



ALMAVIVA S.P.A. AND SUBSIDIARIES

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

Board of Directors November 10th, 2021

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

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

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

<i>(in thousands of Euro)</i>	Note	At September 30, 2021	At December 31, 2020
Intangible assets	7	77,231	65,358
Goodwill		40,243	39,461
Property, plant and equipment	8	86,370	81,918
Investments accounted for using the equity method	9	237	1,106
Non-current financial assets	10	1,239	1,229
Deferred tax assets	11	23,281	14,770
Other non-current assets	12	1,596	1,491
Total non-current assets		230,199	205,332
Inventories	13	10,701	8,137
Amount due from customers	13	0	0
Contract assets	14	42,833	37,322
Trade receivables	15	382,503	351,030
Current financial assets	16	3,676	4,152
Other current assets	17	161,961	133,147
Cash and cash equivalents	18	102,183	98,569
Total current assets		703,857	632,357
Non-current assets held for sale	19	2,459	2,459
Total assets		936,515	840,148
Share capital		154,899	154,899
Share premium reserve		17,788	17,788
Stock grant reserve		202	0
Other reserves		(136,737)	(187,602)
Profit/(loss) for the period		38,652	35,143
<i>Total group shareholders' equity</i>		<i>74,803</i>	<i>20,228</i>
<i>Non-controlling interests</i>		<i>19,023</i>	<i>5,168</i>
Total shareholders' equity	20	93,826	25,396
Non-current liabilities for employee benefits	21	47,682	48,531
Non-current provisions	22	6,369	5,836
Non-current financial liabilities	23	306,737	317,233
Deferred tax liabilities	24	2	2
Other non-current liabilities	25	615	808
Total non-current liabilities		361,405	372,410
Current provisions	22	6,992	11,249
Trade payables	26	270,369	270,844
Current financial liabilities	27	44,186	22,937
Current tax liabilities	28	30,380	27,650
Other current liabilities	29	129,356	109,663
Total current liabilities		481,284	442,342
Total liabilities		842,690	814,752
Total equity and liabilities		936,515	840,148

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

<i>(in thousands of Euro)</i>	Note	For the nine months ended September 30,	
		2021	2020
Revenues from contracts with customers	30	673,608	631,779
Other Income	31	11,839	10,845
Total revenues and other income		685,446	642,624
Cost of raw materials and services	32	(250,521)	(226,205)
Personnel expenses	33	(329,426)	(330,079)
Depreciation and amortization	34	(26,910)	(29,433)
Losses from sale of non-current assets	34	89	124
Other expenses	35	(7,639)	(6,005)
Operating profit/(loss)		71,039	51,025
Financial income	36	780	628
Financial expenses	36	(23,307)	(22,934)
Exchange gains/(losses)	36	(263)	(1,137)
Profit/(loss) from investments accounted for using equity method	37	(869)	0
Profit/(Loss) before taxes		47,381	27,581
Income taxes	38	(7,733)	(2,106)
Profit/(Loss) from continuing operations		39,647	25,476
Profit/(Loss) for the period		39,647	25,476
of which:			
Profit/(loss) pertaining to the group		38,652	24,288
Profit/(loss) pertaining to non-controlling interests		996	1,188

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

<i>(in thousands of Euro)</i>	Note	For the nine months ended September 30,	
		2021	2020
Profit/(loss) for the period		39,647	25,476
<i>Other components of comprehensive income that may be subsequently reclassified to profit or loss, after taxes:</i>			
Exchange differences on translation of foreign operations	20	1,701	(33,354)
Gains/(losses) on cash flow hedging instruments		0	0
Total		1,701	(33,354)
<i>Other components of comprehensive income that will not be subsequently reclassified to profit or loss, after taxes:</i>			
Actuarial gains/(losses) on valuation of liabilities for employee benefits	21	(1,039)	0
Total		(1,039)	0
Comprehensive income/(loss) for the period		40,309	(7,878)
of which:			
Comprehensive income/(loss) pertaining to the group		39,311	(7,341)
Comprehensive income/(loss) pertaining to non- controlling interests		998	(537)

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

<i>(in thousands of Euro)</i>	Share capital	Share premium reserve	Other reserves	Profit/(loss) for the year	Total Group shareholders' equity	Reserves pertaining to NCIs	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
Shareholders' Equity at December 31, 2020	154,899	17,788	(187,605)	35,143	20,228	4,162	1,006	5,168	25,396
Profit/(loss) for the year				38,652	38,652		996	996	39,647
Exchange differences on translation of foreign operations			1,698		1,698	2		2	1,700
Gains/(losses) on cash flow hedging instruments					0			0	0
Actuarial gains/(losses) on valuation of liabilities for employee benefits			(1,039)		(1,039)			0	(1,039)
Comprehensive income/(loss) for the year	0	0	659	38,652	39,311	2	996	998	40,309
Allocation of prior year's profit/(loss)			35,143	(35,143)	0	1,006	(1,006)	0	0
Distribution of Reserves			(10,400)		(10,400)			0	(10,400)
Net effect of Almax listing			19,975		19,975	10,025		10,025	30,000
Almax listing fees			(1,724)		(1,724)	(609)		(609)	(2,333)
Other movements			7,413		7,413	3,440		3,440	10,853
Shareholders' Equity at September 30, 2021	154,899	17,788	(136,538)	38,652	74,803	18,027	996	19,023	93,826

Note 20.

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

<i>(in thousands of Euro)</i>	Share capital	Share premium reserve	Other reserves	Profit/(loss) for the year	Total Group shareholders' equity	Reserves pertaining to NCIs	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
Shareholders' Equity at December 31, 2019	154,899	17,788	(170,300)	12,131	14,520	4,901	1,550	6,451	20,971
Profit/(loss) for the year				24,288	24,288		1,188	1,188	25,476
Exchange differences on translation of foreign operations			(31,629)		(31,629)	(1,725)		(1,725)	(33,354)
Gains/(losses) on cash flow hedging instruments									0
Actuarial gains/(losses) on valuation of liabilities for employee benefits									0
Comprehensive income/(loss) for the year	0	0	(31,629)	24,288	(7,341)	(1,725)	1,188	(537)	(7,879)
Allocation of prior year's profit/(loss)			12,131	(12,131)	0	1,550	(1,550)	0	0
Dividends					0	(704)		(704)	(704)
Other movements			(250)		(250)	98		98	(152)
Shareholders' Equity at December 31, 2020	154,899	17,788	(189,947)	24,188	6,930	4,120	1,188	5,308	12,238

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

<i>(in thousands of Euro)</i>	Note	At September 30, 2021	At September 30, 2020
Profit/(loss) for the period		39,647	25,476
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Income Taxes	38	7,733	2,106
Financial income	36	(780)	(628)
Financial expenses	36	23,307	22,934
Exchange (gains)/losses	36	263	1,138
Depreciation, amortization and write-downs	34	26,910	29,433
Write-downs/(revaluations) of non-current financial assets and equity investments	37	869	0
Losses from sale of non-current assets	34	(89)	(124)
Interest received		780	628
Interest paid		(14,581)	(13,599)
Income taxes paid		(7,198)	(4,140)
<i>Cash flows generated from operating activities before changes in working capital</i>			
Change in trade receivables excluding of the exchange rate effect and consolidation scope changes	15	(30,250)	15,935
Change in inventories excluding of the exchange rate effect and consolidation scope changes	13	(2,564)	(1,906)
Change in contract assets excluding of the exchange rate effect and consolidation scope changes	14	(5,511)	(5,886)
Change in trade payables excluding of the exchange rate effect and consolidation scope changes	26	(642)	6,671
Change in other assets excluding of the exchange rate effect and consolidation scope changes	12-17	(28,053)	(18,756)
Change in other liabilities excluding of the exchange rate effect and consolidation scope changes	25-29	5,332	(1,847)
Change in liabilities for employee benefits and provisions gross of exchange rate effect	0	(6,112)	(4,903)
Change in deferred tax liabilities (assets) excluding of exchange rate effect and consolidation scope changes	22	0	0
<i>Cash flows generated from operating activities changes in working capital</i>			
		(67,800)	(10,692)
Cash-flow generated from/(absorbed by) operating activities (A)		9,061	52,532
Investments in property, plant and equipment		(7,582)	(5,328)
Investments in intangible assets	8	(13,558)	(13,131)
Acquisition of investments accounted for using the equity method	7	(10)	0
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity method		1	(41)
Acquisition of subsidiaries net of cash and cash equivalents	19	1,243	(10,215)
Change in non-current financial asset	10	0	2
Cash-flow generated from/(absorbed by) investing activities (B)		(19,906)	(28,713)
Dividends		(10,189)	(686)
Proceeds from borrowings	23	5,462	10,953
Repayment of medium/long-term loans and non-current financial liabilities	23	(870)	(13,194)
Repayment of lease liabilities		(9,593)	(7,214)
Change in current and non-current financial liabilities		954	(2,382)
Change in current financial assets	23	476	(272)
Proceeds deriving from Almagave's share capital quotation		30,000	0
Fees paid for the Almagave listing		(2,176)	0
Cash-flow generated from/(absorbed by) financing activities (C)		14,064	(12,795)
NET CASH FLOW BEFORE EXCHANGE RATE DIFFERENCES (A + B + C)		3,219	11,024
Effect of foreign exchange rates on cash and cash equivalents (D)	16	395	(12,238)
Cash flow of the year (A+B+C+D)		3,614	(1,214)
Opening cash and cash equivalents		98,569	89,446
Closing cash and cash equivalents		102,183	88,231

ALMAVIVA S.P.A. AND SUBSIDIARIES EXPLANATORY NOTES

1. GENERAL INFORMATION

AlmavivA The Italian Innovation Company S.p.A. (hereinafter “AlmavivA” or the “Company”) is the parent company of one of the leading Italian groups in the Information & Communication Technology sector, which operates globally with an organisational structure incorporating n. 45,450 employees and several offices around Italy and abroad.

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

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

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

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

The Interim Condensed Consolidated Financial Statements were approved by the Company's Board of Directors on November 10, 2021.

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

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

The Covid-19 pandemic, which spread in Italy starting from the end of February 2020 and subsequently spread to Latin America in the following months, with a particularly pronounced spread in Brazil, prompted the governments of all the affected countries, in a first phase, the adoption of severe measures restricting the free movement of persons and the free exercise of numerous business activities with the aim of ensuring the greatest possible containment of the contagion and, in a second phase, the issuance of numerous regulatory and tax measures to support the economy. The acute phase of the pandemic lasted throughout the 2020 financial year and, after an impromptu slowdown that occurred during the summer of 2020, it showed peaks throughout the winter 2020-2021. As a result of all this, the aforementioned restrictive measures to contain the virus were at the center of the world scene until late spring 2021, and some measures are still in progress. As already highlighted in the consolidated financial reports of 2020, the AlmavivA Group was immediately able to activate the tools necessary for the application of smart working - where applicable - for its employees. These characteristics, together with the growing demand for IT services from both the public administration and the private sector, have made it possible to confirm the strong resilience of the Group in its own reference sectors.

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

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

As regards trade receivables, no particular criticalities are deduced from the usual assessment of the risk of recoverability based on the subdivision of receivables by overdue bands and on the average collection time from customers. The trend of the latter appears to be in line with the previous year ended December 31, 2020 while showing, as detailed in Note 15 to which reference should be made, an increase in absolute value of the 30-120 days overdue bands.

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

Overall, the direct effects produced by the Covid-19 pandemic on the aforementioned items and on the economic result of the recurring 2021 operations of the AlmagivA Group are not to be considered significant. Finally, there are no significant impacts on liquidity risk, both for the entry of additional financial resources following the completion of the listing operation of AlmagivA SpA which took place in March 2021, and for the results achieved as well as for the financial transactions which took place after 30 September 2021 and which will be discussed in Note 44 relating to subsequent events.

2. BASIS OF PREPARATION

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

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

The accounting standards adopted for the draw up of the Interim Condensed Consolidated Financial Statements comply with: (i) those used for the draw up of the consolidated financial statements as at 31, December 2020, except for the adoption of the new standards, amendments and interpretations in force from 1 January 2021

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

- the **Consolidated statement of financial position** is presented by classifying assets and liabilities according to the current/non-current criterion. Current assets are those intended to be realised, sold or used in the Group'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;

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

- 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 adjusting the operating result from the non-monetary components.

