

Gruppo
Almaviva

ALMAVIVA S.P.A. AND SUBSIDIARIES

Unaudited Interim Condensed Consolidated Financial
Statements for the six months ended June 30th, 2024 and
2023

Board of Directors August 8th, 2024



We are Growth

VTIVA

INDEX TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30th, 2024 AND 2023

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	7
UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT	8
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY.....	9
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS... 	10
EXPLANATORY NOTES	11
REPORT OF INDIPENDENT AUDITORS	56

ALMAVIVA S.P.A. AND SUBSIDIARIES
Unaudited Interim Condensed Consolidated Financial Statements for
the six months ended June 30th, 2024 and 2023

Board of Directors August 8th, 2024

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

<i>(in thousands of Euro)</i>	Note	At June 30,	Of which with	At December 31,	Of which with
		2024	related parties	2023	related parties
Intangible assets	7	128,824		121,732	
Goodwill	7	172,408		87,153	
Property, plant and equipment	8	84,472		90,419	
Investments accounted for using the equity method	9	6,168		6,086	
Non-current financial assets	10	1,442		2,016	
Deferred tax assets	11	23,967		24,591	
Other non-current assets	12	1,834		2,190	
Total non-current assets		419,115		334,187	
Inventories	13	22,816		21,712	
Contract assets	14	48,348		28,694	
Trade receivables	15	540,706	6,260	522,067	32,866
Current financial assets	16	5,206		3,801	
Other current assets	17	201,412	21,960	180,717	27,877
Cash and cash equivalents	18	146,972		240,652	
Total current assets		965,460		997,644	
Total assets		1,384,575		1,331,831	
Share capital		154,899		154,899	
Share premium reserve		17,788		17,788	
Stock grant reserve		9,291		9,291	
Other reserves		(6,461)		(40,421)	
Profit/(loss) for the period		43,685		81,989	
<i>Total group shareholders' equity</i>		<i>219,202</i>		<i>223,546</i>	
<i>Non-controlling interests</i>		<i>54,766</i>		<i>35,878</i>	
Total shareholders' equity	19	273,968		259,424	
Non-current liabilities for employee benefits	20	38,306		39,285	
Non-current provisions	21	10,347		14,787	
Non-current financial liabilities	22	469,230		395,940	
Deferred tax liabilities	23	4,521		4,910	
Other non-current liabilities	24	662		987	
Total non-current liabilities		523,066		455,909	
Current provisions	21	5,253		7,078	
Trade payables	25	340,547	69	379,925	78
Current financial liabilities	26	18,810		20,661	
Current tax liabilities	27	31,839		33,088	
Other current liabilities	28	191,093	28,814	175,746	33,593
Total current liabilities		587,541		616,497	
Total liabilities		1,110,607		1,072,407	
Total equity and liabilities		1,384,575		1,331,831	

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

For the six months ended June 30,					
<i>(in thousands of Euro)</i>	Note	2024	Of which with related parties	2023	Of which with related parties
Revenues from contracts with customers	29	589,780	5,041	552,508	0
Other Income	30	25,876	10	11,692	13
Total revenues and other income		615,657		564,200	
Cost of raw materials and services	31	(231,874)	(300)	(225,684)	(290)
Personnel expenses	32	(265,707)	0	(237,370)	(410)
Depreciation and amortization	33	(26,930)		(25,017)	
Profit/(Loss) from sale of non-current assets	33	(25)		356	
Other expenses	34	(8,140)		(7,793)	
Operating profit/(loss)		82,980		68,692	
Financial income	35	3,556		2,445	
Financial expenses	35	(17,795)		(16,554)	
Exchange gains/(losses)	35	(268)		(117)	
Profit/(loss) from investments accounted for using equity method	36	82		2	
Profit/(Loss) before taxes		68,555		54,468	
Income taxes	37	(21,174)		(17,972)	
Profit/(Loss) for the period		47,381		36,496	
<i>of which:</i>					
<i>Profit/(loss) pertaining to the group</i>		43,685		34,592	
<i>Profit/(loss) pertaining to non-controlling interests</i>		3,696		1,903	
Earning (Loss) per share (EPS) basic and diluted:					
<i>Basic, earning (loss) for the year attributable to ordinary equity holders of the parent</i>		€ 0.56		€ 0.48	
<i>Diluted, earning (loss) for the year attributable to ordinary equity holders of the parent</i>		€ 0.56		€ 0.48	
Other components of comprehensive income:					
Exchange differences on translation of foreign operations	19	(17,124)		9,904	
Actuarial gains/(losses) on valuation of liabilities for employee benefits	20	(761)		205	
Comprehensive income/(loss) for the period		29,496		46,605	
<i>of which:</i>					
<i>Comprehensive income/(loss) pertaining to the group</i>		26,953		44,638	
<i>Comprehensive income/(loss) pertaining to non-controlling interests</i>		2,543		1,966	

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

Note 19

<i>(in thousands of Euro)</i>	Share capital	Share premium reserve	Legal reserve	Other reserve and profit (loss) carried forward					Total other reserve and profit (loss) carried forward	Profit/(loss) for the period	Total Group shareholders' equity	Other reserve and profit (loss) carried forward	Translation reserve	Profit/(loss) for the period	Total non-controlling interests	Total shareholders' equity
				Profit (loss) carried forward reserve	FTA Reserve	Stock Grant reserve	Actuarial gain (losses) reserve	Translation reserve								
Shareholders' Equity at January 1, 2024	154,899	17,788	19,104	(29,376)	4,493	9,291	3,726	(38,368)	(50,234)	81,989	223,546	32,065	(937)	4,749	35,878	259,424
Profit/(loss) for the year									0	43,685	43,685			3,696	3,696	47,381
Other movements pertaining Other comprehensive income							(761)	(15,972)	(16,733)		(16,733)		(1,152)		(1,152)	(17,885)
Comprehensive income/(loss) for the year	0	0	0	0	0	0	(761)	(15,972)	(16,733)	43,685	26,952	0	(1,152)	3,696	2,544	29,496
Allocation of prior year's profit/(loss)			2,796	79,193					79,193	(81,989)	0	4,749		(4,749)	0	1
Dividends paid				(12,967)					(12,967)		(12,967)				0	(12,967)
Changes in area and other movements				(18,329)					(18,329)		(18,329)	16,345			16,345	(1,984)
Stock Grant reserve						0			0		0				0	0
Shareholders' Equity at June 30, 2024	154,899	17,788	21,900	18,521	4,493	9,291	2,965	(54,340)	(19,070)	43,685	219,202	53,159	(2,089)	3,696	54,766	273,968

<i>(in thousands of Euro)</i>	Share capital	Share premium reserve	Legal reserve	Other reserve and profit (loss) carried forward					Total other reserve and profit (loss) carried forward	Profit/(loss) for the year	Total Group shareholders' equity	Other reserve and profit (loss) carried forward	Translation reserve	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
				Profit (loss) carried forward reserve	FTA Reserve	Cash Flow Hedge reserve	Actuarial gain (losses) reserve	Translation reserve								
Shareholders' Equity at January 01, 2023	154,899	17,788	15,139	(83,733)	4,493	7,693	4,927	(46,257)	(112,877)	72,344	147,296	29,799	(991)	2,757	31,566	178,862
Profit/(loss) for the year										34,592	34,592			1,903	1,903	36,496
Other movements pertaining Other comprehensive income							205	9,841	10,046		10,046		63		63	10,109
Comprehensive income/(loss) for the year							205	9,841	10,046	34,592	44,638		63	1,903	1,966	46,605
Allocation of prior year's profit/(loss)			3,965	68,379					68,379	(72,344)	0	2,757		(2,757)	0	0
Almawave increase of Equity due to M&A operations				0					0		0	0			0	0
Dividends paid				(11,919)					(11,919)		(11,919)					(11,919)
Changes in area and other movements				(277)		0	0		(277)		(277)	(82)			(82)	(359)
Stock Grant reserve						410			410		410					410
Shareholders' Equity at June 30, 2023	154,899	17,788	19,104	(27,550)	4,493	8,103	5,132	(36,416)	(46,238)	34,592	180,149	32,474	(928)	1,903	33,450	213,599

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

<i>(in thousands of Euro)</i>	Note	For the six months ended June 30,	
		2024	2023
Profit/ (loss) for the period		47,381	36,496
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Income Taxes	37	21,174	17,972
Financial income	35	(3,556)	(2,445)
Financial expenses	35	17,795	16,554
Exchange (gains)/losses	35	268	117
Depreciation, amortization and write-downs	33	26,930	25,062
Write-downs/(revaluations) of non-current financial assets and equity investments	36	(82)	(2)
Losses from sale of non-current assets	33	25	(356)
Interest received		3,066	2,444
Interest paid		(12,937)	(11,794)
Income taxes paid		(4,806)	(4,700)
<i>Cash flows generated from operating activities before changes in working capital</i>		<i>95,258</i>	<i>79,348</i>
Change in trade receivables excluding of the exchange rate effect and consolidation scope changes	15	(8,093)	(34,919)
Change in inventories excluding of the exchange rate effect and consolidation scope changes	13	(1,104)	546
Change in contract assets excluding of the exchange rate effect and consolidation scope changes	14	(19,654)	(8,917)
Change in trade payables excluding of the exchange rate effect and consolidation scope changes	25	(44,630)	(2,361)
Change in other assets excluding of the exchange rate effect and consolidation scope changes	12-17	(21,182)	(32,209)
Change in other liabilities excluding of the exchange rate effect and consolidation scope changes	24-28	(11,864)	25,018
Change in liabilities for employee benefits and provisions gross of exchange rate effect	20-21	(8,865)	(3,260)
<i>Cash flows generated from operating activities changes in working capital</i>		<i>(115,391)</i>	<i>(56,102)</i>
Cash-flow generated from/(absorbed by) operating activities (A)		(20,134)	23,246
Investments in property, plant and equipment	8	(4,944)	(6,316)
Investments in intangible assets	7	(23,808)	(18,968)
Acquisition of investments accounted for using the equity method	9	(4,302)	(1,894)
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity method	9	96	1,198
Acquisition of subsidiaries net of cash and cash equivalents	6	(46,520)	(410)
Change in non-current financial asset	10	153	0
Cash-flow generated from/(absorbed by) investing activities (B)		(79,325)	(26,390)
Dividends paid		(12,366)	(11,336)
Proceeds from borrowings	22	35,854	0
Repayment of medium/long-term loans and non-current financial liabilities	22	(2,012)	(1,216)
Repayment of lease liabilities		(7,323)	(3,992)
Change in current and non-current financial liabilities	26	(2,477)	(16,118)
Change in current financial assets	16	(492)	10,627
Cash-flow generated from/(absorbed by) financing activities (C)		11,185	(22,035)
NET CASH FLOW BEFORE EXCHANGE RATE DIFFERENCES (A + B + C)		(88,274)	(25,179)
Effect of foreign exchange rates on cash and cash equivalents (D)		(5,406)	2,724
Cash flow of the year (A+B+C+D)		(93,680)	(22,455)
Opening cash and cash equivalents		240,652	164,660
Closing cash and cash equivalents		146,972	142,204

ALMAVIVA S.P.A. AND SUBSIDIARIES EXPLANATORY NOTES

1. GENERAL INFORMATION

Almaviva The Italian Innovation Company S.p.A. (hereinafter "Almaviva" or the "Company") is the parent company of one of the leading Italian groups in the Information & Communication Technology sector, which operates globally with an organisational structure incorporating approximately 42,645 employees and several offices around Italy and abroad.

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

The Unaudited Interim Condensed Consolidated Financial Statements of the Company and its subsidiaries (the "Almaviva Group") are prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") adopted by the European Union, in particular the international accounting standard applicable for the preparation of interim financial statements (IAS 34 - Interim Financial Reporting) and include the consolidated statement of financial position as at June 30, 2024, the related consolidated comprehensive income statement, the consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the three months period ended as at June 30, 2024, compared, as regards the income statement part, the cash flow part and the change in shareholders' equity part, with the six months period ended as at June 30, 2023 and as regards the consolidated statement of financial position part, with December 31, 2023, together with the explanatory notes.

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

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

The Interim Consolidated Financial Statements were approved by the Company's Board of Directors on August 8th, 2024.

