction and are not foresee disinvestment costs.

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

19. SHAREHOLDERS' EQUITY

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Share capital	154,899	154,899
Share premium reserve	17,788	17,788
Legal reserve	15,139	15,139
Other reserves:		
<i>FTA reserve</i>	4,493	4,493
<i>OCI reserve</i>	4,927	4,927
<i>stock grant reserve</i>	7,897	7,693
<i>Translation reserve</i>	(43,231)	(46,257)
<i>Other reserves</i>	(11,740)	(83,733)
	<u>(37,654)</u>	<u>(112,877)</u>
Profit/(loss) for the year	15,721	72,344
Total group shareholders' equity	165,897	147,296
Reserves pertaining to NCIs:		
<i>Translation reserve</i>	(991)	(991)
<i>Other reserves</i>	32,573	29,799
	<u>31,583</u>	<u>28,809</u>
Profit/(loss) for the year pertaining to NCIs	772	2,756
Total non-controlling interests	32,354	31,565
Total Shareholders' equity	198,252	178,862

The total Shareholders' equity as at March 31, 2023 is equal to Euro 198,252 thousand (Euro 178,862 thousand as at December 31, 2022) showing an increase of Euro 19,390 thousand. This change in Equity of the Almagiva Group was affected by (i) the results for the period equal to Euro 16,493 thousand, (ii) the positive impact of about Euro 3,027 thousand relating to the improvement of the Euro / Reais exchange rate on the Translation Reserve.

Share Capital

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

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

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

ALMAVIVA S.P.A. AND SUBSIDIARIES

EXPLANATORY NOTES (continued)

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

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

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

Legal reserve

The Legal reserve amounted to Euro 15,139 thousand as at March 31, 2023 and remained unchanged compared to December 31, 2022.

Share premium reserve

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

Stock Grant reserve

The stock grant reserve equal to Euro 7,897 thousand as at March 31, 2023, includes the fair value valuation at the same date regarding the Stock Grant Plan introduced by Almax SpA and Almax 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 March 31, 2023, as detailed below:

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

OCI reserve

The OCI reserve is equal to Euro 4,927 thousand as at March 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 March 31, 2023, it was a negative Euro 43,231 thousand.

Other reserves

The Other reserves is equal to negative Euro 11,740 and are represented by consolidation reserves and by undistributed profits or losses carried forward.

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

Non-controlling interests

The non-controlling interests are equal to Euro 32,354 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 March 31, 2023 is summarised in the following table.

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Non current Net Financial Position	(381,992)	(380,717)
Current Net Financial Position	149,139	145,819
Non current financial receivables	1,256	1,256
Financial indebtness ("Debt")	(231,597)	(233,642)
Total Group Shareholder Equity	165,897	147,296
Non Controlling Interests	32,354	31,566
Total Shareholders' Equity ("Equity")	198,252	178,862
Debt/Equity ratio	(1.17)	(1.31)

Financial indebtness as at March 31, 2023, equal to Euro 231,597 thousand, includes the values deriving from the application of IFRS 16 for an amount equal to Euro 43,479 thousand (Euro 42,368 thousand as at December 31, 2022) of which Euro 32,884 thousand (Euro 31,619 thousand as at December 31, 2022) relating to non-current financial liabilities and Euro 10,594 thousand (Euro 10,749 as at December 31, 2022) relating to current financial liabilities. The value before application of IFRS 16 would have been equal to Euro 188,118 thousand (Euro 191,275 as at December 31, 2022).

20. LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits equal to Euro 39,820 as at March 31, 2023 are reported below:

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Liabilities for employee benefits	39,820	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

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

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.

21. PROVISIONS

Provisions are equal to Euro 12,400 as at March 31, 2023 (Euro 12,973 as at December 31, 2022) and are reported below:

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Non-current portion of provisions for risks and charges	7,218	8,040
Current portion of provisions for risks and charges	5,182	4,933
Provisions for risks and charges	12,400	12,973

<i>(in thousands of Euro)</i>	Provision for taxes	Provision for redundancy incentives	Provision for guarantees granted	Provisions for contractual and commercial risks	Provisions for legal disputes	Provisions for mobility	Other provisions for risks and charges	Total
Balance as at January 1, 2023	66	356	134	180	1,393	0	10,844	12,973
Accruals	0	0	0	0	122	0	541	663
Utilizations	0	0	0	0	0	0	(1,352)	(1,352)
Decreases	0	0	0	0	(285)	0	(48)	(333)
Other changes not recorded through income statement	0	0	0	0	450	0	(1)	449
Balance as at March 31, 2023	66	356	134	180	1,680	0	9,984	12,400
of which:								
Non-current portion	66	22	134	0	0	0	6,996	7,218
Current portion	0	334	0	180	1,680	0	2,988	5,182

Information and comments on the various provisions are provided below.