All amounts are stated in thousands of Euro, except where indicated otherwise. The Euro represents the functional currency of the parent company and subsidiaries, and that used for presenting the financial statements.

The following table indicates the exchange rates adopted:

Exact exchange rates					
Amount of currency for 1 Euro					
Country	Currency	ISO	At September 30, 2021	At December 31, 2020	At September 30, 2020
Saudi Arabia	Real	SAR	4.3421	4.6016	4.3905
Brazilian	Real	BRL	6.2631	6.3735	6.6308
China	Yuan	CNY	7.4847	8.0225	7.9720
Colombian	Peso	COP	4441.3300	4202.3400	4550.3700
Indonesia	Rupiah	IDR	-	17240.7600	17497.8400
Egypt	Pound	EGP	18.1911	-	-
Europe	Leu	RON	4.9475	4.8683	4.8725
United States	Dollar	USD	1.1579	1.2271	1.1708
Tunisian	Dinar	TND	3.2670	3.2943	3.2369

Average exchange rates					
Amount of currency for 1 Euro					
Country	Currency	ISO	At September 30, 2021	At December 31, 2020	At September 30, 2020
Saudi Arabia	Real	SAR	4.4877	4.4602	4.4222
Brazilian	Real	BRL	6.3809	5.8943	6.3663
China	Yuan	CNY	7.7407	7.8747	8.0333
Colombian	Peso	COP	4423.8956	4217.0600	4423.9900
Indonesia	Rupiah	IDR	-	16627.3700	17491.9900
Egypt	Pound	EGP	18.6027	-	-
Europe	Leu	RON	4.9116	4.8383	4.8602
United States	Dollar	USD	1.1967	1.1422	1.1792
Tunisian	Dinar	TND	3.2954	3.1997	3.2415

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

During the first nine months of 2021, AlmagivA Group consolidated the growth trends in revenues achieved in previous periods (reaching Euro 674 million, increased Euro 41.8 million at current exchange rates, increased Euro 57.7 million or 9.1% at constant exchange rates, compared to the same period of the previous year). The result as of September 30, 2021, shows a profit at the level of consolidated operating result in sharp growth compared to the previous year and equal to Euro 71,039 thousand (increased Euro 20,014 thousand compared to September 30, 2020, at current exchange rates and by Euro 22,353 thousand at constant exchange rates). At the level of Net Profit there is a positive result of Euro 39,647 thousand with an increase of Euro 14,171 thousand compared to the consolidated profit of the same period of the previous year. It should be noted that growth was strongly influenced, and negatively, by the exchange rate effect, as highlighted above.

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

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

In the IT sector, market estimates show a growth forecast for the Information Technology sector; the centrality in the country's relaunching strategies promises a new step, in line not only with extraordinary EU funding and with the forecasts of the Recovery Plan - PNRR, but also with the pressures of businesses. The drive for growth now comes from digital transformation strategies, in particular applied to process innovation, relationships between customers and suppliers and the evolution of the offer, developments that have already begun in the industry, distribution, banks and utilities sectors. Even in the public administration sector, despite various uncertainties and difficulties, growth is expected. The areas that will drive this positive trend are located in the sectors related to the production of ICT Software and Solutions and ICT Services.

In particular, as part of the Next Generation EU, the Italian Plan for Recovery and Resilience (PNRR) provides for investments for a total of Euro 222.1 billion, divided as follows: (i) approximately Euro 50 billion to support the digitization and innovation of businesses and the production system; (ii) Euro 20.3 billion in the Health sector, with the aim of strengthening the local network and modernizing the technological equipment of the National Health Service (NHS) with the strengthening of the Electronic Health Record and the development of telemedicine; (iii) Euro 31.5 billion for infrastructures for sustainable mobility. These three areas constitute core areas of know-how for the AlmagivA Group and will constitute a great opportunity to collaborate in the growth of the country.

At the level of all the segments in which the Group carries out its business activities, in particular on CRM Europe, actions aimed at improving productivity and tempering inefficiencies are being studied by the management.

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

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

Despite the emerging investments for the enhancement of the technological support infrastructure and for the adaptation of the offices and logistics structures to the new regulations, no significant economic impacts are expected. From a financial point of view, there is a limited impact related to the slowdown of the testing procedures by the customers, for reasons related to logistical limitations; it is also foreseeable that some minor suppliers may need financial support in this emergency phase, with a consequent limited impact in the management of payments.

The forecast for 2021 estimates a development in revenues based especially in the areas relating to the Central and Local Public Administration (PA) (thanks also to the development of the SPC Lot 3 and Lot 4 contracts, awarded in 2017, and in 2020 and March 2021 subject to extension of value), in the Finance sector (expected growth of + 16% on an annual basis) on various banking, insurance and fiduciary groups (with a particular focus on the sale of new products developed internally), as well as in the Utilities and Industry.

As regards the Transportation sector, in 2021 the publication of all tenders for the renewal of the framework contracts by the Ferrovie dello Stato Group is expected (expired in January 2020 and currently entrusted to the RTI led by AlmagivA). To cover the period between the expiry of the current outsourcing contract and the departure of the new contracts and in order to guarantee the stability of the services provided, an extension of the current outsourcing contract has been signed (value Euro 700 million and expires in December 2021) entrusted to the RTI led by AlmagivA.

AlmagivA participated in two tenders, concerning respectively "Awarding of ICT Services for the development, evolutionary, corrective and adaptive maintenance and management of applications of railway infrastructure systems - Race 1" (with a maximum total value of Euro 575 million, for a maximum duration of 84 months) and "Entrusting ICT Services for development, evolutionary, corrective and adaptive maintenance, management of transport operator applications - Race 2" (with a maximum total value of Euro 478 million, for a maximum duration of 84 months), as the agent of an RTI, with a stake equal to 85% in Race 1 and 77.5% in Race 2. Currently, after the opening and examination of the administrative, technical and economic envelopes, the preliminary checks are underway by Ferservizi for the possible award of the Tenders in favor of the RTI.

The Transportation sector, one of the business sectors most affected by the pandemic emergency, will on the other hand be one of the most involved in the digital transformation plans indicated, among other things, in the recovery plan PNRR and it is therefore essential to be ready to seize all the new opportunities. In this sense, the growth of activities and new contracts / customers is expected for 2021 based on the commercial development of new products (Moova platform and Sadel products, also thanks to the penetration of the LPT market which will be favored by the opportunity offered by the SPC framework contract and by the financial funds allocations relating to the PNRR).

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

Growth is also expected in the activities on the International Market. This growth will take place through three main directions: (i) activities in the public administration of the European Union ("EU"), developed through the subsidiary AlmagivA de Belgique; (ii) activities in the Transportation sector, where a process of strengthening of direct and indirect controls on the regions of greatest interest, north-east Europe, middle east, Brasil, USA; (iii) through market penetration of the management of visa activities (recent award of some tenders in Russia and Egypt).

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

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

- The optimization of working capital management, with particular attention to trade receivables and work in progress
- The redesign of the corporate and organizational structure, aimed at improving production and management efficiency, with particular focus on technical and managerial skills, as well as on adequate capitalization of the companies.

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

As regard CRM Europe, the financial statements as at 30.09.2021, show a reduction at revenues level of 6.7% compared to the same period of the previous year, maintaining the contraction already recorded in 2020.

The decrease at costs level of 9.0% compared to the same period of the previous year and therefore more than proportional to the decrease at revenues level, made it possible to largely offset this impact and improve margins, recording an EBITDA improvement of Euro 2,293 thousand compared to the same period of the previous year.

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

Regarding the recent affair related to the ITA Airways contract, we highlight the positive achievement of the agreement with the trade unions and all the parties involved for the gradual transition to the new supplier of all the resources used to carry out the previous contract with Alitalia SpA.

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

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

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

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

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

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

The Almayviva Group in the first nine months of 2021 had a growth in revenues of + 25.6% compared to the same period of the previous year, thanks also to the positive impact of the acquisition of SPC contracts. During next months, further development is expected both on the Italian and international markets.

In the Italian market, Almayviva Group aims to strengthen its leadership in the information governance & analytics sector, proposing a distinctive vision based on its own complex technological assets, for the advanced interpretation of unstructured data and information. Furthermore, the strengthening of the value proposition and the consolidation of the distinctive positioning in the area of self-automated solutions (voice and textual conversational virtual agents), towards all the reference markets, will continue, through the proposition of a technologically advanced convergent text-to-voice platform. and functionally complete. In these areas we highlight the new releases of Irìde, Audioma, Flyscribe and Verbamatic products, the increase in supported languages (+20) and the release of new acoustic models.

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

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

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

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

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

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

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

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

On March 9, 2021, AlmagivA completed the IPO process at AIM Italia of its subsidiary Almawave SpA. The operation, for a total of € 30 million (including the greenshoe option adopted in April 2021), entirely in capital increase and completed against an overall demand exceeding € 41 million, equal to 1.5 times the offer, was underwritten by leading investors Italian and foreign institutions with a wide geographical diversification. As of November 5, the share capital of Almawave S.p.A. was represented by a total of n. 27,058,823 ordinary shares with a free float of 26.09% for a capitalization of Euro about 144 million.

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

From a financial point of view, on November 3, 2021, the transaction related a senior secured bond debt for a value of Euro 350 million, maturing in five years (October 2026) and coupon at 4.875% was completed. The transaction also allowed the simultaneous full repayment of the previous senior secured bond debt (for a value of Euro 250 million and maturing in October 2022) as well as the payment of interest accrued up to the repayment date.

2.2 Basis of consolidation

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

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

Determination of the existence of control over a subsidiary

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

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee or to affect the economic returns of the investee itself).

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

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

In particular, the entities are consolidated due to (i) a direct or indirect control by AlmagivA S.p.A.; (ii) a dominant influence that give AlmagivA the ability to direct the financial and operating choices of the investee, obtaining the related economic returns, even without considering equity relations. Subsidiaries are included in the consolidation perimeter from the date on which control is acquired by the Group and are excluded from the perimeter from the date on which the Group loses control. The list of companies included in the consolidation area is shown below. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The list of companies included in the consolidation area is listed below.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it:

- derecognizes assets (including goodwill) and liabilities related to the subsidiary;
- derecognizes non-controlling interest related to the subsidiary;
- derecognizes exchange-rate effect on equity;
- recognizes the economic return at fair value;
- recognizes any investment retained at fair value;
- reclassifies the parent company's components previously recognized in the comprehensive income statement, in the income statement or in retained earnings, as appropriate;
- recognizes any gain or loss deriving from the previous steps in the income statement.

Consolidation criteria adopted for subsidiaries

The main consolidation criteria are the following:

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

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

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

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

Business combinations and goodwill

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

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

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

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

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

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

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

Equity investments in associated companies and joint ventures are accounted for in the Consolidated Financial Statements using the equity method, as envisaged, respectively, by IAS 28 (Investments in associates and joint ventures) and IFRS 11 (Joint arrangements). Associated companies and joint ventures are included in the Consolidated Financial Statements

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

when the significant influence or the joint control begins, until the date in which this joint control or significant influence cease.

Changes in the investment held in subsidiaries without loss of control

When the share of shareholders' equity held in subsidiaries increases or decreases causing a change in the minority shareholdings but without entailing a loss of control over the investee, the book values of the majority and minority shareholdings are adjusted to reflect the changes in their shareholdings. related interests in the subsidiary. In addition, any difference between the amount by which minority interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

Recognition and measurement criteria adopted for associates and joint arrangements: investments accounted for using the equity method.

In application of the equity method, the equity investment in an associated company, or in a joint venture, is initially recognised at cost. The carrying amount of the equity investment is increased or decreased to recognise the portion, pertaining to the investor, of the profits and losses of the investee realised after the acquisition date. The goodwill related to the associated company or the joint venture is included in the carrying amount of the equity investment and it is neither amortised nor mandatorily tested for impairment on an annual basis. The aggregate portion pertaining to the Group and related to the profit or loss for the year of associated companies and joint ventures is recognised in the income statement for the year, after the operating result, and is the profit or loss excluding taxes and quotas pertaining to other shareholders of the associated company or joint venture. After applying the equity method, the Group evaluates whether the impairment of its investment in the associated companies or joint ventures is to be recognised. At each single reporting date, the Group evaluates whether there are impairment indicators which require its investments in associated companies or joint ventures to be tested for impairment. In this case, the Group calculates the recoverable value of the associated company or joint venture and records any difference (if negative) between the recoverable amount and the book value of the same in the Consolidated Financial Statements. This difference is recognised in the income statement for the year. When the significant influence on an associated company or the joint control of a joint venture is lost, the Group remeasures the investment retained at fair value and recognises in the income statement the difference between the carrying amount of the investment and the fair value of both the residual investment and the amount received.