1.1. Macroeconomics and geopolitical uncertainty

Already in 2023 and in these six months of 2024, macroeconomics and geopolitical scenario has been characterized by a significant commodity price volatility, high inflation, rising interest rates and increasing energy prices, that have affected also the current economic environment. Despite this scenario, the growing demand on the new-technology market, have made it possible to confirm the strong resilience of the Group in its own reference sectors, as can be seen from the positivity of the results as at June 30, 2024. Therefore, management, believe that there are no elements of discontinuity with respect to the short-term economic and financial objectives that the Group has set itself, as illustrated in more detail in Paragraph 2.1 to which reference should be made. There are no changes in relation to the identification of issues of particular significance that require significant estimates by management compared to those reported in the 2023 Consolidated Financial Statements.

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

2. BASIS OF PREPARATION

Standards

The unaudited interim condensed consolidated financial statements of the Almoviva Group have been drawn up in compliance with current regulations.

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

Contents of the unaudited interim condensed consolidated financial statements

The Unaudited Interim Condensed Consolidated Financial Statements of the Almoviva Group were drawn up in compliance with the IFRS issued by the IASB and adopted by the European Commission pursuant to the procedure as per Art. 6 of the (EC) Regulation no. 1606/2002 of the European Parliament and Council dated July 19, 2002, and to the international accounting standard applicable for the draw up of interim financial statements (IAS 34 - Interim Financial Reporting).

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

The Unaudited Interim Condensed Consolidated Financial Statements do not disclose all the information required in the preparation of the annual consolidated financial statements. For this reason, it is necessary to read the Unaudited Interim Condensed Consolidated Financial Statements together with the consolidated financial statements as at December 31, 2023.

The accounting standards adopted for the draw up of the Unaudited Interim Condensed Consolidated Financial Statements comply with those used for the draw up of the consolidated financial statements as at December 31, 2023, except for the adoption of the new standards, amendments and interpretations in force from January 1st, 2024.

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

- the **Consolidated statement of financial position** is presented by classifying assets and liabilities according to the current/non-current criterion. Current assets are those intended to be realised, sold or used in the company's normal operating cycle or in the twelve months after the end of the financial year. Current liabilities are those that are expected to be extinguished in the company's normal operating cycle or in the twelve months after the end of the financial year;
- the **Consolidated comprehensive income statement** was prepared by classifying operating costs by nature, given that this type of presentation is deemed more appropriate to present the Group's specific business, conforms to the internal reporting methods and is in line with the industrial sector practice. It presents the profit/(loss) for the year and the other changes in shareholders' equity that do not refer to transactions entered into by the owners in their capacity as owners;
- the **Consolidated statement of changes in shareholders' equity** provides separate disclosure of the result of the statement of other comprehensive income and of the transactions with shareholders entered into by the latter in their capacity as owners;

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 operating activities, investing activities and financing activities.

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

All amounts are stated in 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	June 30, 2024	December 31, 2023	June 30, 2023
Saudi Arabia	Riyal	SAR	4.0144	4.1438	4.0748
Brazilian	Real	BRL	5.8915	5.3618	5.2788
China	Yuan	CNY	7.7748	7.8509	7.8983
Colombian	Peso	COP	4463.0000	4267.5200	4546.2400
Dominican Republic	Peso	DOP	63.2416	64.1828	60.1306
Egypt	Lira	EGP	51.4080	34.1589	33.5743
United Arab Emirates	Dirham	AED	3.9314	4.0581	3.9905
Europe	Leu	RON	4.9773	4.9756	4.9635
Russia	Rublo	RUB	92.0670	99.6225	97.8000
United States	Dollaro	USD	1.0705	1.1050	1.0866
Tunisian	Dinaro	TND	3.3661	3.3936	3.3577

Average exchange rates					
Amount of currency for 1 Euro					
Country	Currency	ISO	June 30, 2024	December 31, 2023	June 30, 2023
Saudi Arabia	Riyal	SAR	4.0544	4.0548	4.0541
Brazilian	Real	BRL	5.4946	5.401	5.4833
China	Yuan	CNY	7.8011	7.66	7.4898
Colombian	Peso	COP	4239.9767	4675.0000	4962.2683
Dominican Republic	Peso	DOP	63.6283	60.5374	59.759
Egypt	Lira	EGP	44.9538	33.1581	32.91
United Arab Emirates	Dirham	AED	3.9707	3.971	3.9809
Europe	Leu	RON	4.9742	4.9467	4.9339
Russia	Rublo	RUB	92.0670	99.6225	97.8
United States	Dollaro	USD	1.0812	1.0813	1.0811
Tunisian	Dinaro	TND	3.375	3.3556	3.3394

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

2.1 Going Concern

During the first six months of 2024, Al maviva Group consolidated the growth trends in revenues achieved in previous periods (reaching Euro 589.8 million, increased Euro 37.3 million compared to the first six months of 2023), 6.7% compared to the previous year. The result as of June 30, 2024, shows a consolidated operating profit growing compared to the previous period and equal to Euro 82.9 million (increased Euro 14.3 million compared to June 30, 2023). In terms of Net Profit there is a positive result of Euro 47.4 million.

The first half of 2024 in the IT market was characterized by a consistent development of revenues consistent with the framework contracts and tenders awarded, particularly on the lines related to the fields of Healthcare, Welfare, Water Management, Tourism, Local and Central PA and Defense. Regarding this last area, it should be noted the establishment, in January 2024, of the SIDIF Consortium (Defense Innovation Systems). The consortium sees Al maviva as the leader (with a 60% share) together with Telecom Italia, Luthec Advanced Solution and Fincantieri Nextech and will carry out the activities covered by the Framework Agreement for the Digitalisation of the Ministry of Defense and the development, modernisation, adaptation and maintenance in operation of the Ministry's online communication systems whose signature occurred at the beginning of the financial year. Regarding the PNT with respect to which the operation phase began last December, some development assets related to the transitional chapters of the Concession Agreement are being completed.

Also worth highlighting is the contribution from Al maviva's double acquisition of BM Tecnologie Industriali, an instrumental engineering company supporting water utilities, and 2F Water Venture, a company that in the Integrated Water Service sector implements innovative solutions in the detection of leaks in water networks, which was finalized in July 2023 and saw the transfer of 60 percent of both companies to the Al maviva Group.

The aforementioned acquisition, which took place consistently with the planned growth on specific business verticals, in addition to outlining the consolidation of the value proposition in the world of water utilities, with the completion of the value chain and with an end-to-end solution offering with full control of the entire supply chain, sanctions the affirmation of the Al maviva Group as a market leader in the management of a critical asset of the Country System and in the active construction of a more sustainable future that is attentive to ESG parameters.

Regarding the Transportation sector, there is evidence of continued growth globally, supported by innovation related to smart technologies and platforms that leverage IoT to enable the adoption of new mobility paradigms, improve the safety and resilience of infrastructures and optimize operational efficiency. Relevant Worldwide investments in ESG and, in the domestic market, PNRR-related initiatives emerge in this context.

With regard to the provision of outsourcing activities for the Ferrovie dello Stato Group (FSI), downstream of the transition activities resulting from the award to Al maviva (in RTI with other major players) of Tenders 1, 2 and 5, the new contracts come into full swing, with an expected increase in "on demand" activities.

With regard to the local market, commercial, partnership and investment actions continue aimed at taking full advantage of the opportunities offered by the PNRR and Complementary Funds, to which Al maviva's offer allows, thanks to its products, to provide effective and rapid answers to problems in the areas of Smart Cities, Smart Mobility and Critical Infrastructure Monitoring (although institutional difficulties still emerge in having adequate contractual tools).

In 2024, the WMATA Project continues through the passing of major gate reviews of the Design phase. Contract negotiations are underway in both the U.S. and Canada. This growth will be

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

supported by further strengthening the commercial structure with direct garrisons on the regions of greatest interest (Northeast Europe, Middle East, Brazil, USA).

Development of the MOOVA integrated proprietary platform and deployment of numerous innovation projects continues.

At present, Almoviva mobility systems and its own solutions are present in the Foreign Market, particularly in Finland, UK, Greece, Saudi Arabia, Switzerland, USA but also in Qatar, UAE, Egypt, Oman, Bahrain.

In the Finance market, the process of consolidation of the main banking groups continues, a process which leads to a greater concentration of investments on the aggregating banks.

The study of the business plans of the main Italian banking groups identified the common priority of investment in projects for the transformation of Core Banking procedures. In order to strengthen its position, ReActive initiated an investment and training plan that would allow it to maintain a leading role in the development of transformation projects from the Host world to the new Cloud architectures.

Specifically, we have initiated the development of the Re#Axelerate platform, which, by combining elements in the fields of technology and consulting, is able to support companies in addressing two key problems of transformation projects: knowledge recovery and cost reduction of new application development.

Knowledge retrieval/procedure documentation is the top priority of all transformation projects, and the quality and completeness of documentation has a major influence on both transformation strategy and project risk.

The most innovative technologies are employed in the development of Re#Axelarate, which include the use of advanced generative IAI solutions.

In terms of international development, in addition to the aforementioned initiatives in the transport sphere, developments continue in the European Union ("EU") public administration sphere, through the subsidiary Almoviva de Belgique. In this regard, we would like to highlight the recent awards of the DIMOS VI contract (2024-2027), a 5-year framework agreement tendered by the Directorate General Budget for the provision of experts to all DGs of the European Commission and the 50 related Agencies distributed throughout Europe; and the EXTRA contract tendered by EULisa (2024-2028) for the provision of operational management and technical assistance services in the area of freedom, security and justice of the European Union (with Almoviva de Belgique leading the winning consortium); EMA-European Medicines Agency for the provision of services for the development, implementation and maintenance of EMA systems, with particular reference to pharmacovigilance, clinical trials, business intelligence and data warehouse.

In line with international development objectives in the IT sector, on April 4, 2024, the acquisition of 51% of the share capital of Magna Sistemas Consultoria S.A. and its 100% subsidiary Pyxisinfo Tecnologia Ltda, was completed. Magna is a Brazilian services company that provides innovative solutions based on different technologies, with 26 years of history on the market. It is headquartered in São Paulo, with two branches (Rio de Janeiro and Brasilia) and more than 1,200 employees and operates nationwide, providing customized solutions for public and private clients.

The transaction, financed mainly by Almoviva and Simest, a company of Cassa Depositi e Prestiti Group that supports the internationalization of Italian companies, takes place through the creation of a NewCo proportionally owned by Almoviva and Simest, Brita S.A., and with the support of a medium-long term loan from Bper Corporate & Investment Banking. The acquired companies have a solid cash position.

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

At the same time as the acquisition, Magna was renamed Al maviva Solutions.

The acquisition is part of the growth strategy adopted by Al maviva, which expands its development in Information Technology, ensuring further geographic diversification of its business and the possibility of accelerating the export of its distinctive know-how, solutions and proprietary products, particularly in the areas of transportation, logistics, smart water management, and defense, strengthening the Al maviva Group's positioning as a global leader in the IT sector.

Within Al maviva Contact, the balance sheet for the first half of 2024 saw the company's focus on Market Research activities. The workforce as of June 30, 2024 stood at 514 resources with a reduction of 16.2 percent compared to the workforce as of 12/31/2023. Of the 99 resources, 82 left the company thanks to the redundancy incentive plan defined according to the framework agreement signed on Dec. 19, 2023 at the Ministry of Enterprise and Made in Italy and in the presence of the Ministry of Labor and Social Policies, local representatives, ANPAL Servizi and the OO.SS.

In addition to the incentive redundancy plan, under this agreement, in the first half of the year:

- Al maviva Contact signed the agreement for access to the Layoff Benefits Fund for termination for the entire company population except for the Market Research segment until September 2024

- ANPAL Servizi and the Regions involved have started the active policy plan for outplacement and possible skills adjustment of Al maviva Contact workers

Working tables are underway to define the continuation of the shock absorber as already provided for in the above-mentioned agreement.

As for the subsidiary Al maviva Services, the workforce as of June 30 stood at 30 resources with a reduction of 13 resources equal to 30.2% compared to the workforce as of 12/31/2023 (43 resources). Steps are being taken to start the liquidation phase of the company.

As for the DRM International sector, the evolution of the group's positioning towards differentiation and value enhancement continues.