"Non-current tax provision" equal to Euro 66 thousand relates to Almagiva Contact SpA, set up following the risks associated with the deductions of costs considered non-deductible by the Tax Administration following a tax audit that took place in 2004.

"Redundancy fund" equal to Euro 356 thousand (Euro 356 thousand as at December 31, 2022) mainly relating to employees of Almagiva SpA who have accrued in 2021 the pension requirement through "quota 100", early retirement, woman option (in this last case, the requirements must be completed by 31 December 2021) and that they had voluntarily decided to join the exit from the company.

The Provision for guarantees granted of a non-commercial nature is related to provisions recorded by the parent company Almagiva for Euro 134 thousand.

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

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

Provision for legal disputes of Euro 1,680 thousand is related to IT Services segment for Euro 1,112 thousand, to CRM International segment for Euro 561 thousand and to Almaxwave - New Technology segment for Euro 7 thousand.

The line items, including non-current and current portion, for a total of Euro 9,984 thousand (Euro 10,884 thousand at December 31, 2022) mainly refers to prudential provisions on commercial risks relating to penalties for Euro 2,339 thousand of Almaxviva SpA; the Project Workers stabilization fund for Euro 136 thousand of Almaxviva Contact, provisions for disputes both towards personnel and for other civil disputes for Euro 84 thousand of Almaxviva Contact, commercial guarantee funds for Euro 2,992 thousand of Almaxviva SpA and for Euro 490 of Sadel and the liquidation costs provision recorded for Euro 1,345 thousand from Agrisian by virtue of current obligations under the law. The change in other provisions for risks refers to the provision for the emergence of new risks and charges.

22. NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities, equal to Euro 381,992 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.

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Banks	1,966	2,521
Bond	340,697	340,131
Amounts due to other lenders	6,445	6,446
Financial liabilities associated with leasing	32,884	31,619
Non-current financial liabilities	381,992	380,717

<i>(in thousands of Euro)</i>	> 12 months	< 5 years	> 5 years
Banks	1,966	1,966	0
Bond	340,697	340,697	0
Amounts due to other lenders	6,445	6,445	0
Financial liabilities associated with leasing	32,884	27,621	5,263
	381,992	376,729	5,263

The fair value of the main financing component, relating to the bond issued on the Luxembourg market, was equal to Euro 328,678 thousand as at March 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.

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

<i>(in thousands of Euro)</i>	At January 1, 2023	Proceeds from borrowings	Repayments of borrowings	Reclassification and other adjustments	At March 31, 2023
Almaxviva S.p.A.	346,128	0	0	566	346,694
Sadel S.p.A.	1,959	0	0	(267)	1,692
Almaxviva do Brasil	151	0	0	(151)	0
CRC - Central de Recup. de Creditos	295	0	0	(137)	158
Obda Systems S.r.l.	4	0	0	(1)	3
The Data Appeal Company S.p.A.	292	0	0	0	292
Sistemi Territoriali S.r.l.	269	0	0	0	269
Financial liabilities associated with leasing	31,619	508	(189)	946	32,884
Non-current financial liabilities	380,717	508	(189)	956	381,992

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

As regards the monetary movements of the period, there are no proceed from borrowing or repayments of loans as at March 31, 2023.

Long-term financial liabilities of Euro 381,992 thousand refer primarily to the bond of Euro 350,000 thousand issued on November 3, 2021, 4.875% coupon with half-yearly payment on April 30 and October 30 of each year and maturity of 5 years. The bond was listed on the Luxembourg stock exchange on the Euro MTF Market (unregulated market).

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

The Bond is treated in the financial statements with the amortized cost method and has a value as of March 31, 2023, of Euro 340,697 thousand.

Liabilities to banks equal to Euro 1,966 thousand relate to The Data Appeal Company (Euro 115 thousand), Sadel (Euro 1,692 thousand), CRC (Euro 158 thousand) and AlmagivA S.p.A. (Euro 1 thousand).

Liabilities to other lenders equal to Euro 6,445 thousand mainly refer to subsidized loans received on projects financed by AlmagivA SpA (Euro 5,996 thousand), to OBDA System for Euro 3 thousand, to The Data Appeal Company (Euro 177 thousand) and to Sistemi Territoriali (Euro 269 thousand).

Non-current financial liabilities deriving from the adoption of IFRS 16 are equal to Euro 32,884 thousand, the reclassifications for Euro 946 thousand refer to the exchange difference of the companies with functional other than the Euro and the reclassification from non-current portions to current portions of the debt.