Consolidation Area

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

- due to the entry, in January, of Almax S.p.A. in the share capital of Obda Systems S.r.l. with a 60% share. Obda Systems S.r.l. is an innovative startup born within the La Sapienza University of Rome that offers products and solutions with high technological value to extract key information from complex and large datasets.
- On January 11, 2021, the Shareholders' Meeting of Almax S.p.A. has taken resolutions aimed at implementing the Listing, including the transformation of the company from a limited liability company into a joint stock company. On March 9, 2021 Almax S.p.A. received the admission of its ordinary shares to trading on AIM Italia, a multilateral trading system organized and managed by Borsa Italiana S.p.A. On March 11, 2021, trading of Almax shares began on AIM Italia. The shares placed on the market, as of March 31, 2021, were n. 6,423,529 (which will become 7,058,823 including the shares relating to the total exercise of the greenshoe which took place in April 2021). Following this transaction, the share of Almax S.p.A. in the capital of Almax S.p.A. it changes from 100% to 75.69% as at March 31, 2021 to become 73.91% in April after the full exercise of the greenshoe option.
- On July 20, 2021, Almax S.p.A. has subscribed of the share capital (approximately 70%) of Kline S.r.l., a company active in the sector of development and production of integrated software platforms, technological solutions and services for financial intermediaries. The share was paid through the transfer of the business unit organized for the offer of outsourcing services and ICT solutions for institutions operating mainly in the banking and fiduciary sector. The transfer of the business unit is effective from August 1, 2021.

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

- Following the award of the tender for the outsourcing of services relating to the performance of activities auxiliary to the issuance of entry visas to Italy announced by the Italian Embassy in Cairo, AlmagivA Egypt, a company incorporated under Egyptian law, was established. The Share Capital is held 99% by AlmagivA SpA and 1% by AlmagivA Contact S.p.A.

Compared to the Consolidated financial statements as of December 31, 2020, the consolidation area has changed due to the entry of (i) Obda Systems S.r.l., (ii) Kline S.r.l., (iii) AlmagivA Egypt and due to the change in the percentage of ownership of AlmagivA S.p.A.

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

- Due to the entry of Obda Systems S.r.l., as mentioned above;
- Due to the Listing of AlmagivA, as mentioned above, which determines a corresponding dilution of the shareholding percentage held by the AlmagivA Group of AlmagivA and its subsidiaries;
- Due to the entry of Kline S.r.l., as mentioned above;
- Due to the entry of AlmagivA Egypt, as mentioned above.

Note n. 9 include more details related to investments valued using the equity method.

Last Parent Company

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

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

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

<i>Companies and method of consolidation</i>	Currency	Share held	At September 30, 2021	At December 31, 2020	At September 30, 2020
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
Spin Data (ex Arte) S.r.l. * Napoli, Italy	Euro	80.00%	Full	-	-
Almaviva Saudi Arabia LLC * Riyad, Saudi Arabia	Saudi Riyal	100.00%	Full	-	-
Almaviva Egypt LLC ** Cairo, Egypt	Egyptian pound	100.00%	Full	-	-
Kline S.r.l. *** Milano, Italy	Euro	70.00%	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
Almacontact 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	73.91%	Full	Full	Full
Almawave do Brasil Ltda. San Paolo, Brazil	Brazilian Real	73.91%	Full	Full	Full
Pervoice S.r.l. Trento, Italy	Euro	73.91%	Full	Full	Full
Almawave USA Inc. San Francisco, U.S.	US Dollar	73.91%	Full	Full	Full
OBDA Systems S.r.l. *** Rome, Italy	Euro	44.35%	Full	-	-
Agrisian S.C.p.A. in liquidazione Rome, Italy	Euro	50.86%	Full	Full	Full
*Established in 2020					
**Established in 2021					
***Acquired in 2021					
<i>Companies and method of consolidation (continued)</i>	Currency	Share held	At September 30, 2021	At December 31, 2020	At September 30, 2020
Sin S.p.A. **** Rome, Italy	Euro	20.02%	-	-	-
CCID – Almaviva Inform. Technol. Co. Ltd Shanghai, People's Republic of China	Chinese Yuan	50.00%	Equity	Equity	Equity
Consorzio Hypertix Rome, Italy	Euro	49.99%	Equity	Equity	Equity
TVEyes L.T. S.r.l. Trento, Italy	Euro	20.00%	Equity	Equity	Equity

****Reported under the item Assets held for sale and valued at the lower of the book value and the 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 12-months period ended as of September 30, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards, interpretations and amendments adopted by the Group

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

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

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

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

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

4. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT

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

Management judgement mainly refers to aspects such as:

- The assessment of the impacts deriving from the Covid-19 pandemic;
- the evaluation of existence of control, joint control or significant influence over group entities, as further described in Paragraph 2.2 above;
- the evaluation of the useful lives of Intangible assets and Property, plant and equipment, as further described in Paragraph 3.1 above;
- evaluation of the capitalization of development costs;

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

- 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 identification of Cash Generating Units (CGUs) as minor asset groups that generate cash flows and to which goodwill is also assigned; the Group has identified the AlmavivA CGU to which the goodwill called AlmavivA Finance is specifically associated; the AlmavivA Contact CGU to which the following goodwill refer: Atesia, Alicos, AlmavivA Contact and InAction; the Sadel CGU to which the goodwill called Wave refers; the Almaxwave CGU to which the goodwill referred to as Gempliss refers; the Pervoice CGU to which the goodwill referred to as PerVoice refers. On the part relating to the International CRM sector, the AlmavivA do Brasil CGU was identified to which the homonymous goodwill refers;
- the recognition of public grants and other activities;
- the recoverability of deferred-tax asset.

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.

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

Non-current assets (or disposal groups) classified as held for sale are first recognized in compliance with the appropriate IFRS applicable to the specific assets or liabilities and subsequently measured at the lower of the carrying amount and the fair value, net of costs to sell. Any subsequent impairment losses are recognized as a direct adjustment to the non-current assets (or disposal groups) classified as held for sale and expensed in the income statement. The corresponding values for the previous period are not reclassified.

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

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

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

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

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

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

Identification of cash-generating units (CGUs)

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

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

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

Recognition of government grants and other activities

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

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

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

exceptions moved by the insurance company and, consequently, to be able to subvert the outcome of the first degree sentence.

Use of estimates and assumptions

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

Revenue from contracts with customers

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

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

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

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

Provision for expected credit losses of trade receivables and contract assets

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

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

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

applied. If it is believed that the carrying amount of a non-current asset has suffered impairment, it is written down to the amount of the associated recoverable value, estimated with reference to its use and any future sale, based on the contents of the most recent company plan approved.

Provisions for risks

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

Pension plans

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

Determination of the fair value of financial instruments

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

Recovery of prepaid taxes

As at September 30, 2021, the Interim Condensed Consolidated Financial Statements include prepaid taxes, connected to the recognition of tax losses that can be used in future years and income components subject to deferred deductibility of taxes, for an amount whose recovery in future years is considered highly likely by the directors. The recoverability of the aforementioned prepaid taxes is subject to the achievement of sufficient future taxable income to absorb the aforementioned tax losses and for the use of the benefits of other deferred tax assets. Significant management judgments are required in order to determine the amount of prepaid taxes that can be recognised in the financial statements, based on the timing and amount of the future taxable income as well as the future tax planning strategies and tax rates in force at the moment of their reversal. However, at the moment the Group should ascertain that it is unable to recover, in future years, all or part of the prepaid taxes recognised, the consequent adjustment will be booked to the income statement in the year in which said circumstance is verified.

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

5. OPERATING AND REPORTABLE SEGMENTS

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

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

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

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

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

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

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

The 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.

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

For the nine months ended September 30, 2021

<i>(in thousands of Euro)</i>	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Revenue							
Revenues from contracts with customers	450,873	62,650	141,538	18,547	673,608	(0)	673,608
Inter-segment	2,637	3,819	119	4,108	10,683	(10,683)	0
Total revenues from contracts with customers	453,510	66,469	141,657	22,655	684,291	(10,683)	673,608
Income/(Expenses)							
Cost of raw materials and services	(206,300)	(12,163)	(34,678)	(10,161)	(263,302)	12,781	(250,521)
Personnel expenses	(186,525)	(55,350)	(79,936)	(7,994)	(329,805)	379	(329,426)
Depreciation and amortization and write-downs	(16,455)	(1,446)	(7,012)	(2,311)	(27,223)	313	(26,910)
Losses from sale of non-current assets	83	1	0	5	89	0	89
Other operating income	12,248	936	88	710	13,983	(2,144)	11,839
Other operating expenses	(7,068)	(554)	(26)	(51)	(7,699)	60	(7,639)
Operating Profit	49,494	(2,107)	20,093	2,854	70,334	705	71,039
% Revenue	10.9%	n.d.	14.2%	12.6%			10.5%
At September 30, 2021							
Total assets	582,874	134,281	168,768	66,939	952,861	(47,002)	905,859
Total liabilities	384,979	58,795	34,951	26,547	505,272	(43,888)	461,384

For the nine months ended September 30, 2020

<i>(in thousands of Euro)</i>	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Revenue							
Revenues from contracts with customers	390,657	66,032	160,773	14,317	631,779	(0)	631,779
Inter-segment	2,349	5,192	67	3,716	11,324	(11,324)	0
Total revenues from contracts with customers	393,006	71,224	160,840	18,033	643,103	(11,324)	631,779
Income/(Expenses)							
Cost of raw materials and services	(173,531)	(14,912)	(43,451)	(7,770)	(239,663)	13,459	(226,205)
Personnel expenses	(172,362)	(59,258)	(92,209)	(6,531)	(330,360)	281	(330,079)
Depreciation and amortization and write-downs	(17,229)	(2,385)	(8,190)	(1,943)	(29,746)	313	(29,433)
Losses from sale of non-current assets	68	56	0	0	124	0	124
Other operating income	11,525	562	431	354	12,872	(2,027)	10,845
Other operating expenses	(5,387)	(571)	(38)	(91)	(6,087)	82	(6,005)
Operating Profit	36,091	(5,284)	17,383	2,053	50,242	783	51,025
% Revenue	9.2%	-7.4%	10.8%	11.4%			8.1%
At December 31, 2020							
Total assets	528,460	133,042	149,541	47,942	858,985	(41,447)	817,538
Total liabilities	377,040	54,712	30,657	23,124	485,533	(38,602)	446,930

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

Reconciliation of Operating profit/(loss)

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

For the nine months ended September 30,		
<i>(in thousands of Euro)</i>	2021	2020
Segment profit	71,039	51,025
Finance income	780	628
Finance costs	(23,307)	(22,934)
Exchange gains/(losses)	(263)	(1,137)
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	(869)	0
Inter-segment income/expenses (elimination)	0	0
Profit/(loss) before taxes	47,381	27,581
Reconciliation of Total assets		
<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Segment operating assets	905,859	817,538
Deferred tax assets	23,281	14,770
Current financial assets	3,676	4,152
Non-current financial assets	1,239	1,229
Non-current assets held for sale	2,459	2,459
Total assets	936,515	840,148
Reconciliation of Total liabilities		
<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Segment operating liabilities	461,384	446,930
Non-current financial liabilities	306,737	317,233
Current financial liabilities	44,186	22,937
Current tax liabilities	30,380	27,650
Deferred tax liabilities	2	2
Total liabilities	842,689	814,752

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

Reconciliation of EBITDA

For the nine months ended September 30, 2021

<i>(in thousands of Euro)</i>	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Operating profit	49,494	(2,107)	20,093	2,854	70,334	705	71,039
(+) Depreciation and amortization	16,455	1,446	7,012	2,311	27,223	(313)	26,910
(+) Losses from sale of non-current assets	(83)	(1)	0	(5)	(89)	0	(89)
Earning before intersts, taxes, depreciation and amortization (EBITDA)	65,866	(662)	27,105	5,160	97,468	392	97,860
% Revenue	14.5%	n.d.	19.1%	22.8%	14.2%		14.5%

For the nine months ended September 30, 2020

<i>(in thousands of Euro)</i>	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Operating profit	36,091	(5,284)	17,383	2,053	50,242	783	51,025
(+) Depreciation and amortization	17,229	2,385	8,190	1,943	29,746	(313)	29,433
(+) Losses from sale of non-current assets	(68)	(56)	0	0	(124)	0	(124)
Earning before intersts, taxes, depreciation and amortization (EBITDA)	53,251	(2,955)	25,573	3,996	79,865	470	80,335
% Revenue	13.5%	n.d.	15.9%	22.2%	12.4%		12.7%

Geographic information

(in thousands of Euro)

At September 30, 2021

At September 30, 2020

Revenues from external customers

Italy	526,032	465,859
Brazil	129,072	151,560
Tunisia	1,753	1,598
Colombia	10,799	7,680
Europe	4,316	4,349
Other	1,636	733
Total	673,608	631,779
Of which:		
<i>Revenues recognized over the time</i>	652,054	609,644
<i>Revenues detected at a point in time</i>	14,492	14,561

6. SIGNIFICANT TRANSACTIONS IN THE PERIOD

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

The acquisition resulted in the payment of a fee of Euro 30,000 thousand gross of the cash acquired in the transaction. The valuation of the acquired company was found to be in line with the corresponding book value of the net assets acquired, and therefore with the book net equity, determining the lack of need to proceed with the recognition of a goodwill equal to Euro 1 thousand as part of the transaction.

