Gruppo Almaviva

Almaviva

ALMAVIVA S.P.A. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
April 2021

ALMAVIVA S.P.A. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020, 2019 AND 2018

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

REPORTS OF INDEPENDENT AUDITORS

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AlmavivA The Italian Innovation Company S.p.A.

Consolidated financial statements as of December 31, 2020

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

Translation from the original Italian text

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of AlmavivA Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

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

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

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

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Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
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Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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

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

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

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

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

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

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Report on compliance with other legal and regulatory requirements

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

The Directors of AlmavivA The Italian Innovation Company S.p.A. are responsible for the preparation of the Report on Operations of AlmavivA Group as at December 31, 2020 including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations[1], with the consolidated financial statements of AlmavivA Group as at December 31, 2020 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of AlmavivA Group as at December 31, 2020 and comply with the applicable laws and regulations.

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

Rome, April 13, 2021

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

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

[1] For the purpose of publication of the consolidated financial statements of AlmavivA Group as at December 31, 2020 and for the year ended in the "Notices" section of Luxembourg Stock Exchange and in the AlmavivA The Italian Innovation Company S.p.A.'s website, the Report on Operations has not been translated into the English language

AlmavivA The Italian Innovation Company S.p.A.

Consolidated financial statements as of December 31, 2019

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

Translation from the original Italian text

EY
Building a better working world

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

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

Report on the Audit of the Consolidated Financial Statements

We have audited the consolidated financial statements of AlmavivA Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the AlmavivA The Italian Innovation Company S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

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

Report on compliance with other legal and regulatory requirements

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We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations[1], with the consolidated financial statements of AlmavivA Group as at December 31, 2019 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of AlmavivA Group as at December 31, 2019 and comply with the applicable laws and regulations.

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

Rome, 6th March 2020

EY S.p.A.
Signed by: Roberto Tabarrini, Partner

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[1] For the publication purposes in "Notices" sections of Luxembourg Stock Exchange of the consolidated financial statements of AlmavivA The Italian Innovation Company S.p.A. and its subsidiaries for the year ended as of December 31, 2019, the Report on Operations has not been translated into the English language and therefore is not part of the mentioned Consolidated Financial Statements

AlmavivA The Italian Innovation Company S.p.A.

Consolidated financial statements as at December 31, 2018

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

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

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Report on compliance with other legal and regulatory requirements

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

The Directors of AlmavivA The Italian Innovation Company S.p.A. are responsible for the preparation of the Report on Operations of Group AlmavivA as at December 31, 2018 including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations[1], with the consolidated financial statements of AlmavivA Group as at December 31, 2018 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of AlmavivA Group as at December 31, 2018 and comply with the applicable laws and regulations.

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

Rome, 27th March 2019

EY S.p.A.
Signed by: Roberto Tabarrini, partner

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

[1] For the publication purposes in "Notices" section of Luxembourg Stock Exchange of the consolidated financial statements of AlmavivA The Italian Innovation Company S.p.A. and its subsidiaries for the year ended as of December 31, 2018, the Report on Operations has not been translated into the English language and therefore is not part of the mentioned Consolidated Financial Statements.

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

		At December 31,	At December 31,	At December 31,
(in thousands of Euro)	**Note**	**2020**	**2019**	**2018**
Intangible assets	7	65,358	63,541	57,321
Goodwill		39,461	39,455	38,847
Property, plant and equipment	8	81,918	101,435	51,085
Investments accounted for using the equity method	9	1,106	1,106	1,108
Non-current financial assets	10	1,229	4,884	1,634
Deferred tax assets	11	14,770	12,833	15,259
Other non-current assets	12	1,491	1,772	2,499
Total non-current assets		**205,332**	**225,026**	**167,754**
Inventories	13	8,137	5,972	4,684
Amount due from customers	13	0	0	47,235
Contract assets	14	37,322	47,201	0
Trade receivables	15	351,030	352,815	303,731
Current financial assets	16	4,152	3,415	4,140
Other current assets	17	133,147	119,553	98,893
Cash and cash equivalents	18	98,569	89,446	71,603
Total current assets		**632,357**	**618,402**	**530,287**
Non-current assets held for sale	19	2,459	2,459	2,459
Total assets		**840,148**	**845,886**	**700,499**
Share capital		154,899	154,899	154,899
Share premium reserve		17,788	17,788	17,788
Other reserves		(187,602)	(170,299)	(185,465)
Profit/(loss) for the period		35,143	12,131	16,692
Total group shareholders' equity		*20,228*	*14,520*	*3,915*
Non-controlling interests		*5,168*	*6,452*	*4,716*
Total shareholders' equity	20	**25,396**	**20,971**	**8,631**
Non-current liabilities for employee benefits	21	48,531	51,286	48,470
Non-current provisions	22	5,836	6,946	5,006
Non-current financial liabilities	23	317,233	322,523	274,902
Deferred tax liabilities	24	2	1,394	1,534
Other non-current liabilities	25	808	1,018	754
Total non-current liabilities		**372,410**	**383,167**	**330,666**
Current provisions	22	11,249	8,547	5,611
Trade payables	26	270,844	262,426	222,162
Current financial liabilities	27	22,937	34,267	14,330
Current tax liabilities	28	27,650	37,729	36,143
Other current liabilities	29	109,663	98,778	82,957
Total current liabilities		**442,342**	**441,748**	**361,203**
Total liabilities		**814,752**	**824,915**	**691,868**
Total equity and liabilities		**840,148**	**845,886**	**700,499**