23. DEFERRED TAX LIABILITIES

Deferred tax liabilities are equal to Euro 84 thousand as at March 31, 2023 and remained unchanged compared to December 31, 2022:

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Deferred tax liabilities	84	84

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Balance at the beginning of the year	84	2
Increases	0	82
Decreases	0	0
Balance at the end of the year	84	84

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

24. OTHER NON-CURRENT LIABILITES

Other non-current liabilities equal to Euro 1,322 thousand as at March 31, 2023 (Euro 635 thousand as at December 31, 2022) are reported below:

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Other non-current liabilities	228	304
Deferred income on capital grants	1,094	331
Other non-current liabilities	1,322	635

The fully amount refers to deferred income on capital grants.

25. TRADE PAYABLES

Trade payables are equal to Euro 340,921 thousand as at March 31, 2023 and decreased for Euro 10,605 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 64,256 thousand (Euro 59,975 thousand as of December 31, 2022) while those not due and due within 12 months amount to Euro 276,665 thousand (Euro 291,551 thousand as of December 31, 2022).

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Trade payables	340,921	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:

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Payables due to banks	5,247	7,780
Current portion bonds	7,078	2,859
Payables due to other lenders	11,523	11,389
Accrued liabilities from financial expenses	165	163
Other financial payables	330	434
Financial liabilities for leasing IFRS 16	10,594	10,749
Current financial liabilities	34,937	33,374

Short-term financial liabilities for Euro 34,937 thousand refer to payables for short-term loans contracted with credit institutions and to the portion of payables for interest accrued to

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

bondholders whose payment is expected on April 30, 2023. Finally, the item includes current financial liabilities for leasing, financial accruals and short-term payables of a different nature.

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

As regards the monetary movements of the period, it should be noted that: (i) at March 31, 2023, they generated a cash decrease equal to Euro 2,402 thousand; (ii) at March 31, 2022 they generated a cash decrease equal to Euro 3,873 thousand.

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

27. TAX PAYABLES

Tax payables as at March 31, 2023, equal to Euro 28,494 thousand (Euro 31,890 thousand as at December 31, 2022) are reported below:

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Income taxes	3,275	1,961
Other taxes	25,219	29,929
Tax payables	28,494	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 AlmagivA do Brasil Group.

28. OTHER CURRENT LIABILITIES

Other current liabilities as at March 31, 2023, equal to Euro 152,087 thousand (Euro 121,853 thousand as at December 31, 2022) are reported below:

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
Payables due to social security institutions	12,601	18,095
Payables due to personnel	56,159	39,851
Miscellaneous payables	58,761	40,642
Deferred income	24,566	23,265
Other current liabilities	152,087	121,853

The payables to social security institutions equal to Euro 12,601 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 56,159 thousand, mainly refer to the provision for holidays and leave accrued by the staff and not yet paid, as well as for the subsidiaries AlmagivA Contact S.p.A., AlmagivA Services, The Data Appeal Company and Sistemi Territoriali to the monthly payment for the month of March, the payment of which took place in the first days of April 2023, as per the ordinary management of salary payments.

Miscellaneous payables equal to Euro 58,761 thousand mainly include payables to project workers, payables to insurance companies, payables for collections to be paid to partners, payables to the parent company AlmagivA Technologies for tax consolidation (equal to Euro 33,426 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 24,566 thousand relates to economic components pertaining to future years.

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

29. REVENUE

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

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
Revenues from sales and services	238,710	240,132
Revenues from sale of goods	16,464	7,075
Revenues from contract work in progress	7,492	4,446
Revenues from contracts with customers	262,666	251,653

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

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
Goods transferred at a point in time	16,464	7,075
Services transferred over time	246,202	244,578
Total revenue from contracts with customers	262,666	251,653

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 Almagiva 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 March 31, 2023, and 2022. Inter-segment elimination has not been considered and eliminated.

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
IT Services	178,935	170,014
CRM International	71,528	56,911
Almagiva – New Technology	10,881	7,608
Others	1,323	17,120
Revenues from contracts with customers	262,666	251,653

Revenues in the IT Services segment as of March 31, 2023, increased by Euro 8,921 thousand, equal to 5.2% compared to the previous period. This increase is mainly due to the growth in demand for services from customers in the Transport, Banking Insurance, Health, Treasury and Public Finance, Local Government, Utilities and Industry, Welfare, International and UE activities business areas. This growth was partially offset by a reduction in revenues attributable to the Agriculture, Ministries, Homeland Security and Other business area.

Revenues from contracts with customers in the CRM International segment at March 31, 2023, show an increase of Euro 14,617 thousand, equal to 25.7% compared to the previous period. The increase is attributable mainly to the Finance and Other business areas, partially offset by a reduction in revenues attributable to the Telco / Media business area. This trend is affected also by the improvement in the Euro/Reals exchange rate.