Effective on August 1, 2021, Almagiva S.p.A., through the transfer of a business unit, has subscribed of the share capital (approximately 70%) of Kline S.r.l. company specializing in integrated software platforms for front and back-office operations of the entire wealth management sector: SIM, SGR and private banking. The transaction, signed on July 2021, effective on August 1, 2021, resulted in the inclusion of Kline in the Almagiva Group, combining the efficiency of the products with (i) a multiplicity of skills in the FinTech field, (ii) design consultancy skills and (iii) an important customer portfolio, with the aim of establish itself in a growing market.

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

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

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

From the date of acquisition, Obda Systems has contributed Euro 79 thousand to Group revenues and a positive value of Euro 24 thousand to the Group's pre-tax profit.

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

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

	Accounting values on the acquisition date
<i>(in Euro)</i>	
Intangible assets	10,827
Property, plant and equipment	38
Non-current financial assets	0
Other non-current assets	191
Total non-current assets	11,056
Inventories and amount due from customers	0
Trade receivables	471
Other current assets	110
Cash and cash equivalents	1,237
Total current assets	1,818
Total assets	12,874
Non-current liabilities for employee benefits	476
Non-current financial liabilities	0
Total non-current liabilities	476
Trade payables	6
Current financial liabilities	500
Current tax liabilities	317
Other current liabilities	1,075
Total current liabilities	1,898
Total liabilities	2,374
Fair value of net assets	10,500
Purchase Price	10,500
Minorities	0
Goodwill (provisional)	0
Cash and cash equivalents acquired	1,237
Consideration paid	0
Net acquired cash flow	1,237

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

7. INTANGIBLE ASSETS AND GOODWILL

The table below shows for each component of Intangible assets the changes in net carrying value that occurred in 2021:

<i>(in thousands of Euro)</i>	Goodwill	Industrial patent and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets	Assets under construction	Total
At December 31, 2020	39,461	26,402	732	19,888	18,336	104,818
Additions	0	2,356	830	25	472	3,683
Capitalisation for internal projects	0	563	0	250	9,062	9,875
Amortization	0	(5,467)	(170)	(6,237)	0	(11,874)
Disposals	0	0	0	0	0	0
Reclassifications and other	0	5,538	0	7,074	(12,612)	0
Change in consolidation area	784	0	0	10,032	0	10,816
Foreign exchange differences	(2)	130	19	1	8	156
At September 30, 2021	40,243	29,522	1,411	31,033	15,266	117,475

Group investments as at September 30, 2021 amounted to Euro 3,683 thousand, essentially related to the “industrial patent and intellectual property rights”; these increases are related to the acquisition of industrial patent, intellectual property rights and software development costs carried out mainly by the CRM International, IT Services and Almaxwave - New Technology segments.

The Group also carried out additional investments in the reference period, through capitalisations for own work, totalling Euro 9,875 thousand relating to costs incurred primarily as part of the creation and internal development of assets (software, IT applications and research activities) also employed in the implementation and management of the services offered in the operating segments in which said Group operates. These capitalizations refer to the IT Services and Almaxwave - New Technology segments.

During the period, part of the investments made in previous years was completed and was therefore reclassified, in the respective categories of reference, including, for an amount equal to Euro 5,538 thousand, the item “Industrial patent and intellectual property rights” which, at the close of the period, totalled Euro 29,522 thousand and, therefore, highlights the Group’s software and IT applications developed internally and the developmental maintenance carried out them. In relation to these assets, the Group periodically conducts an analysis targeted at verifying their recoverable value with respect to the book value based on the expected future economic benefits related to said assets (active contracts in the portfolio and planned acquisitions). Moreover, the economic performance of the first nine months of 2021 did not highlight any impairment indicators such as to formulate specific reflections on the recoverability of the aforementioned values.

The variation of the period refers to the entry of Kline S.r.l. within the consolidation perimeter.

Amortisation on the intangible assets for the year totalled Euro 11,874 thousand. The main amortisation rates adopted as at September 30, 2021 are included in the following intervals:

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

The exchange differences from the translation to Euro of the financial statements of companies operating in non-Euro areas, amounting to Euro 156 thousand, mainly regarding companies that draft their financial statements in Brazilian Real.

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

Goodwill and Impairment testing

Goodwill recognized following business combinations completed over the years is detailed as follows:

<i>(in thousands of Euro)</i>	At December 31, 2020	Exchange differences	Additions	Disposals	At September 30, 2021
Alicos	2,007				2,007
Almaviva Contact	26,533				26,533
Almaviva do Brasil	1,748				1,748
Almaviva Finance	745				745
Atesia	44				44
Gempliss	198				198
In Action	1,017				1,017
Pervoice	314				314
Wave	5,121				5,121
Wedoo	630				630
Third	1,104	(2)	784		1,886
Total	39,461	(2)			40,243

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

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

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

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

<i>(in thousands of Euro)</i>	Land and buildings	Plant and machinery owned and leased	Industrial and commercial equipment owned and leased	Other assets owned and leased	ROU Asset	Assets under construction and payments on account	Total
At December 31, 2020	7,428	9,206	383	26,006	38,844	52	81,918
Additions	0	3,312	74	4,052	13,879	134	21,451
Capitalisation for internal projects	0	0	0	10	0	0	10
Depreciation	(587)	(1,847)	(100)	(5,076)	(7,426)	0	(15,036)
Disposals	0	(3)	0	(63)	(2,456)	0	(2,522)
Reclassifications and other	0	16	0	38	192	(52)	194
Change in consolidation area	0	2	0	36	0	0	38
Foreign exchange differences	0	147	0	215	(45)	0	317
Historical cost	19,145	212,580	3,740	165,768	64,047	134	465,414
Accumulated amortization	(12,304)	(201,747)	(3,383)	(140,550)	(21,059)	0	(379,043)
At September 30, 2021	6,841	10,833	357	25,218	42,988	134	86,370

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

Property, plant and equipment amount to Euro 86,370 thousand as at September 30, 2021 compared to an amount of Euro 81,918 thousand as at December 31, 2020.

Investments are equal to Euro 21,451 thousand as at September 30, 2021, of which those not relating to the application of IFRS 16 are equal to Euro 7,572 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.

Capitalizations are equal to Euro 10 thousand.

Depreciation in 2021 amounts to Euro 15,036 thousand.

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

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

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

The disposals amount to Euro 2,522 thousand and refer to divestments in ROU asset related to CRM Europe and IT Services segments.

The reclassifications and other are equal to Euro 194 thousand and refer to ROU Asset adjustment related to AlmagivA Tunisie.

In 2021 the exchange differences from the translation to Euro of the financial statements of companies operating in non-Euro areas, are positive for an amount of Euro 317 thousand, mainly regard companies that draft their financial statements in the Brazilian Real.

The Group presented a balance of the item "land and buildings" of Euro 6,841 thousand related to the building located in Rome at Via dello Scalo Prenestino, owned by the IT Services.

ROU Assets, recognize in application of IFRS 16 and whose value as at September 30, 2021 is equal to Euro 42,988 thousand, includes all the assets deriving from the contracts under the application of the recent lease standard.

Fixed assets in progress show an increase equal to Euro 134 thousand, referring mainly to the IT Services operating segment and to a lesser extent to the CRM Europe sector.

Regarding the risk of recoverability of the value of Tangible Assets as at September 30, 2021, as better indicated in the previous Paragraph 1.1, during this period, as there were no indicators of permanent impairment in value, the Directors did not deem to proceed with the preparation of specific impairment tests.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

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

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

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

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

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

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 interim consolidated financial statements.

	Registered office	Share Capital	Shares held (%)	Investor
CCID – Almaviva Inform. Technol. Co. Ltd	Shanghai, China	¥ 39,642,000.00	50.00	AlmavivA S.p.A.
Consorzio Hypertix in liquidation	Rome, Italy	€ 198,000.00	49.99	AlmavivA S.p.A.
TVEyes L.T. S.r.l.	Trento, Italy	€ 20,000.00	20.00	Pervice S.p.A.

10. NON-CURRENT FINANCIAL ASSETS

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

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Long-term loans	1,188	1,188
Others Equity investments	51	41
Non-current financial assets	1,239	1,229

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

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

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

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

The investments on equity instruments are related to minority investments held in other entities classified in accordance with IAS 32.

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

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Conai	1	1
Calpark	5	5
Banca Brutia	5	5
Uirnet	5	5
Consorzio Namex	3	3
Other	32	22
Total	51	41

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

As at September 30, 2021, no impairment losses were recorded on these items. In this case, the impairment was determined following the analytical model described in the preparation criteria.

11. DEFERRED TAX ASSETS

Deferred tax assets amounted to Euro 23,281 thousand (Euro 14,770 thousand as at December 31, 2020) and are stated net of deferred tax liabilities that can be offset, and were allocated, up to the limits of the amounts that are expected to be recovered in future years based on the availability of expected taxable income, mainly in relation to the deductible temporary differences (allocations to provisions for risks and other deferred expenses) and, for a residual part, to previous tax losses.

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

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Deferred Tax Assets	23,281	14,770

The table below shows a breakdown of deferred tax assets by Italian and foreign subsidiaries:

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

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Italian subsidiaries	17,492	8,225
Foreign subsidiaries	5,789	6,545
Total Deferred Tax Assets	23,281	14,770

Mainly, the deferred tax assets arise as a result of the actual tax losses also due to the significant negative exchange rate differences effect in the period.

As of September 30, 2021, Management believes that there are no impairment indicators for deferred tax assets. In fact, as already illustrated in these explanatory notes, the forecasts included in the business plans appear reliable considering the results of the Group and improve the forecast of future taxable income able to guarantee the recoverability of the amounts recorded, in line with December 31, 2020.

12. OTHER NON-CURRENT ASSETS

Other non-current assets amount to Euro 1,596 thousand as at September 30, 2021 compared to an amount of Euro 1,491 thousand as at December 31, 2020, as illustrated in the table below:

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Security deposits	1,134	805
Prepaid expenses	458	682
Other receivables	4	4
Other non-current assets	1,596	1,491

Prepaid expenses mainly refer to the training of AlmagivA Contact (Euro 169 thousand), AlmagivA Services (Euro 285 thousand) and AlmagivA Digitaltec (Euro 4 thousand).

13. INVENTORIES

Inventories of the Group are equal to Euro 10,701 thousand and are composed as follows:

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Raw materials (at cost)	3,322	2,382
Work in progress (at cost)	2,211	2,055
Finished goods (at lower of cost and net realizable value)	5,168	3,700
Total inventories at the lower of cost and net realizable value	10,701	8,137

During 2021, 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 8,358 thousand, to AlmagivA S.p.A. for Euro 2,338 thousand and to Pervice for Euro 5 thousand.