This path, enabled thanks to major investments in technology (including the latest Al maviva proprietary platforms) and a high level of resource training, leverages a focus on activities and markets with greater specialization and a service evolution that increasingly differentiates itself from commodity-type activities toward an offering of services and products with high added value for the customer and the end user.

This evolution of positioning, also summarized by the change of name of the company Al maviva do Brasil to Al maviva Experience, allows the group to maintain a high level of differentiation and a marginality above the market.

In the first half of 2024, multiple technological and product evolutions were followed up in the proprietary AIWave platform - with several major releases such as "Discovery Experience" and Conversation Studio" - as well as the AI project called Velvet, announced at the end of April 2024, for the development - with the CINECA supercomputing infrastructure - of a Large Language Model on its own architecture, allocating substantial operating resources consistent with the project set up and aimed at consolidating the positioning on a European scale.

There is also evidence of an increase in business in international markets, supported by the implementation of a progressive focus on AI solutions across borders. In detail, revenues realized abroad reached 25 percent of the total, expressing a growth of 50 percent compared to the previous year. Consequently, we emphasize the growth of the component of revenues from proprietary products and related project services-which represents the company's prevailing and

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

strategic focus of action-whose growth stands at 10% YoY and whose incidence on total revenues reached 69%.

Also worth highlighting, again in the area of developing proprietary technologies and solutions, are the new partnerships signed with leading national and international entities. In particular, a strategic agreement was finalized with DITECFER, the District for Railway Technologies, High Speed and Network Safety, which groups more than fifty Italian companies and research organizations to date, for the application of Artificial Intelligence in the railway industrial supply chain.

During the first half of the year, the segment also confirmed its vocation as an Italian reality oriented to the implementation of practices and objectives in the ESG (Environmental, Social, Governance) sphere, being among the first players in Europe to certify the use of Artificial Intelligence in the Medical Device area, achieving prestigious certifications in the Healthcare sphere issued by the DNV certifying body.

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

2.2 Basis of consolidation

The Interim 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.

Consolidation criteria adopted for the draw up of the Unaudited Interim Condensed Consolidated Financial Statements comply with those used for the draw up of the consolidated financial statements as at December 31, 2023.

Consolidation Area

The companies consolidated at June 30, 2024 are listed below. Compared to the consolidated financial statements as at December 31, 2023, consolidation area has changed or has had a dilution of share:

- On January 12, 2024, the establishment of the SIDIF Consortium between Almagiva S.p.A. and the companies Telecom Italia S.p.A., Lutech Advanced Solutions S.p.A. and Fincantieri Next S.p.A., was completed, for the coordination of the digitalisation activities of the Ministry of Defense and the development, modernisation, adaptation and maintenance of the online communication systems of the Ministry of Defense and the Armed Forces. Almagiva S.p.A. holds a 60% stake in the Consortium;
- On April 10, 2024, Brita S.A. finalized the acquisition of 51% of the share capital of Magna Sistemas Consultoria S.A. (whose name was contextually changed to "Almagiva Solutions S.A."), a Brazilian services company based in São Paulo that provides innovative solutions based on various technologies and operates nationwide providing customized solutions for public and private clients. Almagiva Solutions S.A., in turn, wholly owns the share capital of Pyxisinfo Tecnologia LTDA;
- On 30 April 2024, the liquidation procedure of Almagiva Digital España ended with the dissolution of the company, which had been initiated during the period.

Compared to the consolidated financial statements as of December 31, 2023, therefore, the scope of consolidation has changed due to the entry of the SIDIF Consortium and Almagiva Solutions S.A. (formerly Magna Sistemas Consultoria S.A.) and the exit of Almagiva Digital España.

The following table shows the share held as of June 30, 2024, compared to the period ended as of December 31, 2023 and June 30, 2023, of the companies consolidated using the full method:

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

Company	Location	Currency	% share in ownership capital	% Group ownership	% share in ownership capital	% Group ownership	% share in ownership capital	% Group ownership
			at June 30, 2024	at June 30, 2024	at Dec 31, 2023	at Dec 31, 2023	at June 30, 2023	at June 30, 2023
Almaviva S.p.A.	Rome, Italy	EUR	Parent	Parent	Parent	Parent	Parent	Parent
Lombardia Gestione S.r.l.	Milan, Italy	EUR	51.00	51.00	51.00	51.00	51.00	51.00
Almaviva de Belgique S.A.	Brussels, Belgium	EUR	100.00	100.00	100.00	100.00	100.00	100.00
Almaviva Digitaltec S.r.l.	Naples, Italy	EUR	100.00	100.00	100.00	100.00	100.00	100.00
Wave S.r.l.	Pianoro, Italy	EUR	100.00	100.00	100.00	100.00	100.00	100.00
Sadel S.p.A.	Castel Maggiore, Italy	EUR	93.43	93.43	84.05	84.05	84.05	84.05
Wedoo Holding S.r.l.	Rome, Italy	EUR	55.00	55.00	55.00	55.00	55.00	55.00
Wedoo S.r.l.	Torino, Italy	EUR	55.00	55.00	55.00	55.00	55.00	55.00
Wedoo L.L.C.	Michigan, U.S.	USD	55.00	55.00	55.00	55.00	55.00	55.00
Data Jam S.r.l.	Naples, Italy	EUR	80.00	80.00	80.00	80.00	80.00	80.00
Almaviva Saudi Arabia L.L.C.	Riyad, Saudi Arabia	Saudi Riyal	100.00	100.00	100.00	100.00	100.00	100.00
Almaviva EAU Limited	Abu Dhabi, UAE	UAE Dirham	100.00	100.00	100.00	100.00	100.00	100.00
Almaviva Egypt L.L.C.	Cairo, Egypt	Egyptian Pound	100.00	100.00	100.00	100.00	100.00	100.00
Reactive S.r.l.	Milan, Italy	EUR	100.00	100.00	100.00	100.00	100.00	100.00
Kline S.r.l.	Milan, Italy	EUR	70.00	70.00	70.00	70.00	70.00	70.00
Almaviva Digital España	Madrid, Spain	EUR	-	-	100.00	100.00	100.00	100.00
Almaviva Republica Dominicana S.r.l.	Santo Domingo, Dominican Republic	Dominican Peso	100.00	100.00	100.00	100.00	100.00	100.00
Almaviva Russia L.L.C.	Moscow, Russia	Ruble	57.14	57.14	57.14	57.14	57.14	57.14
Tecnav Transport Division S.r.l.	Trezzano sul Naviglio, Italy	EUR	100.00	100.00	100.00	100.00	100.00	100.00
Almaviva Finland Oy	Helsinki, Finland	EUR	100.00	100.00	100.00	100.00	100.00	100.00
Almaviva USA Corp.	New York City, U.S.	USD	100.00	100.00	100.00	100.00	100.00	100.00
2F Water Venture S.r.l. Soc. Benefit	Padova, Italy	EUR	60.00	60.00	60.00	60.00	-	-
B.M. Tecnol. Indust. S.p.A. Soc.Benefit	Padova, Italy	EUR	60.00	60.00	60.00	60.00	-	-
Brita S.A.	Sao Paolo, Brazil	Brazilian Real	76.70	76.70	100.00	100.00	-	-
Almaviva Solutions (ex Magna) S.A.	Sao Paolo, Brazil	Brazilian Real	51.00	39.11	-	-	-	-
Pyxisinfo Ltda	Sao Paolo, Brazil	Brazilian Real	100.00	39.11	-	-	-	-
Consorzio Sidif	Rome, Italy	EUR	60.00	60.00	-	-	-	-
Almaviva Contact S.p.A.	Rome, Italy	EUR	100.00	100.00	100.00	100.00	100.00	100.00
Almaviva Experience (ex AV do Brasil) S.A.	Sao Paolo, Brazil	Brazilian Real	100.00	100.00	100.00	100.00	99.58	99.58
CRC Central de Recup de creditos	Sao Paolo, Brazil	Brazilian Real	100.00	100.00	100.00	100.00	99.58	99.58
CRC Digital	Sao Paolo, Brazil	Brazilian Real	100.00	100.00	100.00	100.00	99.58	99.58
Almacontact S.A.S.	Bogotá, Columbia	Colombian Peso	100.00	100.00	100.00	100.00	99.58	99.58
Italy Call S.r.l.	Rome, Italy	EUR	100.00	100.00	100.00	100.00	100.00	100.00
Almaviva Tunisie S.A.	Ville Tunis, Tunisie	Tunisian Dinar	56.25	56.25	56.25	56.25	56.25	56.25
Almaviva Services S.r.l.	Iasi, Romania	Romanian Leu	100.00	100.00	100.00	100.00	100.00	100.00
Almawave S.p.A.	Rome, Italy	EUR	65.11	65.11	65.11	65.11	66.01	66.01
Almawave do Brasil Ltda.	Sao Paolo, Brazil	Brazilian Real	100.00	65.11	100.00	65.11	100.00	66.01
Pervoice S.p.A.	Trento, Italy	EUR	-	-	-	-	100.00	66.01
Almawave USA Inc.	San Francisco, U.S.	USD	100.00	65.11	100.00	65.11	100.00	66.01
OBDA Systems S.r.l.	Rome, Italy	EUR	60.00	39.07	60.00	39.07	60.00	39.61
The Data Appeal S.p.A.	Florence, Italy	EUR	100.00	65.11	100.00	65.11	66.01	66.01
Mabrian Technologies S.I.	Barcelona, Spain	EUR	70.00	45.58	70.00	45.58	-	-
Sistemi Territoriali S.r.l.	Cascina, Italy	EUR	100.00	65.11	100.00	65.11	66.01	66.01
Agrisian S.C.p.A. in liquidazione	Rome, Italy	EUR	50.86	50.86	50.86	50.86	50.86	50.86

The following table shows the share held as of June 30, 2024, compared to the period ended as of December 31, 2023 and June 30, 2023, of the companies consolidated using the equity method:

Company	Location	Currency	% share in ownership capital	% Group ownership	% share in ownership capital	% Group ownership	% share in ownership capital	% Group ownership
			at June 30, 2024	at June 30, 2024	at Dec 31, 2023	at Dec 31, 2023	at June 30, 2023	at June 30, 2023
CCID-Almaviva Inform.Technol.Co.Ltd.	Shanghai, People's Republic of China	Chinese Yuan	50.00	50.00	50.00	50.00	50.00	50.00
Consorzio Hypertix in liquidazione	Rome, Italy	EUR	49.99	49.99	49.99	49.99	49.99	49.99
TVeyes L.T. S.r.l.	Trento, Italy	EUR	20.00	20.00	20.00	20.00	20.00	20.00
Diversity Tech S.r.l.	Padova, Italy	EUR	48.00	48.00	48.00	48.00	-	-
PNT Italia S.r.l.	Rome, Italy	EUR	40.00	40.00	40.00	40.00	40.00	40.00

In Note n. 9 shows more details of the investments valued using the equity method.

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 nine months period ended as of June 30, 2024.

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting policies and measurement criteria

The accounting standards adopted for the draw up of the Unaudited Interim Condensed Consolidated Financial Statements comply with those used for the draw up of the consolidated financial statements as at December 31, 2023, except for the adoption of the new standards, amendments and interpretations in force from January 1st, 2024.

The group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force.

Several amendments apply for the first time in 2024, but do not have an impact on the unaudited interim condensed consolidated financial statements of the Group.

3.2 New standards, interpretations and amendments adopted by the Group

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments.

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

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

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

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deterred right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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

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

4. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT

The preparation of the Unaudited 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.

There are no changes in relation to the identification of issues of particular significance that require significant estimates by management compared to those reported in the 2023 Consolidated Financial Statements.

Management judgement mainly refers to aspects such as:

- the evaluation of existence of control, joint control or significant influence over group entities, as further described in paragraph 2.2 above;
- the evaluation of the useful lives of Intangible assets and Property, plant and equipment, as further described in paragraph 3.1 above;
- evaluation of the capitalization of development costs;
- the determination of the lease term for contracts that contain extension options and in which the Group operates as lessee;
- the definition of the Group's Operating and reportable segments that are relevant to the business and reflect the regular review process in terms of operating results performed by the entity's chief operating decision maker to make decisions about resources to be allocated to segments and assess their performance, as further described in Note 5 below;
- the identification of Cash Generating Units (CGU) as groups of minor assets that generate cash flows and to which goodwill is also assigned; the Group has identified the Wedoo, 2F Water Venture, BM Tecnologie Industriali, Kline, Reactive, Wave, Tecna and Almaviva Solutions S.A. (ex Magna Sistemas) CGUs associated to the IT Services segment; the Almaviva Do Brasil and CRC Central de Recuperacao de creditos CGUs associated to the DRM International segment and the Almaxwave, The Data Appeal Company, Sistemi Territoriali and Mabrian CGUs associated to the Almaxwave New technology segment.
- the recognition of public grants and other activities;
- the recoverability of deferred-tax assets;
- the number of shares to be assigned to employees included in the Stock Grant Plan and the related fair value; this topic is dealt with in more detail in Note 33.