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

Revenues from contracts with customers in the Almaxwave-New Technology segment increased by Euro 3,273 thousand, up 43% 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, Telco/Media, Transport, Utilities e Other business areas.

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

The fees for services to be provided at March 31, 2023, based on the contracts already acquired by the Group, amount to Euro 2,580,722 thousand, of which Euro 613,357 thousand to be absorbed within the current year and Euro 1,967,365 thousand to be absorbed beyond the current year.

30. OTHER INCOME

Other income are reported in the following table:

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
Recovery of personnel costs	390	203
Recovery of costs of service provision	1,296	984
Recovery of costs of use of assets	41	22
Reversal of provisions	1,363	1,818
Other income	1,554	2,136
Operating grants	1,615	517
Reversal of over-accruals of trade payables	255	16
Other income	6,514	5,696

Other income amount to Euro 6,514 thousand (Euro 5,696 thousand as at March 31, 2022) and the most significant items relate to the absorption of other ordinary funds for guarantees; to the recovery of personnel costs, provision of services and use of third-party assets; to contingencies from adjustments to items allocated in previous years.

31. COST OF RAW MATERIALS AND SERVICES

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

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
Raw materials, consumables, supplies and goods	9,665	9,861
Costs for services	95,410	83,736
Costs of use of third party assets	1,562	1,445
Costs for services capitalised for assets created internally	(1,510)	(937)
Changes in inventories	(679)	(367)
Cost of raw materials and services	104,448	93,738

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

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
IT Services	82,172	81,431
CRM International	20,126	9,541
Almawave New Technology	5,498	3,827
Others	1,286	3,426
Adjustments eliminations and other	(4,634)	(4,486)
	104,448	93,738

The item increased during the period by Euro 10,710 thousand. The increase is generally attributable to higher revenues in the IT Services sector, with a consequent increase in costs (Euro 741 thousand), as well as in the Almawave-New Technology segment (increase in costs of Euro 1,671 thousand) and in the CRM International segment (increase in costs by Euro 10,585 thousand). This effect was partially offset by the trend of the Euro/Reais exchange rate and by the M&A transactions carried out in comparison to the previous period.

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

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
Maintenance	8,956	11,451
Insurance	1,181	1,068
Consultancy and professional services	49,802	51,248
Advertising, promotion and entertainment	260	53
Telephone expenses	1,103	1,249
Travel and stays	924	529
Energy and fluids	3,855	2,216
Distribution and warehousing	137	867
Other costs for services	29,192	15,055
Costs for services	95,410	83,736

The item other costs for services includes operating expenses and various services such as canteen expenses and meal vouchers reserved for employees, legal and notary fees, commissions and expenses for banking services, expenses for training courses, costs for cleaning and costs incurred towards third parties essentially referring to expenses for insurance policies and expenses for travel and business trips, in the present half year the item in question also includes the expenses for corporate protection related to Covid 19 (costs for sanitization, cleaning, purchase of masks and gloves). The increase in costs is related to the increase in turnover volumes.

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

32. PERSONNEL EXPENSES

Personnel expenses are broken down as follows:

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
Salaries and wages	99,552	94,254
Social security contributions	17,317	17,587
Employee benefit expenses	4,800	4,642
Other costs	586	7,023
Agency work	445	600
Personnel expenses capitalised for assets created internally	(3,682)	(2,722)
Personnel expenses	119,221	121,818

Personnel expenses decreased of Euro 2,597 thousand, or 2.13%.

The cost of employee with share-based payment, during this first three months of 2023, is equal to Euro 204 thousand; 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 March 31, 2023 is equal to 45,129 and the average number of employees of companies included in the consolidation area, broken down by category, is as follows:

	At March 31, 2023	At March 31, 2022
Executives	324.3	277.0
Middle managers	1,091.3	968.3
White-collar employees	43,745.0	42,572.7
Total Group average employees	45,160.7	43,818.0
Agency workers	49.7	85.7
Total workforce	45,210.3	43,903.7

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:

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

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
Industrial patent and intellectual property rights	2,203	2,182
Concession, licence and trademarks	626	66
Other	3,025	2,585
Total Intangible Depreciation and Amortization	5,854	4,833
Civil and industrial buildings	197	197
Industrial and commercial equipment	35	39
Plants and machinery owned	1,016	980
Other assets owned and leased	1,927	1,797
ROU Asset - Civil and industrial buildings IFRS16	2,440	2,394
ROU Asset - Other assets owned and leased IFRS16	715	321
Total Tangible Depreciation and Amortization	6,330	5,756
<i>Impairment Loss of Intangible asset</i>	<i>0</i>	<i>0</i>
Total Depreciation and Amortization	12,184	10,589