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

		For the twelve months ended December 31,		
(in thousands of Euro)	**Note**	**2020**	**2019**	**2018**
Revenues from contracts with customers	30	871,296	866,715	799,704
Other Income	31	19,365	20,106	22,970
Total revenues and other income		**890,661**	**886,821**	**822,675**
Cost of raw materials and services	32	(317,148)	(301,674)	(279,337)
Personnel expenses	33	(443,452)	(474,007)	(457,488)
Depreciation and amortization	34	(39,165)	(41,510)	(26,872)
Losses from sale of non-current assets	34	689	(43)	(79)
Other expenses	35	(13,890)	(9,320)	(7,801)
Operating profit/(loss)		**77,694**	**60,267**	**51,099**
Financial income	36	1,040	642	600
Financial expenses	36	(32,968)	(34,822)	(29,900)
Exchange gains/(losses)	36	(622)	(3,748)	(335)
Profit/(loss) from investments accounted for using equity method	37	0	7	6
Profit/(Loss) before taxes		**45,145**	**22,346**	**21,469**
Income taxes	38	(8,997)	(8,665)	(3,453)
Profit/(Loss) from continuing operations		**36,148**	**13,681**	**18,016**
Profit/(Loss) for the period		**36,148**	**13,681**	**18,016**
of which:				
Profit/(loss) pertaining to the group		35,143	12,131	16,692
Profit/(loss) pertaining to non-controlling interests		1,006	1,550	1,323

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

		For the twelve months ended December 31,		
(in thousands of Euro)	**Note**	**2020**	**2019**	**2018**
Profit/(loss) for the period		**36,148**	**13,681**	**18,016**
Other components of comprehensive income that may be subsequently reclassified to profit or loss, after taxes:				
Exchange differences on translation of foreign operations	**20**	(34,470)	1,521	(11,016)
Gains/(losses) on cash flow hedging instruments		0	0	0
Total		**(34,470)**	**1,521**	**(11,016)**
Other components of comprehensive income that will not be subsequently reclassified to profit or loss, after taxes:				
Actuarial gains/(losses) on valuation of liabilities for employee benefits	**21**	271	(2,842)	3,866
Total		**271**	**(2,842)**	**3,866**
Comprehensive income/(loss) for the period		**1,949**	**12,360**	**10,866**
of which:				
Comprehensive income/(loss) pertaining to the group		1,040	10,662	10,183
Comprehensive income/(loss) pertaining to non-controlling interests		909	1,698	683

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

(in thousands of Euro)	Share capital	Share premium reserve	Other reserves	Profit/(loss) for the year	Total Group shareholders' equity	Reserves pertaining to NCIs	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
Shareholders' Equity at December 31, 2019	**154,899**	**17,788**	**(170,300)**	**12,131**	**14,520**	**4,901**	**1,550**	**6,451**	**20,971**
Profit/(loss) for the year				**35,143**	**35,143**		**1,006**	**1,006**	**36,149**
Exchange differences on translation of foreign operations			(34,103)		(34,103)	(97)		(97)	(34,200)
Gains/(losses) on cash flow hedging instruments					0			0	0
Actuarial gains/(losses) on valuation of liabilities for employee benefits			0		0			0	0
Comprehensive income/(loss) for the year	**0**	**0**	**(34,103)**	**35,143**	**1,040**	**(97)**	**1,006**	**909**	**1,949**
Allocation of prior year's profit/(loss)			12,131	(12,131)	0	1,550	(1,550)	0	0
Dividends					0	(704)		(704)	(704)
Other movements			4,668		4,668	(1,488)		(1,488)	3,180
Shareholders' Equity at December 31, 2020	**154,899**	**17,788**	**(187,604)**	**35,143**	**20,228**	**4,162**	**1,006**	**5,168**	**25,396**