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

Capitalization of development costs

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

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

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

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

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

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

Identification of cash-generating units (CGUs)

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

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

As a result of this process, the following CGUs were identified where goodwill was allocated: Wedoo, 2F Water Venture, BM Tecnologie Industriali, Kline, Reactive, Wave, Tecna, Almagora, Almagora Do Brasil, CRC Central de Recuperacao de creditos, Almagora, The Data Appeal Company, Sistemi Territoriali, Mabrian and Almagora Solutions S.A. (ex Magna Sistemas).

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

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

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

Use of estimates and assumptions

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

Revenue from contracts with customers

The Group concluded that revenues related to services rendered in IT business have to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group. The same conclusion has been reached for main contract in CRM business. The Group determined that the input method is the best method in measuring the progress of the installation services because there is a direct relationship between the Group's effort (i.e., labor hours incurred) and the transfer of service to the customer. In other circumstances, the Group considered more correct to use the method based on the outputs as a suitable criterion for measuring the progress of the services provided by the Group. In this last case, the determination of the function points shared with the customer constitutes the basis for the recognition of revenues.

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

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

Provision for expected credit losses of trade receivables and contract assets

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

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

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

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

in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Notes 14 and 15.

Recoverability of non-current assets

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

Provisions for risks

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

Pension plans

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

Determination of the fair value of financial instruments

The fair value of financial instruments is determined based on 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 counterparty (Credit Valuation Adjustment or CVA) and its own credit risk (Debit Valuation Adjustment or DVA), in order to be able to adjust the fair value of the derivatives for the corresponding measurement of the counterparty risk, by applying the methodology reported in the section "Information on fair value measurements". Variations in the assumptions made in estimating the input data could impact the fair value recognised in the financial statements for these instruments.

Recovery of deferred-tax assets

As at June 30, 2024, the Unaudited Interim Condensed Consolidated Financial Statements include deferred taxes, connected to the recognition of tax losses that can be used in future years and income components subject to deferred deductibility of taxes, for an amount whose recovery in future years is considered highly likely by the directors. The recoverability of the aforementioned prepaid taxes is subject to the achievement of sufficient future taxable income to absorb the aforementioned tax losses and for the use of the benefits of other deferred tax assets. Significant management judgments are required in order to determine the amount of prepaid taxes that can be recognized 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 recognized, the

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

consequent adjustment will be booked to the income statement in the year in which said circumstance is verified.

Please refer to paragraph 3.1 "Accounting policy and measurement criteria" above, for more details on each relevant financial item included in each category of estimates. Verification of the recoverability of deferred tax assets in the interim consolidated financial statements at June 30, 2024 was carried out on the current 2024-2028 Business Plan approved by the Board of Directors.

5. OPERATING AND REPORTABLE SEGMENTS

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

The operating segments identification process is made:

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

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

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

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

- a. IT Services, provide ICT and Cloud Computing solutions, includes the following companies: Almaxviva, Lombardia Gestione, Almaxviva de Belgique, Agrisian, Almaxviva Digitaltec, Sadel, Wave, Wedoo Holding, Wedoo S.r.l., Wedoo LLC, Data Jam S.r.l. (already Spin Data S.r.l.), Almaxviva Saudi Arabia for information Technology LLC, Almaxviva Egypt LLC, Kline S.r.l., Almaxviva Republica Dominicana S.r.l., Reactive S.r.l., Almaxviva Russia LLC, Almaxviva Finland Oy, Tecnav Transport Division S.r.l., Almaxviva USA Corp., Almaxviva EAU Limited., BM Technologie Industriali S.p.A., 2F Water Venture S.r.l., Brita S.A., SIDIF Consortium, Almaxviva Solutions S.A. (ex Magna Sistemas Consultoria SA) and Pyxisinfo Tecnologia Ltda.;
- b. DRM International (ex CRM International), provides Contact Center and other services in South America and in Africa, includes the following companies: Almaxviva do Brasil, Almacontact, Almaxviva Tunisie, Central De Recuperacao De Créditos Ltda and CRC Digital Ltda.;
- c. Almaxwave – 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: Almaxwave, Almaxwave do Brasil,

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

Almawave USA Inc, OBDA Systems S.r.l., The Data Appeal Company S.p.A., Sistemi territoriali S.r.l. and Mabrian Technologies S.L.

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

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

For the six months ended June 30, 2024

<i>(in thousands of Euro)</i>	IT Services	DRM International (ex CRM International)	Almawave New Technology	Adjustments, eliminations and other	Total Segments	Others	Adjustments, eliminations and other	Consolidated
Revenue								
Revenues from contracts with customers	415,912	155,120	17,990	0	589,022	758	0	589,780
Inter-segment	1,374	81	5,539	(6,874)	120	0	(120)	0
Total revenues from contracts with customers	417,286	155,201	23,529	(6,874)	589,142	758	(120)	589,780
Income/(Expenses)								
Cost of raw materials and services	(186,066)	(41,257)	(10,943)	7,464	(230,802)	(1,213)	141	(231,874)
Personnel expenses	(168,339)	(85,074)	(8,971)	120	(262,264)	(3,498)	55	(265,707)
Other operating income	24,646	26	1,893	(945)	25,620	349	(93)	25,876
Other operating expenses	(6,358)	(5)	(77)	234	(6,205)	(1,951)	17	(8,140)
Earning before interests, taxes, depreciation and amortization (EBITDA)	81,169	28,891	5,431	(0)	115,491	(5,556)	0	109,935
% Revenue	19.5%	18.6%	23.1%	n.d.	19.6%	n.d.	n.d.	18.6%
Depreciation and amortization and write-downs	(13,862)	(9,938)	(2,833)	0	(26,633)	(297)	0	(26,930)
Losses from sale of non-current assets	(12)	0	0	0	(12)	(13)	0	(25)
Operating Profit	67,295	18,953	2,598	(0)	88,846	(5,866)	0	82,980
% Revenue	16.1%	12.2%	11.0%	n.d.	15.1%	n.d.	n.d.	14.1%
At June 30, 2024								
Total assets	1,246,029	290,349	117,086	(109,955)	1,543,509	110,983	(300,531)	1,353,961
Total liabilities	494,229	66,996	43,090	(23,015)	581,300	30,912	(26,005)	586,208

For the six months ended June 30, 2023

<i>(in thousands of Euro)</i>	IT Services	DRM International (ex CRM International)	Almawave New Technology	Adjustments, eliminations and other	Total Segments	Others	Adjustments, eliminations and other	Consolidated
Revenue								
Revenues from contracts with customers	379,646	146,155	23,397	0	549,197	3,311	0	552,508
Inter-segment	1,317	71	4,280	(5,425)	243	1,422	(1,665)	0
Total revenues from contracts with customers	380,963	146,226	27,677	(5,425)	549,440	4,733	(1,665)	552,508
Income/(Expenses)								
Cost of raw materials and services	(179,988)	(39,600)	(11,717)	6,238	(225,067)	(2,683)	2,065	(225,684)
Personnel expenses	(140,426)	(80,515)	(10,575)	96	(231,420)	(6,024)	74	(237,370)
Other operating income	10,693	154	1,320	(734)	11,434	810	(552)	11,692
Other operating expenses	(7,409)	0	(139)	117	(7,430)	(440)	78	(7,793)
Earning before interests, taxes, depreciation and amortization (EBITDA)	63,833	26,265	6,566	293	96,957	(3,604)	(0)	93,353
% Revenue	16.8%	18.0%	23.7%	n.d.	17.6%	n.d.	n.d.	16.9%
Depreciation and amortization and write-downs	(12,789)	(9,353)	(2,296)	0	(24,439)	(578)	0	(25,017)
Losses from sale of non-current assets	231	0	25	0	256	100	0	356
Operating Profit	51,274	16,911	4,295	293	72,773	(4,081)	(0)	68,692
% Revenue	13.5%	11.6%	15.5%	n.d.	13.2%	n.d.	n.d.	12.4%
At December 31, 2023								
Total assets	1,186,282	286,012	116,403	(106,868)	1,481,829	118,070	(298,477)	1,301,422
Total liabilities	533,650	61,518	42,971	(22,877)	615,262	33,466	(30,921)	617,808

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

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

	For the six months ended June 30,	
<i>(in thousands of Euro)</i>	2024	2023
Segment profit	82,980	68,692
Finance income	3,556	2,445
Finance costs	(17,795)	(16,554)
Exchange gains/(losses)	(268)	(117)
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	82	2
Profit/(loss) before taxes	68,555	54,468
Reconciliation of Total assets		
<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Segment operating assets	1,353,961	1,301,422
Deferred tax assets	23,967	24,591
Current financial assets	5,206	3,801
Non-current financial assets	1,442	2,016
Total assets	1,384,575	1,331,831
Reconciliation of Total liabilities		
<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Segment operating liabilities	586,208	617,808
Non-current financial liabilities	469,230	395,940
Current financial liabilities	18,810	20,661
Current tax liabilities	31,839	33,088
Deferred tax liabilities	4,521	4,910
Total liabilities	1,110,608	1,072,407

The following table shows a breakdown of Group's revenues for geographic areas as at June 30, 2024:

<i>€/000</i>	At June 30, 2024	%
Italy	388,123	66%
Foreign countries	201,657	34%
<i>of which Latam</i>	176,383	
<i>of which other countries (*)</i>	25,275	
Total revenues	589,780	100%

(*) as Belgium, United Kingdom, Luxemburg, Saudi Arabia, Spain, USA, Netherland, EAU, France and Egypt

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

6. SIGNIFICANT TRANSACTIONS IN THE PERIOD

During these first six months of 2024, the purchase price allocation (PPA) process related the business combinations, which as at December 31, 2023 had been presented using the provisional method, continues. Regarding to the M&A transactions of BM Tecnologie Industriali S.p.A., 2F Water Venture S.r.l. and Mabrian Technologies S.L., no adjustments emerged at the period ended June 30, 2024, compared to the provisional allocation to goodwill already presented as at December 31, 2023.

On April 10, 2024, Brita S.A. finalized the acquisition of 51% of the share capital of Magna Sistemas Consultoria S.A. (whose name was concurrently changed to "Almaviva Solutions S.A."), a Brazilian services company based in São Paulo that provides innovative solutions based on various technologies and operates nationwide providing customized solutions for public and private clients. Almaviva Solutions S.A., in turn, wholly owns the share capital of Pyxisinfo Tecnologia LTDA.

The fair values of the assets acquired and liabilities assumed of Almaviva Solutions S.A. (formerly Magna Sistemas Consultoria S.A.) are shown below:

ALMAVIVA SOLUTIONS (ex Magna SA)	
Fair value on the acquisition date	
ASSETS	
<i>(in thousand of Euro)</i>	
NON-CURRENT ASSETS	
<i>Property, plant and equipment</i>	1,416
<i>Intangible assets</i>	113
<i>Investments</i>	2,326
<i>Non-current financial assets</i>	-
<i>Deferred tax assets</i>	-
<i>Other non-current assets</i>	-
TOTAL NON-CURRENT ASSETS	4,438
CURRENT ASSETS	
<i>Inventories and amount due from customers</i>	-
<i>Trade receivables</i>	15,739
<i>Other current assets</i>	4,287
<i>Cash and cash equivalents</i>	8,825
TOTAL CURRENT ASSETS	28,851
TOTAL ASSETS	33,289
NON-CURRENT LIABILITIES	
<i>Non-current liabilities for employee benefits</i>	-
<i>Non-current financial liabilities</i>	582
TOTAL NON-CURRENT LIABILITIES	582
CURRENT LIABILITIES	
<i>Current provisions</i>	35
<i>Trade payables</i>	5,900
<i>Current financial liabilities</i>	716
<i>Current tax liabilities</i>	910
<i>Other current liabilities</i>	5,232
TOTAL CURRENT LIABILITIES	12,793
TOTAL LIABILITIES	13,375
<i>Transferred and deferred considerations</i>	105,826
<i>Fair value of net assets</i>	19,913
Goodwill	85,913
<i>Cash and cash equivalents acquired</i>	8,825
<i>Consideration paid</i>	(55,499)
Net acquired cash flow	(46,674)

In connection with this M&A transaction, the process of allocating the purchase price (PPA) to the fair values of the assets acquired and liabilities assumed is to be considered as still being carried out on a provisional basis and will be completed in line with the timelines granted by the

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

relevant accounting standard. In addition, there are no uncertainties regarding the full collectability of trade receivables.