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

14. CONTRACT ASSETS

On September 30, 2021, the Group had contract assets totalling Euro 42,833 thousand (Amount due from customers were Euro 37,322 thousand at December 31, 2020).

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Amount due from customers (gross)	31,938	26,408
Amount due from customers due to IFRS 15	10,895	10,914
Inventories and Amount due from customers	42,833	37,322

The overall increase of Euro 5,511 thousand, refers essentially to the increase in IT Services activities which generated further contractual activities, not yet completed or not yet tested by the client.

15. TRADE RECEIVABLES

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

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Trade receivables, gross amount	399,569	368,303
Trade receivables, amount retained as a guarantee	4,066	3,833
Bad debt provision	(21,132)	(21,106)
Trade receivables	382,503	351,030

Trade receivables increased by Euro 31,473 thousand in 2021, from an amount of Euro 351,030 thousand as at December 31, 2020 to an amount of Euro 382,503 thousand as at September 30, 2021.

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

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

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Amount not yet due	323,500	308,966
Amount due by less than 30 days	10,330	9,292
Amount due between 30-60 days	9,658	3,687
Amount due between 61-90 days	7,222	1,235
Amount due between 91-120 days	3,870	943
Amount due by more than 120 days	44,989	44,180
Trade receivables, gross amount	399,569	368,303

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, With the same order a College of Commissioners has been appointed, The College consist of Luigi Gubitosi, Enrico Laghi and Stefano Paleari. On December 6, 2019 the College of Commissioners left the charge and instead of them it was appointed the Lawyer Giuseppe Leogrande, Professor Davide Santosuosso and Lawyer Gabriele Fava as commissioners. The entity – supported by an internal and external legal opinion further substantiated by recent case-law – considers pre-deductible the net receivables from Alitalia Società Aerea Italiana S.p.A, (for an amount equal to Euro 5,999 thousand).

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

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

16. CURRENT FINANCIAL ASSETS

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

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Current financial assets	3,676	4,152

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

17. OTHER CURRENT ASSETS

Other current assets amount to Euro 161,961 thousand as at September 30, 2021 compared to Euro 133,147 thousand as at December 31, 2020.

The amount is composed as follow:

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Receivables due from personnel	3,701	3,578
Receivables due from social security institutions	1,042	1,987
Receivables due from tax authorities	62,299	39,601
Receivables related to tax consolidation	32,451	32,177
Prepaid expenses	16,785	11,468
Advances to suppliers	4,772	3,686
Sundry items	40,911	40,650
Other current assets	161,961	133,147

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

Other current assets increase by Euro 28,814 thousand in 2021, corresponding to a 21,6 % growth rate.

In particular, note that the item Receivables from social security institutions, equal to Euro 1,042 thousand, includes almost all the receivables from INPS not yet collected relating mainly to:

- The receivable from the INPS related to AlmovivA S.p.A.;
- Cig credits related to Fis Covid of AlmovivA Contact.

Tax consolidation credits for Euro 32,451 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 30,855, as reported in Note 29.

Prepayments for Euro 16,785 thousand include future costs mainly of AlmovivA SpA (Euro 15,367 thousand), AlmovivA Services (Euro 210 thousand), AlmovivA Contact (Euro 602 thousand), Almovavave (Euro 173 thousand), Kline (Euro 151 thousand) and to a lesser extent of the other Group companies.

Receivables from the tax authorities are divided into (i) credits for direct taxes equal to Euro 5,380 thousand relating to AlmovivA S.p.A. for Euro 4,350 thousand, AlmovivA Contact for Euro 304 thousand, Agrisian for Euro 345 thousand, Almovavave Euro 188 thousand and to a lesser extent to the other Group companies; (ii) receivables for indirect taxes equal to Euro 56,919 thousand relating mainly to AlmovivA S.p.A., AlmovivA Services and the Brazilian companies. Related to the receivables of AlmovivA SpA for indirect taxes, the credit for the Group VAT equal to Euro 39,914 thousand (Euro 21,007 thousand as at December 31, 2020) is included.

Advances to suppliers increased by Euro 1,086 thousand, passing from Euro 3,686 thousand as at December 31, 2020 to Euro 4,772 thousand as at September 30, 2021.

Sundry items also included the receivables of:

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

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

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 102,183 thousand as at September 30, 2021 compared to Euro 98,569 thousand as at December 31, 2020. The line item refers to credit balances at banks in existence at the end of each period and the amounts held at the Group treasuries. These voices are not subject to any restriction and are not foresee disinvestment costs.

19. NON-CURRENT ASSETS HELD FOR SALE

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

20. SHAREHOLDERS' EQUITY

The total Shareholders' equity amount to Euro 93,826 thousand as at September 30, 2021 compared to Euro 25,396 thousand as at December 31, 2020.

The composition of the Shareholders' equity is as follows:

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

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Share capital	154,899	154,899
Share premium reserve	17,788	17,788
Legal reserve	12,465	7,619
Other reserves:		
<i>FTA reserve</i>	4,493	4,493
<i>OCI reserve</i>	2,153	3,192
<i>stock grant reserve</i>	202	
<i>Translation reserve</i>	(52,650)	(54,348)
<i>Other reserves</i>	(103,202)	(148,561)
	(149,004)	(195,223)
Profit/(loss) for the year	38,652	35,143
<i>Total group shareholders' equity</i>	74,803	20,228
Reserves pertaining to NCIs:		
<i>Translation reserve</i>	(1,086)	(1,088)
<i>Other reserves</i>	19,113	5,250
	18,027	4,162
Profit/(loss) for the year pertaining to NCIs	996	1,006
<i>Total non-controlling interests</i>	19,023	5,168
Total Shareholders' equity	93,826	25,396

The increase in Equity of the AlmagivA Group, equal to Euro 68,430 thousand, was affected not only by the final results for the period and the recognition of the comprehensive income statement, but also, (i) by the listing of AlmagivA which resulted in an increase of the share capital of the subsidiary and the recognition of the share premium reserve net of the listing costs incurred (all equal to Euro 27,667 thousand), (ii) by the distribution of reserves approved by AlmagivA SpA in March 2021 (for an amount of Euro 10,400 thousand).

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

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

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

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

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

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

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

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

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

Legal reserve

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

Share premium reserve

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

Stock Grant reserve

The stock grant reserve includes the fair value valuation as of September 30, 2021, of the resolution of the Subsidiary Almavive regarding the Stock Grant Plan approved by the Shareholders' Meeting of the aforementioned subsidiary. The contents of the Plan have been disclosed to the market both in the Admission Document prepared for the listing on AIM Italy market, managed by Borsa Italiana and in subsequent information releases published.

FTA reserve

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

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

OCI reserve

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

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

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 September 30, 2021, it totalled negative Euro 53,736 thousand (of which the Group's share was a negative Euro 52,650 thousand and the portion pertaining to non-controlling interests amounted to negative Euro 1,086 thousand).

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

Other reserves

The Other reserves equalled to a negative Euro 103,202 thousand as at September 30, 2021 (negative Euro 148,561 thousand as at December 31, 2020). Out of this amount, the portion attributable to non-controlling interests is Euro 19,113 thousand (Euro 5,250 thousand as at December 31, 2020).

Total non-controlling interests

The non-controlling interests of the shareholders' equity of Euro 19,023 thousand, include the capital, the reserves and the result for the period pertaining to the minority shareholders of the consolidated companies, less the translation reserve. The increase recorded in the first nine months of 2021 is attributable to the listing of Almax SpA referred to above.

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 adjusts it, if rendered necessary by changes to economic conditions. To this end, the Group constantly monitors the evolution of the level of indebtedness in relation to shareholders' equity, whose situation as at September 30, 2021 is summarised in the following table.

<i>(in thousands of Euro)</i>	<i>Note</i>	At September 30, 2021	At December 31, 2020
Non current Net Financial Position	23	(306,737)	(317,233)
Current Net Financial Position	16-18-27	61,673	79,784
Non current financial receivables	10	1,239	1,229
Financial indebtness ("Debt")	<i>0</i>	(243,824)	(236,220)
Total Group Shareholder Equity	20	74,803	20,228
Non Controlling Interests	20	19,023	5,168
Total Shareholders' Equity ("Equity")	<i>20</i>	93,826	25,397
Debt/Equity ratio		(2.6)	(9.3)

21. LIABILITIES FOR EMPLOYEE BENEFITS

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

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Liabilities for employee benefits	47,682	48,531

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

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

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

22. PROVISIONS

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

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Non-current portion of provisions for risks and charges	6,369	5,836
Current portion of provisions for risks and charges	6,992	11,249
Provisions for risks and charges	13,361	17,085

The line item decreased by Euro 3,724 thousand in 2021, from Euro 17,085 thousand as at December 31, 2020 to Euro 13,361 thousand as at September 30, 2021.

<i>(in thousands of Euro)</i>	Provision for taxes	Provision for redundancy incentives	Provision for guarantees granted	Provisions for legal disputes	Other provisions for risks and charges	Total
Balance as at January 1, 2021	66	4,443	134	3,211	9,231	17,085
Accruals	0	0	0	208	2,620	2,828
Utilizations	0	0	0	0	(2,087)	(2,087)
Decreases	0	(3,555)	0	(762)	(123)	(4,440)
Other changes not recorded through income statement	0	(50)	0	25	0	(25)
Balance as at September 30, 2021	66	838	134	2,682	9,641	13,361
of which:						
Non-current portion	66	22	134	0	6,147	6,369
Current portion	0	816	0	2,682	3,494	6,992

Tax, administrative, civil and labour disputes are handled by the AlmagivA Group's legal department that provided, for the preparation of the financial statements, a comprehensive and exhaustive overview of the different proceedings in progress. In respect of these disputes, the Company carries out an accurate assessment of the risk of being the losing party which determined the recognition of the appropriate provisions for disputes likely to have a negative outcome and, which could be reasonably quantified, as represented and commented on in this paragraph, under "Provisions for risks and charges". For those proceedings whose negative outcome, owing to the different case law positions, is only considered possible, no specific provision is recorded in accordance with the regulations governing the preparation of the financial statements.

Information and comments on the various provisions are provided below.

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

Provisions for taxes

"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.

Provisions for redundancy incentives

"Redundancy fund" equal to Euro 838 thousand (at December 31, 2020 Euro 4,443 thousand) mainly relating to employees of AlmagivA SpA who have accrued in 2020 the pension requirement through "quota 100", early retirement, woman option (in this last case, the requirements must be completed by December 31, 2020) and that they had voluntarily decided to join the exit from the company.

Provisions for guarantees granted

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

Provisions for legal disputes

Provision for legal disputes of Euro 2,682 thousand registered by the IT Services Sector for Euro 1,089 thousand, by the CRM Europe Sector for Euro 95 thousand, by the CRM International Sector for Euro 1.488 thousand and Euro 10 thousand by the AlmagivA Sector - New Technology.

Other provisions

The line items, including non-current and current portion, for a total of Euro 9,641 thousand (Euro 9,231 thousand at December 31, 2020) relating to prudential provisions on commercial risks relating to penalties for Euro 2,339 thousand of AlmagivA SpA, for Euro 65 thousand of AlmagivA Contact for Euro 89 thousand of Lombardia Gestione; the Project Workers stabilization fund for Euro 512 thousand of AlmagivA Contact, provisions for disputes both towards personnel and for other civil disputes for Euro 98 thousand of AlmagivA Contact, commercial guarantee funds for Euro 4,728 thousand of AlmagivA SpA and Euro 490 thousand of Sadel, the liquidation costs provision recorded for Euro 1,321 thousand from Agrisian by virtue of current obligations under the law. The change in other provisions for risks refers to the provision for the emergence of new risks and charges.

23. NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities as at September 30, 2021 and December 31, 2020 are reported below:

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Banks	7,205	26,320
Bond	245,795	242,973
Amounts due to other lenders	16,571	14,358
Financial liabilities associated with leasing	37,166	33,582
Non-current financial liabilities	306,737	317,233

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

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

<i>(in thousands of Euro)</i>	At January 1, 2021	Proceeds from borrowings	Repayments of borrowings	Reclassification and other adjustments	At September 30, 2021
AlmavivA S.p.A.	266,332	2,762	(556)	(17,178)	251,360
Sadel S.p.A.	290	2,700	(314)	(76)	2,600
AlmavivA do Brasil	5,929	0	0	(1,360)	4,569
SIMEST Operation	11,000	0	0	0	11,000
Wedoo S.r.l.	100	0	0	(65)	35
Obda Systems S.r.l.	0	0	0	7	7
Financial liabilities associated with leasing	33,582	10,538	(1,834)	(5,120)	37,166
Non-current financial liabilities	317,233	16,000	(2,704)	(23,792)	306,737

As regards the monetary movements of the period, it should be noted that as at September 30, 2021 the proceeds from borrowings amounted to Euro 5,462 thousand and the repayments of loans amounted to Euro 870 thousand.

Long-term financial liabilities of Euro 306,737 thousand refer primarily to the bond of Euro 250,000 thousand issued on October 5, 2017, 7.25% coupon with half-yearly payment on October 15 and April 15 of each year and final maturity on October 15, 2022. The bond was listed on the Luxembourg stock exchange on the Euro MTF Market (unregulated market). The issue and placement were performed by the merchant bank Goldman Sachs as Sole Book Runner and banca UBI in the role of co-Manager.

The obligation is treated in the financial statements with the amortized cost method and has a value as of September 30, 2021, of Euro 245,795 thousand.

Liabilities to banks equal to Euro 7,205 thousand relate to AlmavivA do Brasil (Euro 4,569 thousand), to Wedoo Srl (Euro 35 thousand), to Sadel (Euro 2,600 thousand) and to AlmavivA SpA (Euro 1 thousand). The Revolving Facility line of Euro 20,000 thousand was reclassified in short-term financial payables, as the due date is a period less than the next twelve months. Regarding this Revolving Facility line, compliance with a covenant defined as “Net Consolidated Leverage Ratio” is assessed on a quarterly basis. The evaluation takes place only if this line is used above 40%. At the date of the last measurement, the covenant appeared to be respected.

Liabilities to other lenders equal to Euro 16,571 thousand mainly refer to subsidized loans received on projects financed by AlmavivA SpA (Euro 5,564 thousand), by Obda Systems (Euro 7 thousand) and for Euro 11,000 thousand relating to the debt to Simest.

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

Non-current financial liabilities deriving from the adoption of IFRS 16 are equal to Euro 37,166 thousand, the reclassifications for Euro 5,120 thousand to the exchange difference of the companies with functional other than the Euro, and the reclassification from non-current portions to current portions of the debt.

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

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

<i>(in thousands of Euro)</i>	> 12 months	< 5 years
Banks	7,205	7,205
Bond	245,795	245,795
Amounts due to other lenders	16,571	16,571
Financial liabilities associated with leasing	37,166	37,166
	306,737	306,737

24. DEFERRED TAX LIABILITIES

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

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

	At September 30, 2021	At December 31, 2020
Balance at the beginning of the year	2	1,394
Increases	0	0
Decreases	0	(1,392)
Balance at the end of the year	2	2

25. OTHER NON-CURRENT LIABILITES

Other non-current liabilities amount to Euro 615 thousand as at September 30, 2021 compared to an amount of Euro 808 thousand as at December 31, 2020, as illustrated in the table below:

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Deferred income on capital grants	615	808
Other non-current liabilities	615	808

The fully amount refers to deferred income on capital grants.

26. TRADE PAYABLES

Trade payables amounts to Euro 270,369 thousand as at September 30, 2021 compared to an amount of Euro 270,844 thousand as at December 31, 2020 as illustrated in the table below:

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

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Trade payables	270,369	270,844

They mainly include payables for the provision of services, as well as those relating to various services for activities carried out in the year. More specifically, trade-related payables past due amounted to Euro 75,439 thousand (Euro 69,093 thousand in 2020), while those falling due in under 12 months amounted to Euro 194.930 thousand (Euro 201,751 thousand in 2020).

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

27. CURRENT FINANCIAL LIABILITIES

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

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Payables due to banks	25,075	6,719
Current portion bonds	8,320	3,834
Payables due to other lenders	584	725
Financial lease payables	0	2
Accrued liabilities from financial expenses	305	251
Other financial payables	508	0
Financial liabilities for leasing IFRS 16	9,394	11,406
Current financial liabilities	44,186	22,937

Short-term financial liabilities of Euro 44,186 thousand refer to payables for short-term loans taken out with banks, the portion of payables for interest accrued vis-à-vis bondholders whose payment is set for October 15, 2021.

The increase of liabilities Payables due to banks is related to the reclassification of Euro 20,000 thousand related to Revolving Term Facility because it expires at February, 2022

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

28. TAX PAYABLES

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

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Income taxes	3,115	1,422
Other taxes	27,265	26,228
Tax payables	30,380	27,650

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

Tax payables amount to Euro 30,380 thousand as at September 30, 2021 compared to Euro 27,650 thousand as at December 31, 2020.

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

29. OTHER CURRENT LIABILITIES

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

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
Payables due to social security institutions	12,365	18,700
Payables due to personnel	54,259	34,850
Miscellaneous payables	43,868	38,474
Deferred income	18,864	17,639
Other current liabilities	129,356	109,663

The line item increments by Euro 19,693 thousand in 2021, from an amount of Euro 109,663 thousand at December 31, 2020 to an amount of Euro 129,356 thousand at September 30, 2021. The increase of the period is around 18%.

The payables due to social security and welfare institutions amounted to Euro 12,365 thousand and refer to mandatory contributions accrued and payable to social security institutions for wages and salaries and remuneration paid.

The payables due to personnel refer, primarily, to the provision for holidays and leave accrued by personnel and still not utilised, as well as, related the subsidiaries AlmagivA Contact SpA and AlmagivA Services, the monthly pay relating to September, which was paid in the first few days of October 2021, as per the ordinary management of the payments of wages and salaries.

Miscellaneous payables of Euro 43,868 thousand mainly include the payables due to corporate board, payables to project workers, payables to insurance companies, amounts due for collections to be repaid to partners and payables related to the fiscal consolidation to AlmagivA Technologies S.r.l. (equal to Euro 30,855 thousand which partially offset, as reported in Note 17, the existing credit position for the tax consolidation).

Deferred income of Euro 18,864 thousand related to the economic components pertaining to future years.

30. REVENUE

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

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

<i>(in thousands of Euro)</i>	For the nine months ended September 30,	
	2021	2020
Revenues from sales and services	652,054	609,644
Revenues from sale of goods	14,492	14,561
Revenues from contract work in progress	7,062	7,574
Revenues from contracts with customers	673,608	631,779

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

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

Timing of revenue recognition	2021	2020
Goods transferred at a point in time	14,492	14,561
Services transferred over time	659,116	617,218
Total revenue from contracts with customers	673,608	631,779

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.

Revenues increased by Euro 41,829 thousand from Euro 631,779 thousand for the period ended September 30, 2020 to Euro 673,608 thousand for the period ended September 30, 2021.

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

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

<i>(in thousands of Euro)</i>	For the nine months ended September 30,	
	2021	2020
ICT Services	450,873	390,657
CRM Europe	62,650	66,032
CRM International	141,538	160,773
AlmagivA - New Technology	18,547	14,317
Total revenue from contracts with customers	673,608	631,779

The revenues of the IT Services segment as at September 30, 2021 are equal to Euro 450,873 thousand, with a growth equal to 15.4% compared to the previous year. This increase is due mainly to the growth in revenues, the increase in demand for services, with respect to customers of Transport, Welfare, International – UE Activities, Health, Treasury and Public Finance, Banking and Insurance business areas. This growth was partially offset by a reduction in revenues attributable to Ministries, Agriculture-Environment area and in other areas.

The revenues of the CRM Europe segment recorded a decrease of Euro 3,382 thousand (5.1%) in the period ended as at September 30, 2021 compared to the previous period. The decrease mainly concerned the Telco, Transport and Utilities areas, partially offset by an increase in Government and Other areas.

The revenues of the CRM International segment recorded a decrease of Euro 19,235 thousand, 12% as at September 30, 2021 when compared to the previous period. The decrease is related to Telco/Media and Finance areas, partially offset by an increase in other areas.

The revenues of the AlmagivA-New Technology segment are equal to Euro 18,547 thousand, +29.5% compared to the previous year. Intersegment revenues remained practically unchanged compared to the previous year. The rise is due primarily to the increase in revenues deriving from the sale of software technologies to customers in the Government, Transport and Other areas, partially offset by the fall in revenues from customers in the Telco/Media, Finance and Other areas.

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

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

The fees for services to be provided at September 30, 2021, based on the contracts already acquired by the Group, amount to Euro 1,401,271 thousand, of which Euro 199,255 thousand to be absorbed within the current year and of which Euro 1,202,015 thousand to be absorbed beyond the current year.

31. OTHER INCOME

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

<i>(in thousands of Euro)</i>	For the nine months ended September 30,	
	2021	2020
Recovery of personnel costs	865	660
Recovery of costs of service provision	2,434	2,054
Recovery of costs of use of assets	50	39
Reversal of provisions	2,087	3,209
Other income	4,304	677
Operating grants	920	3,475
Reversal of over-accruals of trade payables	1,179	731
Other income	11,839	10,845

Other income are equal to Euro 11,839 thousand (Euro 10,845 thousand at September 30, 2020) and are mainly related to: (i) the absorption of other ordinary provisions for guarantees; (ii) to the recovery of personnel costs, costs of service provision and costs of use of assets (equal to respectively Euro 865 thousand, Euro 2,434 thousand and Euro 50 thousand) connected to personnel seconded to third parties and to the complex of activities and services rendered to third parties; (iv) to other proceeds for adjustments of items allocated in previous years.

32. COST OF RAW MATERIALS AND SERVICES

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

<i>(in thousands of Euro)</i>	For the nine months ended September 30,	
	2021	2020
Raw materials, consumables, supplies and goods	29,549	22,919
Costs for services	220,709	201,869
Costs of use of third party assets	3,825	4,222
Costs for services capitalised for assets created internally	(2,064)	(2,394)
Changes in inventories	(1,498)	(411)
Cost of raw materials and services	250,521	226,205

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

<i>(in thousands of Euro)</i>	For the nine months ended September 30,	
	2021	2020
IT Services	206,300	173,531
CRM Europe	12,163	14,912
CRM International	34,678	43,451
Almawave New Technology	10,161	7,770
Adjustments eliminations and other	(12,781)	(13,459)
	250,521	226,205

The item increased by Euro 24,316 thousand in the period. The increase is, generally speaking, attributable to the higher revenues in the IT Services segment, with a subsequent increase in the costs for services (Euro 32,769 thousand, from an amount of Euro 173,531 thousand in 2020 to Euro 206,300 thousand in 2021), in the CRM Europe segment (in which the costs for services decrease by Euro 2,749 thousand from Euro 14,912 thousand in 2020 to Euro 12,163 thousand in 2021), in Almawave-New Technology segment (increase in costs of Euro 2,391 thousand, up from Euro 7,770 thousand in 2020 to Euro 10,161 thousand in 2021) and in the CRM International segment (due to the decrease of the costs for services for Euro 8,772 thousand from Euro 43,451 thousand in 2020 to Euro 34,678 thousand in 2021).

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

<i>(in thousands of Euro)</i>	For the nine months ended September 30,	
	2021	2020
Maintenance	25,956	21,821
Insurance	2,214	2,005
Consultancy and professional services	117,889	91,791
Advertising, promotion and entertainment	592	249
Telephone expenses	3,094	3,684
Travel and stays	1,169	1,499
Energy and fluids	5,248	6,211
Distribution and warehousing	1,667	3,302
Other costs for services	62,880	71,300
Costs for services	220,709	201,862

The item “Other costs for services” includes the operating expenses and various services such as corporate protection expenses, canteen expenses and meal vouchers for employees, legal and notary expenses, commissions and expenses for bank services, training course expenses, cleaning expenses and costs incurred on behalf of group companies that basically refer to charges for insurance policies and travel and transfer expenses. In the period the item also includes the expenses for corporate protection related to Covid 19 (costs for sanitization, cleaning, purchase of masks and gloves), the remuneration due to the Directors, to the Board of Statutory Auditors and to the Independent Auditors.