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

(in thousands of Euro)	Share capital	Share premium reserve	Other reserves	Profit/(loss) for the year	Total Group shareholders' equity	Reserves pertaining to NCIs	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
Shareholders' Equity at December 31, 2018	**154,899**	**17,788**	**(185,466)**	**16,692**	**3,915**	**3,393**	**1,323**	**4,716**	**8,631**
Profit/(loss) for the year				**12,131**	**12,131**		**1,550**	**1,550**	**13,681**
Exchange differences on translation of foreign operations			1,373		1,373	148		148	1,521
Gains/(losses) on cash flow hedging instruments					0			0	0
Actuarial gains/(losses) on valuation of liabilities for employee benefits			(2,842)		(2,842)			0	(2,842)
Comprehensive income/(loss) for the year	**0**	**0**	**(1,469)**	**12,131**	**10,662**	**148**	**1,550**	**1,698**	**12,360**
Allocation of prior year's profit/(loss)			16,692	(16,692)	0	1,323	(1,323)	0	0
Dividends					0	(564)		(564)	(564)
Other movements			(58)		(58)	601		601	543
Shareholders' Equity at December 31, 2019	**154,899**	**17,788**	**(170,300)**	**12,131**	**14,520**	**4,901**	**1,550**	**6,451**	**20,971**

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

		At December 31,	At December 31,	At December 31,
(in thousands of Euro)	**Note**	**2020**	**2019**	**2019**
Profit/(loss) for the year		**36.148**	**13.681**	**18.016**
Adjustments to reconcile profit before tax to net cash flows:				
Income Taxes	38	8.997	8.665	3.453
Financial income	36	(1.040)	(642)	(600)
Financial expenses	36	32.968	34.822	29.900
Exchange (gains)/losses	36	622	3.748	335
Depreciation, amortization and write-downs	34	39.165	41.510	26.872
Write-downs/(revaluations) of non-current financial assets and equity investments	37	(0)	(7)	(6)
Losses/(Gains) from sale of non-current assets	34	(689)	43	79
Interest received		1.040	642	600
Interest paid		(23.021)	(26.301)	(25.551)
Income taxes paid		(8.544)	(6.125)	(4.193)
Cash flows generated from operating activities before changes in working capital		*85.645*	*70.036*	*48.905*
Change in trade receivables excluding of the exchange rate effect and consolidation scope changes	15	(4.926)	(51.112)	(9.041)
Change in inventories excluding of the exchange rate effect and consolidation scope changes	13	(2.165)	(1.288)	(2.230)
Change in contract assets excluding of the exchange rate effect and consolidation scope changes	14	11.588	34	(5.426)
Change in trade payables excluding of the exchange rate effect and consolidation scope changes	26	11.298	41.679	15.292
Change in other assets excluding of the exchange rate effect and consolidation scope changes	12-17	(23.837)	(20.634)	(16.454)
Change in other liabilities excluding of the exchange rate effect and consolidation scope changes	25-29	(4.463)	13.553	(6.350)
Change in liabilities for employee benefits and provisions excluding of exchange rate effect and consolidation scope changes	21-22	(629)	4.445	(3.633)
Change in deferred tax liabilities (assets) excluding of exchange rate effect and consolidation scope changes	11	0	0	0
Cash flows generated from operating activities changes in working capital		*(13.134)*	*(13.323)*	*(27.842)*
Cash-flow generated from/(absorbed by) operating activities (A)		**72.512**	**56.713**	**21.063**
Investments in property, plant and equipment	8	(12.461)	(8.883)	(7.688)
Investments in intangible assets	7	(18.759)	(19.166)	(16.004)
Acquisition of investments accounted for using the equity method	9	(10.215)	(744)	(2.828)
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity mehod		0	3	76
Change in non-current asset held for sale	19	3.655	0	(166)
Change in non-current financial assets	10	0	0	0
	8	0	0	0
Exchange rate effect and reclassifications on fixed assets	7-8	0	0	0
Cash-flow generated from/(absorbed by) investing activities (B)		**(37.780)**	**(28.790)**	**(26.610)**
Proceeds from non-controlling interests for payment of share capital of subsidiaries		0	0	0
Dividends		(704)	(564)	(13.342)
Proceeds from borrowings	23	21.027	25.955	25.253
Repayment of borrowings	23	(15.911)	(21.689)	(994)
Repayment of lease liabilities		(14.996)	(14.954)	0
Acquisition of residual interests in companies already controlled	23	(1.627)	0	0
Change in current financial liabilities	27	(2.536)	958	3.011
Change in current financial assets	16	(738)	725	0
Cash-flow generated from/(absorbed by) financing activities (C)		**(15.485)**	**(9.569)**	**13.928**
Cash flow of the year (A+B+C)		**19.246**	**18.354**	**8.381**
Effect of foreign exchange rates on cash and cash equivalents **(D)**		(10.123)	(511)	(6.280)
Cash flow of the year after exchange rates (A+B+C+D)		9.123	17.843	2.101
Cash and cash equivalents at beginning of the year		89.446	71.603	69.502
Cash and cash equivalents at end of the year		98.569	89.446	71.603