7. INTANGIBLE ASSETS

The intangible assets of the Group amount to Euro 301,232 thousand (Euro 208,885 thousand at the previous year) and are broken down as follows:

<i>(in thousands of Euro)</i>	Goodwill	Industrial patent and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets	Assets under construction	Total
At January 1, 2024	87,153	51,062	11,834	30,593	28,244	208,885
Change in consolidation area	0	112	0	0	0	112
Investments and new acquisition	85,913	5,640	110	518	1,371	93,552
Capitalisation for internal projects	0	1,032	0	602	14,535	16,169
Amortization	0	(5,918)	(546)	(6,865)	0	(13,329)
Disposals	0	(19)	0	0	0	(19)
Reclassifications and other	0	7,920	0	16,095	(24,158)	(143)
Foreign exchange differences	(658)	(2,316)	(1,027)	5	0	(3,996)
At June 30, 2024	172,408	57,513	10,371	40,948	19,992	301,232

The Group's investments as at June 30, 2024, including new acquisitions, amounted to Euro 93,552 thousand and mainly refer to "Goodwill" provisionally recognized as a result of the business combination completed during the period.

The Group also made further investments in the reference period, through capitalization for internal work, for a total of Euro 16,169 thousand referring to costs incurred mainly in the context of the creation and internal development of assets (software, IT applications) also used in the creation and management of the services offered in the operating segments in which the Group operates. The aforementioned capitalizations refer to the IT Services and Almaxwave - New Technology segments.

During the period, part of the investments made in previous years was completed and therefore reclassified in the respective categories of reference, including - for an amount of Euro 16,095 thousand - in the item "Other intangible fixed assets", which mainly includes costs related to software products incurred to make changes to products used within the scope of contracts in progress during the period and amounts to a total of Euro 40,948 thousand and - for an amount of Euro 7,920 thousand - in the item "Industrial patent and intellectual property rights", which, at year-end, amounted to a total of Euro 57,513 thousand and which highlights the Group's endowment of internally developed software tools and applications and for evolutionary maintenance performed on them. In relation to these assets, the Group periodically and at the balance sheet date performs an analysis to ascertain their recoverable value with respect to their carrying value on the basis of the expected future economic benefits associated with them (active contracts in the portfolio and planned acquisitions). Moreover, the economic performance of the period ended June 30, 2024, did not highlight any impairment indicators such as to formulate specific reflections on the recoverability of the aforementioned values.

The amortization of the period on intangible assets amounts to Euro 13,329 thousand. Regarding the main amortization ratios adopted as of June 30, 2024, in line with those already adopted in the previous year, since they are still considered representative of the techno-economic life of intangible assets and are included in the following ranges, please refer to Note 3 in the Accounting Principles used by the Group.

The exchange rate differences equal to negative Euro 3,996 thousand are due to the translation of the financial statements of companies operating in areas other than the Euro and mainly concern companies that prepare financial statements in Brazilian reais.

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

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

(in thousand of Euro)

CGU	Segment	At January 1, 2024	Exchange differences	Additions	Disposals, reclassifications and other	At June 30, 2024
Wedoo	IT Services - IT	630				630
2F water Venture	IT Services - IT	2,145				2,145
BM Tecnologie Industriali	IT Services - IT	12,646				12,646
Almaviva Solutions (ex Magna)	IT Services - IT	-		85,913		85,913
Kline	IT Services - Finance	784				784
Reactive	IT Services - Finance	745				745
Wave	IT Services - Transportation	5,121				5,121
Tecnav	IT Services - Transportation	2,820				2,820
Almaviva do Brasil	DRM International	31,753	(658)			31,095
CRC Central de Recup de creditos	DRM International	6,446				6,446
Almawave	Almawave - New Technology	512				512
The Data Appeal Company	Almawave - New Technology	16,037				16,037
Sistemi Territoriali	Almawave - New Technology	2,677				2,677
Mabrian	Almawave - New Technology	4,837				4,837
Total		87,153	(658)	85,913	-	172,408

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

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

Regarding to the recoverability of the value of the Intangible Assets recognized as at June 30, 2024, as better indicated in the previous Note 1.1, in these first three months of the current financial year, as there are no impairment indicators, the Directors did not consider necessary to proceed with the preparation of specific impairment tests.

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

8. PROPERTY, PLANT AND EQUIPMENT

The tangible assets of the Almoviva Group, owned and leased, amount to Euro 84,472 thousand (Euro 90,419 thousand at the previous year) and are broken down as follows:

<i>(in thousands of Euro)</i>	Land and buildings	Plant and machinery owned and leased	Industrial and commercial equipment owned and leased	Other assets owned and leased	ROU Asset	Assets under construction and payments on account	Total
At January 1, 2024	5,303	18,685	4,709	24,325	37,392	5	90,419
Change in consolidation area	0	440	0	808	174	0	1,422
Additions	0	2,037	86	2,374	7,029	305	11,831
Capitalisation for internal projects	0	0	0	0	0	142	142
Depreciation	(396)	(2,331)	(374)	(3,040)	(7,460)	0	(13,601)
Disposals	0	(1)	(5)	(54)	(1,680)	0	(1,740)
Reclassifications and other	0	127	39	(76)	30	(126)	(6)
Foreign exchange differences	0	(1,567)	0	(1,244)	(1,184)	0	(3,995)
Historical cost	19,400	231,603	11,986	175,500	69,824	326	508,639
Accumulated amortization	(14,493)	(214,213)	(7,531)	(152,407)	(35,523)	0	(424,167)
At June 30, 2024	4,907	17,390	4,455	23,093	34,301	326	84,472

Investments are equal to Euro 11,831 thousand at June 30, 2024, of which those not relating to the application of IFRS 16 amounted to Euro 4,802 thousand; they mainly refer to the items "other assets" and "plant and machinery" for the acquisition of hardware, network and plant upgrades of the IT Services, DRM International operating segments and, to a lesser extent, the other sectors.

Depreciation amounts to Euro 13,601 thousand. Regarding the main amortization ratios adopted as of June 30, 2024, in line with those already adopted in the previous year, since they are still considered representative of the techno-economic life of tangible assets.

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

The exchange differences from the translation of the financial statements of companies operating with functional currencies other than the Euro of negative Euro 3,995 thousand mainly concern companies that prepare financial statements in Brazilian reais.

The Group presents a balance of the item "Land and buildings" equal to Euro 4,907 thousand relating to the building located in Rome, in via dello Scalo Prenestino, owned by IT Services segment.

The item of Rights of use on assets, i.e. the ROU (Right of Use) recorded in application of IFRS 16 and whose value at June 30, 2024 amounts to Euro 34,301 thousand, includes the rights of use on assets pursuant to contracts subject to the application of the IFRS 16 "Leasing" standard.

Fixed assets in progress show an increase equal to Euro 447 thousand, mainly referring to the IT Services segment.

Regarding the risk of recoverability of the value of Tangible Assets as at June 30, 2024, 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.

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

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
CCID – Al maviva Inform. Technol. Co. Ltd	117	117
Consorzio Hypertix in liquidation	99	99
TVEyes L.T. S.r.l.	30	29
PNT Italia S.r.l.	5,887	5,736
Diversity Tech S.r.l.	35	105
Total	6,168	6,086

The changes applying Equity Method are shown below:

<i>(in thousands of Euro)</i>	At December 31, 2023	Income Statement effect	Increases (Decreases)	At June 30, 2024
CCID – Al maviva Inform. Technol. Co. Ltd	117	0	0	117
Consorzio Hypertix in liquidation	99	0	0	99
TVEyes L.T. S.r.l.	29	1	0	30
PNT Italia S.r.l.	5,736	151	0	5,887
Diversity Tech S.r.l.	105	(70)	0	35
Total	6,086	82	0	6,168

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

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

As of June 30, 2024, there are no impairment indicators regarding the risk of recoverability of the investment.

10. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets of the Al maviva Group amount to Euro 1,442 thousand (Euro 2,016 thousand as at December 31, 2023) and are broken down as follows:

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Long-term loans	1,361	1,948
Others Equity investments	81	68
Non-current financial assets	1,442	2,016

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

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Amount failling due within 12 months	0	0
Amount failling due between 1-5 years	1,361	1,948
Non-current financial receivables	1,361	1,948

Non-current financial receivables, equal to Euro 1,361 thousand (Euro 1,948 thousand as at December 31, 2023) are all instrumental to operating activities and are mainly related to financial assets to Auselda for Euro 1,181 thousand.

At June 30, 2024, no impairment losses were recorded on the item in question.

11. DEFERRED TAX ASSETS

Deferred tax assets amount to Euro 23,967 thousand (Euro 24,591 thousand as at December 31, 2023) and are shown net of deferred tax liabilities, if they can be offset under the Italian and / or foreign reference regime, and have been allocated, within the limits of the values that it is expected to recover in future years based on the capacity of the expected taxable income, mainly in relation to temporary deductible differences (provisions for risks and other deferred charges) and in part residual in relation to previous tax losses.

As at 30 June 2024, the estimated future taxable income allows the utilisation of the deferred tax assets recognised.

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Deferred Tax Assets	23,967	24,591

Divided in:

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Italian subsidiaries	15,997	17,704
Foreign subsidiaries	7,970	6,887
Total Deferred Tax Assets	23,967	24,591

12. OTHER NON-CURRENT ASSETS

Other non-current assets amount to Euro 1,834 thousand as at June 30, 2024 compared to an amount of Euro 2,190 thousand as at December 31, 2023, as illustrated in the table below:

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Security deposits	976	1,048
Prepaid expenses	0	3
Other receivables	858	1,139
Other non-current assets	1,834	2,190

“Other receivables” mainly refers to non-current portion of receivables due from R&D projects which, by virtue of the applicable regulations, are compensable beyond 12 months.

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

13. INVENTORIES

Inventories of the Group are equal to Euro 22,816 thousand (Euro 21,712 thousand as at December 31, 2023) and are composed as follows:

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Raw materials (at cost)	6,503	5,730
Work in progress (at cost)	4,727	3,155
Finished goods (at lower of cost and net realizable value)	11,586	12,827
Total inventories at the lower of cost and net realizable value	22,816	21,712

During the period any expenses for inventories to carry them at net realizable value have not been accounted.

14. CONTRACT ASSETS

As at June 30, 2024, contract assets are equal to Euro 48,348 thousand (Euro 28,694 thousand as at December 31, 2023).

They increase by a total of Euro 19,654 thousand and refer to completed performance obligations to do so related to contracts entered into by the IT Services segment.

15. TRADE RECEIVABLES

As at June 30, 2024, trade receivables are equal to Euro 540,706 thousand (Euro 522,067 thousand as at December 31, 2023) with a decrease equal to Euro 18,639 thousand. The following table shows the aging of the gross amount of trade receivables, the receivables retained as a guarantee and the amount of the bad debt provision:

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Amount not yet due	454,201	442,877
Amount due by less than 30 days	25,911	31,509
Amount due between 30-60 days	10,470	10,074
Amount due between 61-90 days	3,807	5,269
Amount due between 91-120 days	4,259	4,038
Amount due by more than 120 days	64,894	51,133
Trade receivables, gross amount	563,542	544,900
Trade receivables, amount retained as a guarantee	3,529	3,521
Bad debt provision	(26,365)	(26,354)
Trade receivables	540,706	522,067

Trade receivables are exposed net of bad debt provision equal to Euro 26,365 thousand (Euro 26,354 thousand as at December 31, 2023).