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
<i>Disposals of Intangible Assets</i>	(5)	0
<i>Disposals of Tangible Assets</i>	48	32
<i>Disposals of FinancialAssets</i>	0	0
Total profit (losses) from sale on non-current assets	43	32

34. OTHER EXPENSES

Other operating expenses are broken down as follows:

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
Provisions for risks	541	1,008
Taxes and duties	176	242
Membership fees	312	259
Other expenses	1,343	605
Reversal of over-accruals of trade receivables	70	16
Other operating expenses	2,442	2,130

Net provisions for risks and charges are recorded for Euro 541 thousand by the IT Services sector. Information relating to provisions for risks and charges is indicated in Note 21 to which reference is made. The other non-recurring operating costs include almost exclusively the economic effect found for the closure of previous items.

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

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

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

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
Financial income	901	742
Financial expenses	(6,344)	(6,039)
Exchange gains/(losses)	(43)	(458)
Financial expenses for leasing IFRS 16	(1,203)	(1,114)
Net financial result	(6,689)	(6,869)

As shown in the previous table, the result is negative as at March 31, 2023, for Euro 6,689 thousand, against a negative result of Euro 6,869 thousand as at March 31, 2022, with a decrease of Euro 180 thousand.

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

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
Profit/(loss) from investments accounted for using equity method	2	0
Net result from equity investments	2	0

Gains/(losses) on equity investments and loss from investments accounted for using equity method shows a positive amount of Euro 2 thousand as at March 31, 2023 compared to an amount of 0 as at December 31, 2022.

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

37. INCOME TAXES

Income taxes are broken down as follows:

<i>(in thousands of Euro)</i>	For the three months ended March 31,	
	2023	2022
Italian Companies		
<i>IRAP (Regional business tax)</i>	1,208	1,076
<i>IRES (Corporate income tax)</i>	4,626	3,856
<i>(Income) expenses from compliance with tax consolidation</i>	(263)	(51)
	5,571	4,881
Foreign companies		
<i>Other current taxes</i>	2,091	1,911
	2,091	1,911
Current Taxes	7,662	6,792
Italian Companies		
<i>IRAP (Regional business tax)</i>	27	90
<i>IRES (Corporate income tax)</i>	(60)	354
	(33)	444
Foreign companies		
<i>Other deferred taxes</i>	120	(251)
	120	(251)
Deferred taxes	87	193
Income taxes for the year - Non recurring portion	0	0
Total Income taxes	7,749	6,985

38. INCOME TAXES RECONCILIATION

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

<i>(in thousands of Euro)</i>	For the three months ended March 31,			
	2023	100.0%	2022	100.0%
Income before taxes	24,241	100.0%	22,236	100.0%
Theoretical taxes (*)	5,818	24.0%	5,337	24.0%
Effective tax charge	7,749	31.96%	6,985	31.41%
differences between theoretical and effective tax charge	1,931	7.96%	1,648	7.41%
1) different foreign tax rates				
1a) Exchange rate differences	143	0.59%	(1,177)	-5.29%
2) permanent differences:				
2a) IRAP and other italian regional taxes	1,208	4.98%	1,076	4.84%
2b) taxes of prior periods	0	0.00%	0	0.00%
2c) tax credit R&D	0	0.00%	0	0.00%
2d) consolidation adjustments	0	(0.01%)	29	0.13%
2f) other differences (**)	580	2.39%	1,720	7.74%
Total differences	1,931	7.95%	1,648	7.41%

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

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

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

39. GUARANTEES AND COMMITMENTS

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

- personal guarantees of Euro 214,087 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 7,504 thousand, by AlmavivA Contact S.p.A. in the amount of Euro 7,220 thousand and Sadel S.p.A. in the amount of Euro 284 thousand.
- real guarantees provided as part of the new High Yield bond issue of November 3, 2021 and the new Revolving credit line for Euro 128,625 thousand relate to: Euro 69,543 thousand pledges on the shares held by AlmavivA S.p.A. in AlmavivA do Brasil S.A. ; Euro 57,537 thousand pledges on the shares held by AlmavivA Contact 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.
- guarantees provided through pledges on the shares held by by AlmavivA Contact in Simest S.p.A for Euro 1,545 thousand.

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

Other guarantees, commitments and risks

These amounted to Euro 8,478 thousand (Euro 8,478 thousand as at December 31, 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 March 31, 2023 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.

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

<i>(in thousands of Euro)</i>	At March 31, 2023	At December 31, 2022
- Amount falling due	425,651	455,157
- Past due	77,864	54,796
Trade receivables net of Bad debt provision	503,515	509,953

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 March 31, 2023 were impacted by the trend of the EUR / R \$ exchange rates.