33. PERSONNEL EXPENSES

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

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

<i>(in thousands of Euro)</i>	For the nine months ended September 30,	
	2021	2020
Salaries and wages	266,014	269,937
Social security contributions	52,644	52,249
Employee benefit expenses	12,380	12,806
Other costs	2,986	1,767
Agency work	3,223	2,217
Personnel expenses capitalised for assets created internally	(7,821)	(8,918)
Personnel expenses	329,426	330,079

Personnel expenses decreased by Euro 654 thousand, or 0.2%, from Euro 330,079 thousand in the period ended September 30, 2020 to Euro 329,426 thousand in the period ended September 30, 2021.

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

	At September 30, 2021	At September 30, 2020
Executives	263.8	248.2
Middle managers	927.0	884.1
White-collar employees	43,402.3	45,206.7
Total Group average employees	44,593.1	46,339.0
Agency workers	146.7	95.4
Total workforce	44,739.8	46,434.4

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

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

<i>(in thousands of Euro)</i>	For the nine months ended September 30,	
	2021	2020
Industrial patent and intellectual property rights	5,467	5,037
Concession, licence and trademarks	170	719
Other	6,237	4,728
Total Amortisation	11,874	10,484
Civil and industrial buildings	587	586
Industrial and commercial equipment	100	90
Plants and machinery owned	1,847	2,199
Other assets owned and leased	5,076	4,885
ROU Asset - Civil and industrial buildings IFRS16	6,561	10,414
ROU Asset - Other assets owned and leased IFRS16	865	775
Total Depreciation	15,036	18,949
Total Depreciation and Amortisation	26,910	29,433

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

<i>(in thousands of Euro)</i>	For the nine months ended September 30,	
	2021	2020
<i>Disposals of Intangible Assets</i>	0	(52)
<i>Disposals of Tangible Assets</i>	89	176
Total losses from sale on non-current assets	89	124

35. OTHER EXPENSES

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

<i>(in thousands of Euro)</i>	For the nine months ended September 30,	
	2021	2020
Provisions for risks	2,620	2,228
Taxes and duties	216	255
Membership fees	546	519
Other expenses	4,230	2,460
Other operating expenses	7,639	6,005

Other operating expenses increased by Euro 1,634 thousand, or 27.2%, from Euro 6,005 thousand in the period ended at September 30, 2020 to Euro 7,639 thousand in the period ended at September 30, 2021. Net allocations to provisions for risks and charges were booked by the IT Services segment. Information on the provisions for risks and charges is provided in Note 22, to which the reader is referred. Other operating costs which include almost exclusively the economic effect recorded due to the settlement of previous receivables.

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

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

<i>(in thousands of Euro)</i>	For the nine months ended September 30,	
	2021	2020
Financial income	780	628
Financial expenses	(20,243)	(19,555)
Exchange gains/(losses)	(263)	(1,137)
Financial expenses for leasing IFRS 16	(3,064)	(3,379)
Net financial result	(22,790)	(23,444)

As per the previous table, the result of financial income and expenses was negative Euro 23,444 thousand as at September 30, 2020, compared to a negative result of Euro 22,790 thousand as at September 30, 2021, with an improvement of Euro 654 thousand.

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

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

<i>(in thousands of Euro)</i>	For the nine months ended September 30,	
	2021	2020
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	(869)	0
Net result from equity investments	(869)	0

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

38. INCOME TAXES

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

<i>(in thousands of Euro)</i>	For the nine months ended September 30,	
	2021	2020
Italian Companies		
<i>IRAP (Regional business tax)</i>	2,600	1,852
<i>IRES (Corporate income tax)</i>	7,677	7,251
<i>(Income) expenses from compliance with tax consolidation</i>	(354)	(1,576)
	9,923	7,527
Foreign companies		
<i>Other current taxes</i>	6,049	5,563
	6,049	5,563
Current Taxes	15,972	13,090
Italian Companies		
<i>IRAP (Regional business tax)</i>	(13)	146
<i>IRES (Corporate income tax)</i>	(9,050)	(1,265)
	(9,063)	(1,119)
Foreign companies		
<i>Other deferred taxes</i>	820	(9,617)
	820	(9,617)
Deferred taxes	(8,243)	(10,736)
Income taxes for the year - Non recurring portion	5	(248)
Total Income taxes	7,733	2,106

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Deferred taxes IRES equal to Euro 9,050 thousand are mainly due to the deferred tax assets' provision (for Euro 8,537 thousand) related to the tax realignment of the goodwill in AlmagivA SpA, pursuant to Law Decree no. 104 - *Urgent measures to support and relaunch the economy* - Article 110 "General revaluation of business assets and shareholdings 2020".

INCOME TAXES RECONCILIATION

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

<i>(in thousands of Euro)</i>	For the nine months ended September 30,			
	2021		2020	
Income before taxes	47,381	100.0%	27,581	100.0%
Theoretical taxes (*)	11,371	24.0%	6,620	24.0%
Effective tax charge	7,733	16.3%	2,106	7.6%
differences between theoretical and effective tax charge	(3,638)	-7.7%	(4,514)	-16.4%
1) different foreign tax rates	2,234	4.7%	(1,271)	-4.6%
1a) Exchange rate differences	0	0.0%	(6,855)	-24.9%
2) permanent differences:				
2a) IRAP and other italian regional taxes	2,600	5.4%	1,852	6.7%
2b) taxes of prior periods	5	0.0%	0	0.0%
2c) tax credit R&D	0	0.0%	0	0.0%
2d) consolidation adjustments	147	0.3%	147	0.5%
2e) IAS 19	0	0.0%	0	0.0%
2f) other differences (**)	(8,624)	-22.4%	1,613	5.8%
Total differences	(3,638)	-12.0%	(4,514)	-16.4%

(*) 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

39. GUARANTEES AND COMMITMENTS

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

- personal guarantees of Euro 219,627 thousand (Euro 218,697 thousand as at December 31, 2020), which are "in favour of subsidiaries" recorded by AlmagivA S.p.A. for co-obligations issued to various insurance companies in the interest of Agrisian S.C.p.A. in Liquidation amounting to Euro 206,583 thousand and relative to the contract with the Ministry of Agricultural and Forest Resources; "in favour of other parties" in the amount of Euro 13.115 thousand, guarantees recorded by Lombardia Gestione of Euro 89 thousand for the execution of the service agreement and AlmagivA Contact S.p.A. in the amount of Euro 12,722 thousand; Sadel S.p.A. in the amount of Euro 284 thousand.
- collateral given of Euro 88,385 thousand refers to 100% pledges of shares held by AlmagivA S.p.A. in AlmagivA Contact S.p.A. (Euro 3,000 thousand); Euro 67,771 thousand pledges on the shares held by AlmagivA SpA. in AlmagivA do Brasil Telemarketing Informatica S.A.; Euro 17,614 thousand pledges on the shares held by AlmagivA Contact S.p.A. in AlmagivA do Brasil. In order to guarantee the fulfilment of the secured credits, the following have been established: a pledge agreement on the Commercial Credits and intra-group items of AlmagivA SpA and any other credit that AlmagivA SpA owns towards AlmagivA Technologies; a pledge agreement on trade receivables

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

At the present date, there are no risks of enforcement of the aforementioned guarantees and furthermore the Group does not receive commissions relating to the commitments given.

Other guarantees, commitments and risks

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

40. RISKS AND OTHER INFORMATION

Credit risk

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

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

The following table shows the overall exposure of AlmovivA Group's receivables, together with a breakdown by amounts falling due and past due.

<i>(in thousands of Euro)</i>	At September 30, 2021	At December 31, 2020
- Amount falling due	323,500	308,966
- Past due	54,937	38,231
Trade receivables net of Bad debt provision	378,437	347,197

Liquidity risk

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

Exchange rate risk

Exposure to the risk of exchange rates changing derives from the company's transactions in Non-Euro currencies (mainly the Brazilian Real) and affects the consolidated financial statements (economic result and shareholders' equity) due to translating assets and liabilities of companies that draft their financial statements with functional currency other than the Euro. The risk arising from translating assets and liabilities of companies that draft their financial statements with Non-Euro functional currency is not usually subject to hedging, barring another specific assessment. The consolidated financial statements at September 30, 2021 were impacted by the worsening of the EUR / R \$ exchange rates.

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41. INFORMATION ON FAIR VALUE MEASUREMENT

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

42. LEGAL ISSUES AND LITIGATIONS

Tax, administrative, civil and labour disputes are handled by the AlmagivA Group's competent departments that provided, for the drafting of the financial statements, a comprehensive and exhaustive overview of the different proceedings in progress. In respect of these disputes, the Group, also with the help of the opinions provided by the Group's external legal representatives, carried out an accurate assessment of the risk of being the losing party which determined the recognition of the appropriate provisions for disputes likely to have a negative outcome and, which could be reasonably quantified, as represented and commented on in these notes, under "Provisions for risks and charges" - Note 22. For those proceedings whose negative outcome, owing to the different case law positions, was only considered possible, no specific allocations were made in accordance with the regulations governing the drafting of the financial statements.

Contingent liabilities

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

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

AlmagivA S.p.A.

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

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

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

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

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

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

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

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

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

RTI AlmagivA S.p.A. (Agent of RTI with Engineering Ingegneria Informatica S.p.A. and Sistemi Informativi Geografici S.r.l.)/ Consip S.p.A./ RTI Agriconsulting S.p.A. (Agent of RTI Consorzio Stabile Arcodrea Engineering Soc. Consortile a r.l., Consorzio Stabile Reply Public Sector, Agrifuturo Soc. Coop. a mutualità prevalente, CGR Compagnia Generale Ripresearee S.p.A.) / Ministry of Agriculture and Forestry / Ministry of Economy and Finance / Agriculture Disbursement Agency / Anti-corruption National Authority.

RTI AlmagivA lodged an appeal at Lazio's TAR requesting the cancellation, upon the adoption of precautionary measures, of the exclusion measure of Engineering - and therefore of the RTI of which Engineering take part as Agent - from lot 2 of the open tender for the assignment of the development and management services of the National Agricultural Information System (SIAN) for Agea. Engineering Ingegneria Informatica S.p.A. lodged an independent appeal. The RTI Agriconsulting filed a cross appeal. With a sentence of July 1, 2021, Lazio's TAR rejected the appeals of the RTI AlmagivA and Engineering. The AlmagivA RTI has appealed at the Council of State. Engineering Ingegneria Informatica has proposed an independent appeal. The hearing on the merits was set for December 21, 2021.

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

The AlmagivA RTI appealed to the Lazio TAR for the cancellation, after the adoption of precautionary measures, of the tender documents for the assignment of support services, development and management of the education information system (SIDI) ID 1975 - lot 2 ("Gara MIUR") and of the awarding measure towards the RTI Enterprise. RTI Engineering also requested, with an independent appeal, the cancellation of the acts of the MIUR tender. With a provision of 9 November 2020, Consip cancelled the MIUR tender. The RTI Enterprise requested, with an appeal before the Lazio TAR, the cancellation of the provision with which Consip cancelled the MIUR tender. The hearing date was on March 31, 2021. With sentence of April 9, 2021, the Lazio TAR partially accepted the appeal of the RTI Enterprise, annulling the cancellation of the MIUR tender, rejected the appeal of the AlmagivA RTI and accepted the appeal of the RTI Engineering, cancelling the awarding of the RTI Enterprise. The Lazio TAR consequently ordered the renewal of the MIUR tender starting from the phase of submission of offers by the competitors who were invited. On April 26, 2021, the RTI Enterprise lodged an appeal at the Council of State. The precautionary hearing in the council chamber was set for 10 June 2021. The hearing on the merits was held on 30 September 2021. On 10 May 2021, Consip notified the compliance appeal for clarifications pursuant to art. 112, paragraph 5, c.p.a.. The hearing in chambers was held on July 14, 2021. With sentence of July 15, 2021, the Lazio TAR formulated the requested clarifications, clarifying that "the procedure must be repeated only for economic operators who have previously submitted such offers "and in the renewal of the tender Consip" is required to reconvene the same tender commission ". With sentence of October 8, 2021, the Council of State rejected the appeal of the RTI Enterprise.