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

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

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Balance at the beginning of the year	26,354	23,782
Provisions	5	2,570
Uses	0	0
Change in consolidation area	0	0
Other	6	2
Balance at the end of the year	26,365	26,354

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

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

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

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

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

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

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

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

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

It should be noted that Note 40 "Guarantees, commitments, risks and other information" provides additional information regarding the credit risk management policy adopted by the Group and the ageing of the receivables past due but not written down.

16. CURRENT FINANCIAL ASSETS

As at June 30, 2024, current financial assets amounted to Euro 5,206 thousand (Euro 3,801 thousand as at December 31, 2023). The amount mainly refers to Al maviva S.p.A. for Euro 4,126 thousand relating to financial receivables from one of the main customers linked to deferred payments with respect to the Company's services that have been granted to the aforementioned customer.

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

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Current financial assets	5,206	3,801

As regards the monetary movements of the period, it should be noted that: (i) as of June 30, 2024, they generated a cash absorption of Euro 492 thousand; (ii) as of June 30, 2023, they generated a cash increase of Euro 10,627 thousand.

17. OTHER CURRENT ASSETS

Other current assets amount to Euro 201,412 thousand as at June 30, 2024, compared to Euro 180,717 thousand as at December 31, 2023. The amount is composed as follow:

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Receivables due from personnel	4,702	4,653
Receivables due from social security institutions	2,161	4,902
Receivables due from tax authorities	75,457	59,153
Receivables related to tax consolidation	21,819	28,400
Prepaid expenses	28,662	17,814
Advances to suppliers	5,357	4,191
Sundry items	63,254	61,604
Other current assets	201,412	180,717

In particular, it should be noted that the item Receivables from social security institutions, equal to Euro 2,161 thousand, includes almost all receivables from INPS not yet collected relating mainly to:

- To the receivable from the INPS treasury in Al maviva S.p.A.;
- Cigs and Fis credits of Al maviva Contact.

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

Tax consolidation credits for Euro 21,819 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. There is also a debt position for Euro 28,660 thousand, as reported in Note 28.

Prepayments for Euro 28,662 thousand include future costs mainly related to IT Services segment.

Receivables from the tax authorities are divided into (i) credits for direct taxes Euro 8,965 thousand and (ii) receivables for indirect taxes equal to Euro 66,492 thousand relating mainly to Almoviva S.p.A., Almacontact and Almoviva Do Brasil. Regarding to the receivables of Almoviva S.p.A. for indirect taxes they refer mainly to the credit for the Group VAT for Euro 41,346 thousand. During the period, it should be noted that Euro 20,575 thousand, related to Group VAT, were collected.

Sundry items equal to Euro 63,254 thousand mainly refers to:

- Receivables related to DRM International segment for judicial deposits on ongoing disputes against employees as local legislation provides that to proceed with an appeal against an employee or ex-employee it is necessary to establish a deposit to cover the reimbursement to be paid in the event of defeat;
- Receivables due from the State and Public Authorities for projects financed and R&D projects equal to Euro 8,546 thousand;
- Receivables for reimbursements which refer mainly to 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 terms for lodge an appeal, against the rejection of the circuit court, at Supreme Court is pending. Group currently believes - also on the basis of the assessments made by their defense board - that they have valid arguments to be able to support their position and, consequently, to be able to subvert the outcome sentence. In consideration of these aspects, the receivable from the insurance company continues to be considered deriving from a contractual right and, at present, fully recoverable.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 146,972 thousand (Euro 240,652 thousand as at December 31, 2023) refers to credit balances at banks in existence as at June 30, 2024 and the amounts held at the Group treasuries. These voices are not subject to any restriction and are not foresee disinvestment costs.

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

19. SHAREHOLDERS' EQUITY

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Share capital	154,899	154,899
Share premium reserve	17,788	17,788
Legal reserve	21,900	19,104
Other reserves:		
<i>FTA reserve</i>	4,493	4,493
<i>OCI reserve</i>	2,965	3,726
<i>stock grant reserve</i>	9,291	9,291
<i>Translation reserve</i>	(54,340)	(38,372)
<i>Other reserves</i>	18,521	(29,376)
	(19,070)	(50,238)
Profit/(loss) for the year	43,685	81,989
Total group shareholders' equity	219,202	223,546
Reserves pertaining to NCIs:		
<i>Translation reserve</i>	(2,089)	(937)
<i>Other reserves</i>	53,159	32,065
	51,071	31,129
Profit/(loss) for the year pertaining to NCIs	3,696	4,749
Total non-controlling interests	54,766	35,878
Total Shareholders' equity	273,968	259,424

The total Shareholders' equity as at June 30, 2024 is equal to Euro 273,968 thousand (Euro 259,424 thousand as at December 31, 2023) showing an increase of Euro 14,544 thousand. This change in Equity of the Almagiva Group was affected by (i) the results for the period equal to Euro 47,381 thousand, (ii) the negative impact of about Euro 17,120 thousand relating to the trend of the Euro / Reais exchange rate on the Translation Reserve and Euro 12,967 thousand for dividend approved.

Share Capital

The Share capital as at June 30, 2024 amounted to Euro 154,899,065 and due to the collateral agreements signed concurrently with the conclusion of the loan agreement, in previous years, the amount was fully paid-in and consisted of:

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

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

ALMAVIVA S.P.A. AND SUBSIDIARIES

EXPLANATORY NOTES (continued)

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

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

For both 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 21,900 thousand as at June 30, 2024 and is increased by the prior year's profit allocation.

Share premium reserve

The Share premium reserve amounted to Euro 17,788 thousand as at June 30, 2024 and remained unchanged compared to December 31, 2023.

Stock Grant reserve

The stock grant reserve equal to Euro 9,291 thousand as at June 30, 2024, includes the fair value valuation at the same date regarding the Stock Grant Plan introduced by Almaxwave S.p.A. and Almaxviva S.p.A. during 2021. Please to refer to Note 32 for more details.

FTA reserve

The FTA reserve amounted to Euro 4,493 thousand as at June 30, 2024, as detailed below:

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

OCI reserve

The "OCI reserve" is equal to Euro 2,965 thousand as at June 30, 2024 (Euro 3,726 thousand as at December 31, 2023).

Translation reserve

The "Translation reserve" concerns the exchange differences from the translation to Euro of the financial statements of companies operating in non-Euro value.

As at June 30, 2024, it was a negative Euro 56,429 thousand (of which the Group's share was a negative Euro 54,340 thousand and the portion pertaining to non-controlling interests amounted to negative Euro 2,089 thousand).

Other reserves

The "Other reserves" is equal to negative Euro 18,521 and are represented by consolidation reserves and by undistributed profits or losses carried forward.

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

Non-controlling interests

The "non-controlling interests" are equal to Euro 54,766 thousand and refer to share capital, reserves, profit/loss of the year attributable to non-controlling interests, net of translation reserve.

Capital management

The Group's objectives in terms of capital management are the protection of business continuity, the creation of value for stakeholders and support for Group development. In particular, the Group aims to maintain an adequate level of capitalisation which makes it possible to achieve an economic return for shareholders, guarantee access to external sources of financing and satisfy investors. In this context, the Group manages its capital structure and makes adjustments to it, if rendered necessary by changes to economic conditions. Due to this, the Group constantly monitors the evolution of the level of indebtedness in relation to shareholders' equity, whose situation as at June 30, 2024 is summarised in the following table.

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Non current Net Financial Position	(469,230)	(395,940)
Current Net Financial Position	133,368	223,792
Non current financial receivables	1,442	2,016
Financial indebtedness ("Debt")	(334,420)	(170,132)
Total Group Shareholder Equity	219,202	223,546
Non Controlling Interests	54,766	35,878
Total Shareholders' Equity ("Equity")	273,968	259,424
Debt/Equity ratio	(1.22)	(0.66)

20. LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits equal to Euro 38,306 as at June 30, 2024 are reported below:

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Liabilities for employee benefits	38,306	39,285

The liability for employee severance indemnity, governed by Art. 2120 of the Italian Civil Code, includes the estimate of the obligation, determined based on 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.

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

Employee benefit provisions valued by applying actuarial techniques are analyzed as follows:

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Balance at the beginning of the year	39,285	39,672
Change of the consolidatement area	0	338
Service cost	721	1,136
Interest cost	932	2,500
Payments / Utilizations	(3,394)	(5,561)
Actuarial gains/(losses) recognized in OCI	761	1,201
Balance at the end of the year	38,306	39,285
of which:		
Non-current portion	38,171	39,044
Current portion	135	241

21. PROVISIONS

Provisions are equal to Euro 15,600 as at June 30, 2024 (Euro 21,865 as at December 31, 2023) and are reported below:

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Non-current portion of provisions for risks and charges	10,347	14,787
Current portion of provisions for risks and charges	5,253	7,078
Provisions for risks and charges	15,600	21,865

<i>(in thousands of Euro)</i>	Provision for taxes	Provision for redundancy incentives	Provision for guarantees granted	Provisions for contractual and commercial risks	Provisions for legal disputes	Other provisions for risks and charges	Total
Balance as at January 1, 2024	83	1,065	134	555	1,757	18,271	21,865
Accruals	0	0	0	0	243	2,096	2,339
Utilizations	0	0	0	0	0	(6,917)	(6,917)
Decreases	0	(902)	0	(375)	(114)	(296)	(1,687)
Other changes not recorded through income statement	(17)	0	0	0	(19)	36	0
Balance as at June 30, 2024	66	163	134	180	1,867	13,190	15,600
of which:							
Non-current portion	66	22	134	0	0	10,125	10,347
Current portion	0	141	0	180	1,867	3,065	5,253

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

"Redundancy fund" equal to Euro 163 thousand (Euro 1,065 thousand as at December 31, 2023) mainly relating to employees who have accrued in 2023 the pension requirement through "quota 100", early retirement, woman option and that they had voluntarily decided to join the exit from the company.

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

Provision for legal disputes of Euro 1,867 thousand is mainly related to IT Services segment.

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

The line items, including non-current and current portion, for a total of Euro 13,190 thousand (Euro 18,271 thousand at December 31, 2023) relating to:

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

22. NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities, equal to Euro 469,230 thousand (Euro 395,940 thousand as at December 31, 2023), refer to long-term payables as detailed below and include the non-current portion of financial liabilities for leasing deriving from the application of IFRS 16.

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023	
Banks	21,254	3,906	
Bond	345,850	344,897	
Amounts due to other lenders	74,717	17,247	
Financial liabilities associated with leasing	27,409	29,890	
Non-current financial liabilities	469,230	395,940	
<i>(in thousands of Euro)</i>	> 12 months	< 5 years	> 5 years
Banks	21,254	21,254	0
Bond	345,850	345,850	0
Amounts due to other lenders	74,717	74,717	0
Financial liabilities associated with leasing	27,409	26,125	1,284
	469,230	467,946	1,284

The fair value of the main financing component, relating to the bond issued on the Luxembourg market, is equal to Euro 351,809 thousand as at June 30, 2024. This assessment is affected by this period characterized by strong worldwide disturbance due to the Russian-Ukrainian conflict, with a consequent impact in terms of the performance of the stock and bond markets.

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

<i>(in thousands of Euro)</i>	At January 1, 2024	Proceeds from borrowings	Repayments of borrowings	Reclassification and other adjustments	At June 30, 2024
Almaviva S.p.A.	356,798	20,000	(1,704)	72	375,166
Sadel S.p.A.	717	0	(307)	(241)	169
Brita S.A.	0	59,289	0	0	59,289
Almaviva Solutions (ex Magna) S.A.	0	0	0	525	525
Obda Systems S.r.l.	1	0	(1)	0	0
The Data Appeal Company S.p.A.	2,740	0	0	(922)	1,818
Sistemi Territoriali S.r.l.	99	0	0	(20)	79
2F Water Venture S.r.l.	787	70	0	(133)	724
BM Tecnologie Industriali S.p.A.	4,716	0	0	(685)	4,031
Mabrian Technologies S.L.	192	0	0	(172)	20
Passività finanziarie connesse al leasing	29,890	2,422	(13)	(4,890)	27,409
Non-current financial liabilities	395,940	81,781	(2,025)	(6,466)	469,230

As regards the monetary movements of the period, it should be noted that as at June 30, 2024 the proceeds from borrowings amounted to Euro 35,854 thousand, with no repayments of loans.