41. INFORMATION ON FAIR VALUE MEASUREMENT

The Group uses the fair value within the consolidated financial statements for the valuation of the number of shares of Almax SpA freely assigned to employees for the 2021-2023 Stock Grant Plan. In addition, the fair value is used for the information provided regarding the bond. In both circumstances, the input used is type 1.

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.

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

Contingent liabilities

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

Shown below are the main contingent liabilities as at March 31, 2023 not recorded in the financial statements owing to the absence of the necessary requirements set out in reference standard IAS 37.

AlmavivA S.p.A.

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

Aubay S.p.A. has requested the cancellation, after suspension of effectiveness, of the communication of its exclusion from the open procedure for the assignment of the support service for the use of the ETL product "Informatica Power Center. Gara E 901", banned by Sogei S.p.A. To the council chamber of the 14 October 2009, Aubay S.p.A. has requested the postponement of the processing of the precautionary application to propose additional reasons against the final award in the meantime intervened. On 20 November 2009, Aubay S.p.A. has notified RTI AlmavivA of additional reasons. RTI AlmavivA has concluded the activities referred to in the contract. The substantive hearing is not yet scheduled. The outcome of the risk assessment did not determine the need to enter risk funds.

Eustema S.p.A./FAPI-Fondo Formazione Piccole e Medie Imprese/AlmavivA TSF S.p.A., now AlmavivA S.p.A.

Eustema S.p.A. has requested the cancellation, after suspension of effectiveness, of the Notice and of the resolution of the Board of Directors of FAPI of 9 November 2010 regarding the appointment of the Selection Board of the tender called by FAPI for the assignment of the service for the construction of the new IT system and the related support activities for the automation of flows relating to financing activities for training. The TAR of Lazio rejected the precautionary request. The substantive hearing has not yet been scheduled. The outcome of the risk assessment did not determine the need to enter risk funds.

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

The RTI AlmavivA has requested, with an appeal before the Lazio Regional Administrative Court, the joint and several condemnation of the MATTM, Consip and the Presidency of the Council of Ministers to pay the compensation and the greater sums due as compensation for damages, as a result of the provision with which the MATTM revoked the tender for the concession of the Waste Traceability Control System (SISTRI – ID 1642), announced by Consip and awarded to RTI AlmavivA. By judgment of 22 February 2021, the Lazio Regional Administrative Court partially upheld the appeal, ruling positively on the claim for compensation. On 31 March 2021, RTI AlmavivA notified the appeal before the Council of State. The hearing date has been set on May 11, 2023.

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

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

The RTI NTT DATA has appealed to the Lazio Regional Administrative Court for the annulment, after the adoption of precautionary measures, of the award measure in favor of the RTI AlmagivA of lot 1 of the tender for the acquisition of services related to the production and maintenance of software in Microsoft environment and PHP – ID 2225, adopted by Consip. By judgment of 19 July 2021, the Lazio Regional Administrative Court upheld the appeal of the RTI NTT DATA. RTI AlmagivA has appealed to the Council of State. The substantive hearing was held on 27 January 2022. With a sentence of 25 May 2022, the Council of State accepted the appeal of the RTI AlmagivA. On 4 August 2022, the RTI NTT DATA notified the appeal for revocation. The hearing on the merits was on January 19, 2023. With a sentence on March 6, 2023, the Council of State declared, the appeal for revocation, inadmissible.

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

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

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

Leonardo lodged an appeal with the Lazio TAR for the cancellation, after the adoption of precautionary measures, of the award provision in favor of the RTI AlmagivA of the tender "for the assignment of the management services of the VTS system for 36 months and an amount based on tender for 23,984,960.59 euros fully paid up excluded, with the option to provide additional services for a maximum amount of EUR 16,045,926.21 fully paid up excluded. The precautionary hearing was held on May 18, 2022. The RTI AlmagivA filed a cross appeal. The hearing on the merits was on October 12, 2022. With sentence of October 28, 2022, Lazio TAR reject the appeal. On January 27, 2023, Leonardo lodged an appeal at Council of State. At the end of the hearing on the merits on April 13, 2023, the case was withheld in decision.

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

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

RTI Kyndryl Italia S.p.A. (agent of RTI with Vodafone Italia S.p.A., Consorzio Reply Public Sector, Lutech S.p.A., Insirio S.p.A. and Itaware S.r.l.)/ Consip S.p.A./ RTI - AlmagivA S.p.A. (agent of

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

RTI with Eurolink S.r.l., Leonardo S.p.A., Net Service S.p.A., S.M.I. Technologies and Consulting S.r.l. and Telecom Italia S.p.A.)