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EXPLANATORY NOTES (continued)

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

The SETI RTI lodged an appeal at the Campania TAR for the cancellation, after the adoption of precautionary measures, of the award provision in favor of the RTI AlmagivA of the tender for "the assignment of detailed design, supply, installation and management of a technologically advanced surveillance for the detection and recognition of people and vehicles in restricted areas of interest within the area known as "Terra dei Fuochi" - Action 2.1 - Video surveillance "adopted by SMA CAMPANIA SpA. At the hearing date on March 24, 2021, the Campania TAR rejected the suspension and set the hearing on the merits for May 26, 2021. The RTI SETI lodged an appeal on March 29, 2021 against the precautionary order of the Campania TAR. The Council of State has set the precautionary hearing in the council chamber for May 6, 2021. On April 23, 2021, the RTI SETI waived the precautionary judgment on appeal. The Council of State, by order of May 7, 2021, took note of the renunciation. The hearing date was held on May 26, 2021. With a sentence of July 12, 2021, the Campania's TAR rejected the appeal of the RTI SETI. The SETI RTI lodged an appeal at the Council of State. The hearing on the merits was set for March 31, 2022.

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

Engineering lodged an appeal at Sardegna TAR for the cancellation, after the adoption of precautionary measures, of the award provision in favor of the RTI AlmagivA of the tender for the assignment of the "Management, maintenance and re-engineering services of the architecture of the integrated Health Information System Regional (SISaR) and acquisition of the integration infrastructure SISaR 2.0 CIG 7686214073", adopted by the Autonomous Region of Sardinia. Sardegna TAR has set the hearing date for April 7, 2021. On April 2, 2021, Engineering waived the appeal.

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

The NTT DATA RTI lodged an appeal at Lazio TAR for the cancellation, after the adoption of precautionary measures, of the award provision in favor of the RTI AlmagivA of lot 1 of the tender for the acquisition of services relating to software production and maintenance in a Microsoft environment and PHP - ID 2225, adopted by Consip. With a sentence of 19 July 2021, the Lazio's TAR accepted the appeal of the RTI NTT DATA. The RTI AlmagivA lodged an appeal to the Council of State. The hearing in the council chamber was set for November 4, 2021.

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

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

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

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

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

AlmavivA Contact S.p.A.

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

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

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

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

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

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

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

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

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

Alitalia in A.S. S.p.A. requested the ineffectiveness (with consequent obligation to return) of the payments made by the Alitalia in favor of AlmavivA Contact S.p.A. in the six months prior to the date of admission to the extraordinary administration procedure (2 May 2017), because carried out in "anomalous" ways and / or times. AlmavivA Contact S.p.A. was formed in the judgment. The hearing for the possible admission of investigative means, initially set for November 10, 2021, was postponed to February 2, 2022.

AlmavivA Digitaltec S.r.l.

Exprivia S.p.A. (Agent of RTI with Lutech S.p.A., ADS Automated Data Systems S.p.A., Data Processing S.p.A., Links Management and Technology S.p.A., SkyIT S.r.l. and Etna Hitech S.c.P.A.)/ Consip S.p.A./ AlmavivA Digitaltec S.r.l.

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

(Principal of RTI with Consorzio Reply Public Sector mandataria and Onit Group S.r.l., Schema 31 S.r.l., P.A. Advice S.p.A., Geek Logica S.r.l., Sopra Steria Group S.p.A. and Maggioli S.p.A.)

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

The RTI Exprivia and Telecom Italia, with independent appeals, lodged an appeal to the Lazio's TAR for the cancellation, upon the adoption of precautionary measures, of the award provision in favor, among other things, of the AlmagivA RTI of lot 3 of the "tender open procedure divided into n. 9 lots pursuant to Legislative Decree no. 50/2016 and subsequent amendments for the conclusion of a Framework Agreement pursuant to Legislative Decree no. 50/2015 concerning the assignment of application services from a cloud perspective and the assignment of PMO services for Public Administrations - ID 2212 ", adopted by Consip. The precautionary hearing in the council chamber was held on 23 June 2021. The hearing on the merits was set for 17 November 2021.

Exprivia S.p.A. (Agent of RTI with Lutech S.p.A., ADS Automated Data Systems S.p.A., Data Processing S.p.A., Links Management and Technology S.p.A., SkyIT S.r.l. and Etna Hitech S.c.P.A.)/ Consip S.p.A./ AlmagivA Digitaltec S.r.l. (Principal of RTI with Maggioli S.p.A. mandataria e Onit Group S.r.l., Schema 31 S.r.l., P.A. Advice S.p.A., Geek Logica S.r.l., Sopra Steria Group S.p.A. and Consorzio Reply Public Sector)

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

The RTI Exprivia and Telecom Italia, with independent appeals, lodged an appeal to the Lazio's TAR for the cancellation, upon the adoption of precautionary measures, of the award provision in favor, among other things, of the AlmagivA RTI of lot 4 of the "tender open procedure divided into n. 9 lots pursuant to Legislative Decree no. 50/2016 and subsequent amendments for the conclusion of a Framework Agreement pursuant to Legislative Decree no. 50/2015 concerning the assignment of application services from a cloud perspective and the assignment of PMO services for Public Administrations - ID 2212 ", adopted by Consip. The precautionary hearing in the council chamber was held on 23 June 2021. The hearing on the merits was set for 17 November 2021.

Exprivia S.p.A. (Agent of RTI with Lutech S.p.A., ADS Automated Data Systems S.p.A., Data Processing S.p.A., Links Management and Technology S.p.A., SkyIT S.r.l. and Etna Hitech S.c.P.A.)/ Consip S.p.A./ AlmagivA Digitaltec S.r.l. (Principal of RTI with Maggioli S.p.A. mandataria e Onit Group S.r.l., Schema 31 S.r.l., P.A. Advice S.p.A., Geek Logica S.r.l., Sopra Steria Group S.p.A. and Consorzio Reply Public Sector)

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

The RTI Exprivia and Telecom Italia, with independent appeals, lodged an appeal to the Lazio's TAR for the cancellation of the award provision in favor, among other things, of the AlmagivA RTI of lot 5 of the "tender open procedure divided into n. 9 lots pursuant to Legislative Decree no. 50/2016 and subsequent amendments for the conclusion of a Framework Agreement pursuant to Legislative Decree no. 50/2015 concerning the assignment of application services from a cloud perspective and the assignment of PMO services for Public Administrations - ID 2212 ", adopted by Consip. The precautionary hearing in the council chamber was held on 23 June 2021. The hearing on the merits was set for 17 November 2021.

Labour Disputes

During 2016, AlmagivA Contact started a collective dismissal procedure with a declaration of 2,511 redundant staff including no. 1,666 people working at the headquarters of Rome (1,063 full time equivalent positions) and 845 people working at the headquarters of Naples (560 full time equivalent positions). This procedure was concluded, at the Ministry

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of Economic Development, in the presence of the Ministry of Labour and Social Policy, on December 22, 2016, by signing a Statement of Agreement. This Agreement made provision, as regards the headquarters of Rome, for the company's right to proceed with the dismissal of surplus workers and, as regards the Naples headquarters, the continuation of meetings, following which, it was possible to stipulate an agreement which resulted in the revocation of the redundancy declaration as of February 28, 2017.

In 2017, the first appeals submitted by the dismissed workers were received.

On 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 CGIL had asked for the company to be condemned for anti-union conduct, arguing that the dismissal procedure was illegitimate. The Court of Rome has amply argued, noting the correctness of the company operations and the legitimacy of the procedure.

In terms of individual disputes, all five judicial panels that make up the Court of Appeal of Rome (second instance) confirmed the absence of procedural defects and the legitimacy of the dismissals, and reformed the few negative sentences that had been pronounced in the first instance.

Part of the unsuccessful workers in the Court of Appeal lodged separate appeals in Court of Cassation. In all the pending proceedings, the company lodged a counter-appeal. In the first 9 months of 2021, hearings were held for discussion of more than half of the registered cases. The Attorney General at the Court of Cassation concluded for the rejection of all the appeals discussed (for inadmissibility and / or groundlessness).

On another front, in continuity with what has been done in previous years, the company, in application of the collective agreement ASSTEL-ASSOCONTACT / OO.SS. of August 1, 2013, s.m.i. - which governed collaborations in call centers - stipulated, when possible, transactions with collaborators engaged in the previous year in order to guarantee their inclusion in the pre-emption basin for the stipulation of new contracts and eliminate the risk of disputes aimed at the requalification of collaboration relationships in subordinate employment relationships.

In the last year there have been no out-of-court appeals.

Related to the residual dispute started by ex-collaborators of the company at the Catania and Palermo offices, the Court of Appeal of Palermo has confirmed the line in favor of AlmamivA Contact. The court of Catania continued to confirm its line in favor of the Company's reasons, rejecting the appeals presented by some collaborators.

As regards the project personnel subject to a stabilization offer during 2007-2008 by the company Atesia SpA (later merged into AlmamivA Contact SpA), in the reference period there was no notification of new judicial appeals concerning the qualification of the relationship.

Also in this case, as for the further disputes, the risks of the cause of the individual positions were assessed and, where necessary, provisions were made in the financial statements.

43. TRANSACTIONS WITH RELATED PARTIES

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

- a) persons who directly or indirectly have voting power in the company preparing the financial statements that gives them a dominant influence over the company and their close family members;
- b) executives with strategic responsibilities, that is, those who have the power and responsibility for planning, managing and controlling the activities of the company that draws up the financial statements, including directors and officers of the company and the close relatives of such persons;
- c) companies in which significant voting power is held, directly or indirectly, by any person described in (a) or (b) or over which such person is able to exercise significant influence. This case includes companies owned by the directors or major 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 September 30, 2021" which is considered an integral part of these notes;

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

Trade and other relations

Trade and other relations are analysed as follows:

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(in thousands of Euro)	At September 30, 2021		For the nine months ended September 30., 2021			
	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	32,593	34,980	234	0	0	0
Relationships with the controlling companies valued at equity method						
Consorzio Hypertix	68	0	0	0	0	0
Sin Srl	6,737	167	0	0	22,558	575
TVeyes L.T.	5	44	3	0	0	12
AlmagivA CCID	119	0	0	0	0	0
Consorzio Namex	0	0	11	0	0	0
Other						
Elvit Consultoria e Participacoes LTDA	0	0	35	0	0	0
Totale	39,522	35,191	283	0	22,558	587

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

(in thousands of Euro)	At September 30, 2020		For the nine months ended September 30., 2020			
	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	28,979	17,497	225	0	8	2
Relationships with the controlling companies valued at equity method						
Consorzio Hypertix	67	0	0	0	0	0
Sin Srl	7,505	174	8	0	23,120	565
TVeyes L.T.	0	0	0	0	0	0
AlmagivA CCID	4	0	0	0	0	11
PT AlmagivA Indonesia Kontak	119	0	0	0	0	8
Other						
Elvit Consultoria e Participacoes LTDA	0	0	0	0	0	0
Totale	36,674	17,671	233	0	23,128	586

44. SUBSEQUENT EVENTS

- As part of the management of the new agile working method, a project called "Become" was launched, aimed at the use of company spaces in the presence phase of employees. "Become" is the company path aimed at creating a flexible and integrated environment of physical and digital space, inspired by a hybrid model of smart working. The experimentation of the project started in mid-July with a first group of 400 people from AlmagivA, to expand from mid-September to involve another 2,200 people in the offices: AlmagivA Rome Casal Boccone, Bologna Torri and Castel Maggiore, Naples, Padua, Florence, Rovereto and Cosenza; AlmagivA Rome Casal Boccone; AlmagivA Digitaltec Naples, Marghera, Cagliari and Bari. The third and last pilot group started in early November and will cover all the companies in the Milan, Turin, Genoa and Rome Scalo Pretestino offices.

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- On November 3, 2021, AlmovivA SpA issued a Senior Secured Bond Debt reserved for institutional investors of Euro 350,000,000.00, with a fixed rate coupon of 4.875%, with half-yearly payment on the dates of April 30 and October 30 of each year. The Bond maturing in five years and is listed on the Luxembourg stock exchange on the Euro MTF Market (unregulated market). The Debt is also linked to a Revolving Facility line amounting to Euro 70 million that can be used for general purposes relating to business activities. This Bond Debt was used for (i) the repayment of the bond debt stipulated in October 2017 for Euro 250 million (maturing in October 2022) and the portion committed with respect to the total value of Euro 40 million of the related Revolving Facility line, (ii) the payment the expenses and commissions of the new operation, (iii) the provision of new cash available to support a program of new acquisitions.