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

The "Proceeds from borrowings" are mainly functional to the transaction for the acquisition of 51% of the share capital of Magna Sistemas Consultoria S.A. (renamed Almagiva Solutions S.A.), put in place by the subsidiary Brita S.A. In particular, the increase in the amount due to banks of Euro 20,000 thousand refers to a dedicated medium/long-term loan signed by the parent company Almagiva S.p.A. with the credit institution BPER, with a term of 5 years, with repayment in quarterly instalments in arrears. The increase in liabilities to other lenders, on the other hand, refers mainly to a debt to Simest in the amount of Euro 17,100 thousand (in addition to a portion of Euro 900 thousand recorded in current financial liabilities) and the effects of M&A transactions carried out in the period. The accounting treatment is in line with the provisions of both IAS 32 "Financial Instruments: Presentation" and IFRS 9 "Financial Instruments: Recognition and Measurement."

Non-current financial liabilities equal to Euro 469,230 thousand, mainly refers to:

- Liabilities due to bank equal to Euro 21,254 thousand, with an increase of Euro 17,348 thousand;
- Bond debt equal to Euro 345,850 thousand, accounted with the amortized cost method, related to the bond of Euro 350,000 thousand issued on November 3, 2021, 4.875% coupon with half-yearly payment on April 30 and October 30 of each year and maturity of 5 years. The bond was listed on the Luxembourg stock exchange on the Euro MTF Market (unregulated market). For the placement of the Bond, Goldman Sachs and BNP operated by *Joint Global Coordinator*, supported by JP Morgan and Akros Bank;
- Liabilities due to other lenders equal to Euro 74,717 thousand, with an increase of Euro 57,470 thousand substantially attributable to the effects arising from M&A transactions carried out in the period and the change in the scope of consolidation;
- Non-current financial liabilities deriving from the adoption of IFRS 16 equal to Euro 27,409 thousand, inclusive of reclassifications for Euro 4,890 thousand mainly referred to the reclassification from non-current portions to current portions of the debt.

23. DEFERRED TAX LIABILITIES

Deferred tax liabilities are equal to Euro 4,521 thousand as at June 30, 2024 and decreased in the period for Euro 389 thousand.

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Deferred tax liabilities	4,521	4,910

<i>(in thousands of Euro)</i>	At January 1, 2024	Increases	Decreases	At June 30, 2024
Deferred Tax Liabilities	4,910	0	(389)	4,521

<i>(in thousands of Euro)</i>	At January 1, 2023	Increases	Decreases	At Dec 31, 2023
Deferred Tax Liabilities	84	4,826	0	4,910

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

24. OTHER NON-CURRENT LIABILITES

Other non-current liabilities equal to Euro 662 thousand as at June 30, 2024 (Euro 987 thousand as at December 31, 2023) are reported below:

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Other non-current liabilities	152	228
Deferred income on capital grants	510	759
Other non-current liabilities	662	987

The fully amount refers to deferred income on capital grants.

25. TRADE PAYABLES

Trade payables are equal to Euro 340,547 thousand as at June 30, 2024 and decreased for Euro 39,378 thousand during the period. They mainly accommodate payables for supplies of services, as well as those for various services for activities carried out during the period. The Group records overdue trade payables of Euro 69,965 thousand (Euro 71,959 thousand as of December 31, 2023) while payables due amounted to Euro 270,582 thousand (Euro 307,966 thousand as of December 31, 2023).

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Trade payables	340,547	379,925

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

26. CURRENT FINANCIAL LIABILITIES

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

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Payables due to banks	3,906	4,688
Current portion bonds	3,594	3,444
Payables due to other lenders	220	590
Accrued liabilities from financial expenses	132	158
Other financial payables	100	239
Financial liabilities for leasing IFRS 16	10,858	11,542
Current financial liabilities	18,810	20,661

Short-term financial liabilities for Euro 18,810 thousand refer to payables for short-term loans contracted with credit institutions and to the portion of payables for interest accrued to

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

bondholders whose payment is expected on October 31, 2024. Finally, the item includes current financial liabilities for leasing, financial accruals and short-term payables of a different nature.

As regards the monetary movements of the period, it should be noted that: (i) at June 30, 2024, they generated a cash absorption equal to Euro 2,477 thousand; (ii) at June 30, 2023 they generated a cash absorption equal to Euro 16,118 thousand.

27. TAX PAYABLES

Tax payables as at June 30, 2024, equal to Euro 31,839 thousand (Euro 33,088 thousand as at December 31, 2023) are reported below:

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Income taxes	6,009	2,560
Other taxes	25,830	30,528
Tax payables	31,839	33,088

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

28. OTHER CURRENT LIABILITIES

Other current liabilities as at June 30, 2024, equal to Euro 191,093 thousand (Euro 175,746 thousand as at December 31, 2023) are reported below:

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
Payables due to social security institutions	16,344	20,183
Payables due to personnel	66,846	47,387
Miscellaneous payables	71,963	67,084
Deferred income	35,940	41,092
Other current liabilities	191,093	175,746

- The payables to social security institutions equal to Euro 16,344 thousand refer to compulsory contributions accrued and to be paid to the social security institutions in relation to the salaries and fees paid;

- Payables to personnel equal to Euro 66,846 thousand mainly refer to the provision for holidays and leave accrued by the staff and not yet paid, as well as for the subsidiaries Almagiva Contact S.p.A., Almagiva Services, The Data Appeal Company and Sistemi Territoriali to the monthly payment for the month of June, the payment of which took place in the first days of July 2024, as per the ordinary management of salary payments;

- Miscellaneous payables equal to Euro 71,963 thousand mainly include payables to project workers, payables to insurance companies, payables for collections to be paid to partners, payables to the parent company Almagiva Technologies for tax consolidation (equal to Euro 28,660 thousand which partially offset, as reported in Note 17, the existing credit position for the tax consolidation) and payables to corporate bodies;

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

- Deferred income for Euro 35,940 thousand relates to economic components pertaining to future years.

29. REVENUE

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2024	2023
Revenues from sales and services	554,448	527,086
Revenues from sale of goods	15,673	17,834
Revenues from contract work in progress	19,659	7,588
Revenues from contracts with customers	589,780	552,508

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2024	2023
Goods transferred at a point in time	15,673	17,834
Services transferred over time	574,107	534,674
Total revenue from contracts with customers	589,780	552,508

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

The table below shows a breakdown of revenues by Operating segments for the period ended June 30, 2024, and 2023. Inter-segment elimination has not been considered and eliminated.

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2024	2023
IT Services	415,912	379,646
DRM International (ex CRM International)	155,120	146,155
Almagiva - New Technology	17,990	23,397
Others	758	3,311
Revenues from contracts with customers	589,780	552,508

Revenues in the IT Services segment as of June 30, 2024, increased by Euro 36,267 thousand, equal to 9.6% compared to the previous period. This increase was mainly due to the growth in demand for services from customers in the Transport, Ministries, Local Government, Utilities/Industry, Welfare and International - EU Activities business areas. This growth was partially offset by a decrease in revenues attributable to the Banking Insurance, Agriculture/Environment, Health, Treasury and Public Finance, Homeland Security and Other business areas.

Revenues from contracts with customers in the DRM International segment at June 30, 2024, show an increase of Euro 8,965 thousand, equal to 6.1% compared to the previous period. The

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

increase was attributable to the Telco/Media, Transportation, Utility and Industry/Retail business areas, partially offset by a decrease in revenue attributable to the Finance and Other area. This increase is affected also by the Euro/Reais exchange rate trend of the period.

Revenues from contracts with customers in the Almaxwave - New Technology segment decreased by Euro 5,407 thousand, as -23.1% compared to the previous period. The decrease is attributable to the Government, Telco/Media, Transportation and Other business areas, partially offset by an increase in revenue attributable to the Finance, Tourism and Utilities business area.

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

The fees for services to be provided at June 30, 2024, based on the contracts already acquired by the Group, amount to Euro 2,725,032 thousand, of which Euro 500,850 thousand to be absorbed within the year and Euro 2,224,182 thousand to be absorbed beyond the year.

30. OTHER INCOME

Other income are reported in the following table:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2024	2023
Recovery of personnel costs	54	218
Recovery of costs of service provision	4,933	2,369
Recovery of costs of use of assets	53	107
Reversal of provisions	6,917	2,093
Other income	8,574	3,512
Operating grants	3,904	2,237
Reversal of over-accruals of trade payables	1,441	1,156
Other income	25,876	11,692

Other income amount to Euro 25,876 thousand (Euro 11,692 thousand as at June 30, 2023) and the most significant items are related to the reversal of provision for guarantees as the underlying risk no longer exists; to the recovery of costs services and to the operating grants.

31. COST OF RAW MATERIALS AND SERVICES

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2024	2023
Raw materials, consumables, supplies and goods	28,704	20,936
Costs for services	203,136	205,538
Costs of use of third party assets	3,836	3,390
Costs for services capitalised for assets created internally	(2,703)	(3,272)
Changes in inventories	(1,099)	(908)
Cost of raw materials and services	231,874	225,684

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2024	2023
IT Services	186,066	179,988
DRM International (ex CRM International)	41,257	39,600
Almawave New Technology	10,943	11,717
Others	1,213	2,683
Adjustments eliminations and other	(7,605)	(8,303)
	231,874	225,684

The item increased during the period by Euro 6,189 thousand. The increase is generally attributable to higher revenues, with a consequent increase in terms of costs.

The table below shows, in more details, the disaggregation of cost of services as at June 30, 2024 and 2023:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2024	2023
Maintenance	19,306	19,838
Insurance	2,147	2,413
Consultancy and professional services	101,004	110,127
Advertising, promotion and entertainment	1,566	765
Telephone expenses	3,761	2,277
Travel and stays	3,416	2,142
Energy and fluids	4,287	7,410
Distribution and warehousing	405	288
Other costs for services	67,244	60,278
Costs for services	203,136	205,538

The item other costs for services includes operating expenses and various services such as canteen expenses and meal vouchers reserved for employees, legal and notary fees, commissions and expenses for banking services, expenses for training courses, costs for cleaning and costs incurred towards third parties essentially referring to expenses for insurance policies and expenses for travel and business trips.

32. PERSONNEL EXPENSES

Personnel expenses are broken down as follows:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2024	2023
Salaries and wages	228,286	200,292
Social security contributions	39,321	34,690
Employee benefit expenses	8,376	7,448
Other costs	1,477	2,045
Stock Grant costs	0	410
Agency work	1,861	958
Personnel expenses capitalised for assets created internally	(13,614)	(8,472)
Personnel expenses	265,707	237,370

Personnel expenses increased by Euro 23,337 thousand, or 11.94%.

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

The number of employees as at June 30, 2024 is equal to 42,645.

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

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2024	2023
Industrial patent and intellectual property rights	5,918	4,930
Concession, licence and trademarks	546	1,322
Other	6,865	5,947
Total Intangible Depreciation and Amortization	13,329	12,199
Civil and industrial buildings	396	395
Industrial and commercial equipment	374	71
Plants and machinery owned	2,331	2,078
Other assets owned and leased	3,040	3,952
ROU Asset - Civil and industrial buildings IFRS16	5,167	4,838
ROU Asset - Other assets owned and leased IFRS16	2,292	1,529
Total Tangible Depreciation and Amortization	13,601	12,863
Impairment Loss of Intangible asset	0	0
Impairment Gain of Intangible asset	0	(45)
Total Depreciation and Amortization	26,930	25,017

LOSSES FROM SALE ON NON-CURRENT ASSETS

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2024	2023
Disposals of Intangible Assets	0	0
Disposals of Tangible Assets	(15)	274
Disposals of Financial Assets	(10)	82
Total profit (losses) from sale on non-current assets	(25)	356

34. OTHER EXPENSES

Other operating expenses are broken down as follows:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2024	2023
Provisions for risks	1,848	2,766
Taxes and duties	123	445
Membership fees	675	634
Other expenses	4,399	3,228
Reversal of over-accruals of trade receivables	842	720
Other operating expenses	8,140	7,793

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

Net provisions for risks and charges are mainly related to IT Services segment. Information relating to provisions for risks and charges is indicated in Note 21 to which reference is made. The other non-recurring operating costs include almost exclusively the economic effect found for the reversal of previous items.