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

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

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

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

The AlmagivA RTI lodged an appeal to the Lazio TAR for the cancellation, subject to the adoption of precautionary measures, of the award of lot 4 of the "open tender divided into no. 6 lots pursuant to Legislative Decree no. 50/2016 and subsequent amendments for the conclusion of a Framework Agreement, for the assignment of application services and support services in the field of "Digital Health - Health information systems and services for citizens" for the Public Administrations of the NHS - ID 2365 "in favor, among other things, of the same RTI AlmagivA (fourth classified). With this appeal, the RTI AlmagivA asked to reformulate the ranking in order to move from the fourth position to the first, with the consequent right of more activities. The precautionary hearing was held on September 5, 2022. With a sentence of September 15, 2022, the Lazio TAR accepted the appeal. On September 30, 2022, the Dedalus RTI lodged an appeal at the Council of State. The hearing on the merits was on December 6, 2022. RTI Dedalus withdrew the appeal; therefore, with a sentence on February 28, 2023, the Council of State declared the judgment extinguished.

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 AlmagivA 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 AlmagivA of the tender for the assignment of management services and application maintenance of the RAM,

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

DSS and Smart Road in the cloud, under the Framework Agreement - CIG 9040730668, and for the condemnation of Anas to fully display the technical documentation of the RTI Almoviva. With an order of March 28, 2023, the Lazio TAR granted the requested display. The precautionary hearing has been set for May 10, 2023.

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

Almoviva and other Group companies, as insured, by document notified on 13 July 2016, requested the Court of Milan to order Lloyd's insurers to reimburse the costs and legal costs of defence incurred in the context of an American litigation, in addition to compensation for damages. The Court rejected the plaintiff's claims by judgment of 18 June 2020, against which Almoviva and other Group companies appealed. With a sentence dated December 10, 2022, the Court of Appeal rejected the plaintiff's claims. Almoviva and other Group companies lodged an appeal to the Supreme Court. The outcome of the risk assessment did not determine the need to enter risk funds.

Almoviva Digitaltec S.r.l.

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

The RTI with Almoviva Digitaltec lodged an appeal at Lazio Regional Administrative Court for the annulment, subject to the adoption of precautionary measures, of the provision for the award of lot 4 of the open tender divided into no. 6 lots pursuant to Legislative Decree no. 50/2016 and subsequent amendments for the conclusion of a Framework Agreement, for the assignment of application services and support services in the field of Digital Health - Health information systems and services to the citizen for the Public Administrations of the NHS (ID 2365) in favor, among other things, of the same RTI (fourth classified). With this appeal, the RTI, of which Almoviva Digitaltec take part, asked to reformulate the ranking in order to move from the fourth position to the first, with the consequent right to more activities. The precautionary hearing was held on September 5, 2022. With a sentence dated September 15, 2022, the Lazio Regional Administrative Court upheld the appeal. On September 30, 2022, RTI Dedalus lodged an appeal at the Council of State. The hearing on the merits was held on December 6, 2022. RTI Dedalus withdrew the appeal; therefore, with a sentence on February 28, 2023, the Council of State declared the judgment extinguished.

Almoviva Contact S.p.A.

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

Alicos, in data 14 November 2008, has submitted an application for insinuation into the bankruptcy liabilities of Alitalia Linee Aeree Italiane in A.S., requesting the recognition in pre-deduction of the credits claimed for call center activities/services. Alicos, admitted as unsecured, filed an appeal pursuant to art.111 bis L.F., then rejected. Almoviva Contact lodged an appeal against that rejection decision, which was then dismissed. With appeal in opposition pursuant to art. 98 L.F., Almoviva Contact challenged the passive status. This opposition was rejected and Almoviva Contact appealed to the Court of Cassation. The Court dismissed the appeal by order,

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

against which AlmagivA Contact appealed. The Court of Cassation, with an order on April 18, 2023, declared the appeal inadmissible. After the risk assessment, it has been considered appropriate to proceed with the provision of a credit write-down fund related to the ongoing litigation.

Sogei S.p.A. / AlmagivA Contact S.p.A.

Sogei has requested the condemnation of AlmagivA 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. AlmagivA Contact was defended in the judgment. The proceedings were postponed for clarification of the Form of Order Sought at the hearing on 18 October 2023.

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

Alitalia in A.S. has requested that the ineffectiveness (with consequent obligation to return) of the payments made by the same in favor of AlmagivA Contact in the six months prior to the date of admission to the extraordinary administration procedure (2 May 2017) be declared ineffective, as allegedly carried out in "anomalous" ways and/or times. AlmagivA Contact was defended in the judgment. The parties settled the dispute by settlement.

Labour litigation

During 2017, AlmagivA Contact SpA received some appeals submitted by dismissed workers were received.

In this regard, we must point out that in April 2017 the Civil Court of Rome labor section (by decree of 22 April 2017, RG n. 2342/2017) rejected an appeal presented by the CGIL - Rome and Lazio district - with which the trade union organization had requested the conviction of the company for anti-union conduct deducing the illegality of the dismissal procedure. The Court of Rome has extensively argued noting the correctness of the company's work and the legitimacy of the procedure.

On the individual litigation front, it is confirmed that all the five panels of judges that make up the Court of Appeal of Rome (judge of second instance) have confirmed the absence of defects in the procedure and the legitimacy of the dismissals and have reformed the few judgments of a different sign that had been pronounced at first instance.

Some of the unsuccessful workers in the Court of Appeal filed separate appeals on a point of law. In all pending proceedings, the company resisted with a counter-appeal. During 2021, hearings were held to discuss more than two-thirds of the cases registered. The Attorney General at the Court of Cassation has concluded for the rejection of all the appeals discussed so far (for inadmissibility and / or unfoundedness).

During 2022 and 2023, numerous judgments were filed by the Court of Cassation that rejected the appeals of over 1,200 workers, confirming the appeal judgments.

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

With reference to the residual litigation activated by former collaborators of the company of the Catania and Palermo offices, we must point out that the Court of Appeal of Palermo has confirmed the line in favor of AlmagivA Contact. The court of Catania continued to confirm its line in favor of the Company's reasons by rejecting the merits all of the appeals filed by certain collaborators.

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

With regard to the project personnel subject to a stabilization offer during 2007-2008 by the company Atesia S.p.A. (later merged into AlmagivA Contact S.p.A.), in the reference period there was no notification of new judicial appeals concerning the qualification of the relationship.

The company is also handling some individual and collective disputes concerning the claim of higher duties: Also in this case, as for the further litigation, they were the risks of the individual positions have been assessed and, where necessary, provisions have been made on the balance sheet.

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 March 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 March 31, 2023		For the three months ended March 31, 2023			
	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
Relationships with the controlling company of AlmagivA S.p.A.						
AlmagivA Technologies Srl	24,086	33,577	84	0	0	1
Relationships with the controlling companies valued at equity method						
Consorzio Hypertix	68	0	0	0	0	0
TVeyes L.T.	17	86	0	0	0	6
AlmagivA CCID	120	0	0	0	0	0
Consorzio Namex	0	0	10	0	0	0
Strategic employees						
Stock Grant Plan	0	0	0	204	0	0
Other						
Elvit Consultoria e Participacoes LTDA	0	0	55	0	0	0
Total	24,291	33,663	149	204	0	7

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

(in thousands of Euro)	At December 31, 2022	
	Receivables	Payables
Relationships with the controlling company of Al mavivA S.p.A.		
Al mavivA Technologies Srl	24,480	29,914
Relationships with the controlling companies valued at equity method		
Consorzio Hypertix	68	0
Sin Srl	0	0
TVEyes L.T.	10	126
Al mavivA CCID	120	0
Consorzio Namex	0	0
Strategic employees		
Stock Grant Plan	0	0
Other		
Elvit Consultoria e Participacoes LTDA	0	0
Totale	24,678	30,040

(in thousands of Euro)	For the three months ended March 31, 2022			
	Costs of Services	Other Costs	Revenues from Services	Other Income
Relationships with the controlling company of Al mavivA S.p.A.				
Al mavivA Technologies Srl	84	0	0	1
Relationships with the controlling companies valued at equity method				
Consorzio Hypertix	0	0	0	0
Sin Srl	0	0	3,449	128
TVEyes L.T.	0	0	0	6
Al mavivA CCID	11	0	0	1
Consorzio Namex				
Strategic employees				
Stock Grant Plan	0	433	0	0
Other				
Elvit Consultoria e Participacoes LTDA	0	0	0	0
Totale	95	433	3,449	136

44. SUBSEQUENT EVENTS

ALMAVIVA S.p.A.: ESTABLISHMENT OF PNT Italia S.r.l.

On April 26, 2023, Al mavivA 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 related services, among other things, the design, implementation and management of the enabling services of the National Telemedicine Platform. Al mavivA S.p.A. holds a 40% share of the share capital in the company.

ALMAVIVA FINLAND OY – SHARE CAPITAL INCREASE

On April 27, 2023, a share capital increase, for an amount of Euro 50 thousand, was finalized.

ALMAVIVA S.p.A.: DIVIDENDS DISTRIBUTION

On April 18, 2023, the Shareholders' Meeting of Al mavivA S.p.A. approved the distribution of dividends, related 2022 result, for a value of Euro 11,900 thousand.