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

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2024	2023
Financial income	3,556	2,445
Financial expenses	(15,547)	(14,208)
Exchange gains/(losses)	(268)	(117)
Financial expenses for leasing IFRS 16	(2,248)	(2,346)
Net financial result	(14,507)	(14,226)

As shown in the previous table, the result is negative as at June 30, 2024, for Euro 14,507 thousand, against a negative result of Euro 14,226 thousand as at June 30, 2023, with an increase of Euro 281 thousand.

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2024	2023
Profit/(loss) from investments accounted for using equity method	82	2
Net result from equity investments	82	2

Gains/(losses) on equity investments and loss from investments accounted for using equity method shows a positive amount of Euro 82 thousand as at June 30, 2024 compared to a positive amount of Euro 2 thousand as at June 30, 2023.

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

37. INCOME TAXES

Income taxes are broken down as follows:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2024	2023
Italian Companies		
<i>IRAP (Regional business tax)</i>	2,810	2,802
<i>IRES (Corporate income tax)</i>	10,538	10,605
<i>(Income) expenses from compliance with tax consolidation</i>	(1,142)	(711)
	12,206	12,696
Foreign companies		
<i>Other current taxes</i>	8,579	5,198
	8,579	5,198
Current Taxes	20,785	17,894
Italian Companies		
<i>IRAP (Regional business tax)</i>	233	(37)
<i>IRES (Corporate income tax)</i>	1,495	(683)
	1,728	(720)
Foreign companies		
<i>Other deferred taxes</i>	(1,448)	798
	(1,448)	798
Deferred taxes	280	78
Income taxes for the year - Non recurring portion	109	0
Total Income taxes	21,174	17,972

38. INCOME TAXES RECONCILIATION

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,			
	2024	2023	2024	2023
Income before taxes	68,555	100.0%	54,468	100.0%
Theoretical taxes (*)	16,453	24.0%	13,072	24.0%
Effective tax charge	21,174	30.89%	17,972	29.22%
differences between theoretical and effective tax charge	4,721	6.89%	4,900	5.22%
1) different foreign tax rates				
1a) Exchange rate differences	(415)	-0.61%	120	-0.22%
2) permanent differences:				
2a) IRAP and other italian regional taxes	2,810	4.10%	2,802	5.14%
2b) taxes of prior periods	109	0.16%	0	0.00%
2c) tax credit R&D	(127)	(0.19%)	(114)	(0.21%)
2d) consolidation adjustments	0	0.00%	0	0.00%
2f) other differences (**)	2,344	3.43%	2,092	0.51%
Total differences	4,721	6.89%	4,900	5.22%

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

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

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

39. GUARANTEES AND COMMITMENTS

The Group has provided the following guarantees as of June 30, 2024:

- personal guarantees amounting to Euro 209,581 thousand (Euro 212,833 thousand as of December 31, 2023), are "in favor of subsidiaries" registered by Almoviva S.p.A. for co-bonds issued to various insurance companies in the interest of Agrisian S. c.p.A. in Liquidation in the amount of Euro 206,583 thousand and relating to the contract with the Ministry of Agricultural and Forest Resources; "in favor of others" in the amount of Euro 2,998 thousand for surety bonds entered by Almoviva Contact S.p.A.;
- collateral provided as part of the new November 3, 2021 High Yield bond issue and the new Revolving line of credit for Euro 69,543 thousand related to pledges on the shares held by Almoviva S.p.A. in Almoviva do Brasil S.A. As further security for the bond loan, the shares held by Almoviva Technologies S.r.l. equal to 95.11% of the capital in Almoviva S.p.A. were also pledged.

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

Other guarantees, commitments and risks

These amounted to Euro 8,478 thousand (Euro 8,478 thousand as at December 31, 2023) 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 June 30, 2024 is represented by the carrying amount of financial assets reported in the financial statements, in addition to the nominal value of guarantees given on the payables or commitments of third parties.

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

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

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

<i>(in thousands of Euro)</i>	At June 30, 2024	At December 31, 2023
- Amount falling due	454,201	442,877
- Past due	82,976	75,669
- Trade receivables, amount retained as a guarantee	3,529	3,521
Trade receivables net of Bad debt provision	540,706	522,067

For more information on overdue bands, see Section 15 Trade Receivables.

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

Exchange rate risk

Exposure to the risk of exchange rates changing derives from the company's transactions in non-euro currencies (mainly the Brazilian Real) and affects the consolidated financial statements (economic result and shareholders' equity) due to translating assets and liabilities of companies that draft their financial statements with functional currency other than the Euro. The risk arising from translating assets and liabilities of companies that draft their financial statements with non-euro functional currency is not usually subject to hedging, barring another specific assessment. The consolidated financial statements as at June 30, 2024 were impacted by the trend of the EUR / R \$ exchange rates.

41. INFORMATION ON FAIR VALUE MEASUREMENT

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

42. LEGAL ISSUES AND LITIGATIONS

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

Contingent liabilities

Indicated below are the disputes for which, also based on opinions obtained from the Group's external attorneys, it was considered only possible that the outcome of the legal action would

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

be unfavorable and therefore no specific provisions were made in accordance with the rules on the formation of the Consolidated Financial Statements.

Below are the main contingent liabilities as of June 30, 2024 that were not recognized in the financial statements due to the absence of the necessary prerequisites required by IAS 37.

Almaviva S.p.A.

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

Almaviva and other Group companies, as insureds, applied to the Court of Milan for an order against Lloyd's Insurers to reimburse the legal defense costs and expenses incurred in the context of a U.S. litigation, in addition to damages. The court rejected the attoree claims in a ruling dated June 18, 2020, against which an appeal was filed. The appeal was not granted. Almaviva and the other Group companies appealed to the Supreme Court.

Almaviva Contact S.p.A.

Sogei S.p.A. / Almaviva Contact S.p.A.

Sogei has requested the condemnation of Almaviva Contact to the restitution of sums paid as consideration for certain contracts between parties for the provision of telephone Help Desk services in the years 1998-2002. Almaviva Contact was defended in the judgment. With a recent ruling, the Court rejected the plaintiff's claims, condemning Sogei to pay the legal costs.

Labour litigation

In the first half of 2024, the litigation brought by former Almaviva Contact workers dismissed in 2016 was settled in favor of the Company by all the judicial bodies involved.

With reference, however, to the remaining litigation activated by former employees of the company at the Catania and Palermo offices, it is confirmed that both the Catania court and the Catania and Palermo Court of Appeals continued to confirm the line favorable to Almaviva Contact, rejecting the workers' appeals. It should be noted that in the first half of 2024, a number of appeals were served regarding the request for higher professional grading brought by former employees of the company operating as call center workers who claimed pay differences.

43. TRANSACTIONS WITH RELATED PARTIES

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

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

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

Jointly controlled companies associated companies and subsidiaries excluded from the consolidation area are indicated in the annex "Companies and significant equity investments at June 30, 2024" which is considered an integral part of these notes.

The amounts of all the relationships initiated with the related parties are reported in the following tables, together with the nature of the most significant transactions.

Trade and other relations

Trade and other relations are analysed as follows:

(in thousand of Euro)	At June 30, 2024		At June 30, 2024					
	Receivables	Payables	Raw Materials	Costs of Services	Other Costs	Revenues from Materials	Revenues from Services	Other Income
Almaviva Technologies Srl	21,938	28,832	-	181	-	-	-	1
Consorzio Hypertix in liquidazione	68	-	-	-	-	-	-	-
TVES L.T.	104	51	-	-	-	-	100	7
Almaviva CCID	134	-	-	-	-	-	-	2
Consorzio Namex	-	-	-	9	-	-	-	-
PNT Italia Srl	5,976	-	-	-	-	-	4,941	-
Strategic employees								
Stock Grant Plans	-	-	-	-	-	-	-	-
Others:								
Elvit Consultoria e Participacoes LTDA	-	-	-	110	-	-	-	-
Total	28,220	28,883	-	300	-	-	5,041	10

(in thousand of Euro)	At Dec 31, 2023		At June 30, 2023					
	Receivables	Payables	Raw Materials	Costs of Services	Other Costs	Revenues from Materials	Revenues from Services	Other Income
Almaviva Technologies Srl	27,858	29,318	-	168	-	-	-	1
Consorzio Hypertix in liquidazione	68	-	-	-	-	-	-	-
TVES L.T.	-	51	3	-	-	-	-	-
Almaviva CCID	128	-	-	-	-	-	-	12
Consorzio Namex	-	-	-	-	-	-	-	-
PNT Italia Srl	32,689	4,302	-	10	-	-	-	-
Strategic employees								
Stock Grant Plans	-	-	-	-	410	-	-	-
Others:								
Elvit Consultoria e Participacoes LTDA	-	-	-	109	-	-	-	-
Total	60,743	33,671	3	287	410	-	-	13

44. SUBSEQUENT EVENTS

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

ALMAWAVE S.p.A. - SHARE CAPITAL VARIATION.

On July 16, 2024, following the ascertainment of the achievement of the objectives of the Third Tranche of the 2021-2023 Stock Grant Plan, the resolution to increase the share capital, free of charge and divisible, passed by the Shareholders' Meeting on February 26, 2021, was partially executed through the issuance of 293,149 new ordinary shares for a share capital increase of EUR 2,931.49. With the aforementioned capital increase, the 2021-2023 Stock Grant Plan was concluded, and, therefore, as a result of the above, the share capital of Almaxwave S.p.A. is: resolved, subscribed and paid up in the amount of Euro 299,825.44, divided into 29,982,544 ordinary shares, with no par value.

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

BM TECNOLOGIE INDUSTRIALI S.P.A. BENEFIT COMPANY - CORPORATE ACQUISITION

On July 12, 2024, BM TECNOLOGIE INDUSTRIALI S.p.A. finalized the acquisition of a 58 percent stake in the share capital of MEA ENGINEERING S.r.l., a company based in Simeri Crichi (CZ) and active, among other things, in service activities to the integrated water system.

ALMAVIVA DO BRASIL S.A. - CHANGE OF CORPORATE NAME

On July 16, 2024, the Shareholders' Meeting resolved to change the company name to Al maviva Experience S.A.

ALMAVIVA EXPERIENCE S.A. - MERGER BY INCORPORATION

On July 30, 2024, the Shareholders' Meeting approved the merger by incorporation of Central de Recuperação de Créditos LTDA. and Crc Digital LTDA. into Al maviva Experience S.A.

ALMAVIVA S.p.A. – BINDING OFFER

On August 8, 2024, Al maviva submitted a binding offer to acquire 100% of Iteris for \$7.20 per share in cash (the "Transaction"). Iteris is a US-based provider of smart mobility infrastructure management software and hardware solutions for the public and private sectors. The Transaction has been accepted by Iteris' Board of Directors.

The Transaction is expected to close by December 2024, subject to the approval of Iteris' shareholders representing at least a majority of the outstanding shares, regulatory approvals and other customary closing conditions. As is typical in these types of transactions, if Iteris receives another offer from a third party prior to the approval by Iteris' shareholders, and if its Board of Directors considers such an offer to be superior to the one of Al maviva, Iteris' Board of Directors may terminate the agreement with Al maviva.

The Equity Value of the transaction is c. \$335 million and will be entirely financed through newly committed debt facilities.

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



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

Review report on the interim condensed consolidated
financial statements as of June 30, 2024

(Translation from the original Italian text)

ALMAVIVA S.P.A. AND SUBSIDIARIES

EXPLANATORY NOTES (continued)



EY S.p.A.
Via Lombardia, 31
00187 Roma

Tel: +39 06 324751
Fax: +39 06 32475504
ey.com

Review report on the interim condensed consolidated financial statements

(Translation from the original Italian text)

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

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the statement of other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows as of June 30, 2024 and for the six months then ended and the related explanatory notes of Almaviva The Italian Innovation Company S.p.A. and its subsidiaries (the "Almaviva Group"). The Directors of Almaviva The Italian Innovation Company S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Almaviva Group as of June 30, 2024 and for the six months then ended are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Roma, August 9, 2024

EY S.p.A.
Signed by:

Mauro Ottaviani
Statutory Auditor

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

EY S.p.A.
Sede Legale: Via Manzoni, 12 - 20123 Milano
Sede Secondaria: Via Lombardia, 31 - 00187 Roma
Capitale Sociale Euro 2,975,000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000594 - numero R.E.A. di Milano 806158 - P.IVA 00891231023
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

A member firm of Ernst & Young Global Limited

almaviva.it