"As required by the applicable accounting standard (IAS 7), the cash flow statement does not take into account any non-monetary elements, such as (i) the effects of exchange rates on items included in the net cash flow from operating activities and in the net cash flow from investment and (ii) the accounting effects generated on the ROU Assets and the related lease liabilities deriving from the application of IFRS 16. In the latter case, therefore, we proceeded to the recognition - within the net cash flow deriving from financing activities - only of rent payments to the lessors. The above clarifications led to some reclassifications also on the cash flow statements as at December 31, 2019 and at December 31, 2018 made in order to provide better comparability and consequent understanding of the cash flow statement. Lastly, the investment in new subsidiaries resulting from the acquisitions of the period was classified within the cash flow referred to in letter (B) of the cash flow statement."

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES

1. GENERAL INFORMATION

AlmavivA The Italian Innovation Company S.p.A. (hereinafter "AlmavivA" or the "Company") is the parent company of one of the leading Italian groups in the Information & Communication Technology sector, which operates globally with an organisational structure incorporating approximately 45,428 employees and several offices around Italy and abroad.
The Company has its registered office in Via di Casal Boccone, 188/190, Rome and it is governed by the Italian law.

The Consolidated financial statements of the Company and its subsidiaries (the "AlmavivA Group") are prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union and comprise the Consolidated statement of financial position as at December 31, 2020, 2019, and 2018 and the related Consolidated income statement, Consolidated statement of other comprehensive income, Consolidated statement of changes in shareholders' equity and Consolidated statement of cash flows for the years ended December 31, 2020, 2019 and 2018, together with the related explanatory notes thereto (hereinafter collectively as the "Consolidated Financial Statements").

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

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

The Consolidated Financial Statements were approved by the Company's Board of Directors on April 12, 2021.

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

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

The Covid-19 pandemic spread in Italy from the end of February 2020 and subsequently in Latin America, with a particularly pronounced spread in Brazil. To contain the effects of the disease, Governments adopted numerous containment measures, essentially aimed at restricting the free movement of people (i.e. lock-downs). Due to these measures several businesses were forced to stop operations or suffered significant limitations to ordinary operations. On the other hand, local governments also issued several economic measures to support companies to weather the storm of the financial crisis.
The unprecedented events that have taken place in recent months have obviously also affected the activities of the AlmavivA Group, which - thanks also to the high degree of digitization of its structures and processes - was immediately able to activate the tools needed to the application of smart working for its employees in Italy, including resources operating in the CRM sector.
These features, together with the growing demand for IT services by both the public administration and the private sector and the ability even in conditions of objective difficulty to continue to provide services in the CRM, have confirmed the strong Group's resilience in its segments.

The unprecedented events that have taken place in recent months have obviously also affected the activities of the AlmavivA Group, which - thanks also to the high degree of digitization of its structures and processes - was immediately able to activate the necessary tools for " application of smart working - where applicable - for its employees. These characteristics, together with the growing demand for IT services from both the public administration and the private sector and the ability, albeit in conditions of objective difficulty, to continue providing its services in the CRM, have made it possible to confirm the strong resilience of the Group in its own reference sectors. In fact, as emerges from a reading of the schemes presented above, the Group closed the financial year at 31 December 2020 with total revenues of Euro 871,296 thousand with an increase of Euro 4,581 thousand (+ 0.5%) compared to the year previous one. At the same time, the Group had the ability to regenerate part of the order portfolio produced in 2020 through further sales of goods and services, reaching a backlog of Euro 1,495,844 thousand as at 31 December 2020. The aforementioned trend therefore represents a further sign of the Group's solidity and its commercial capacity, but also of the resilience of the main customer segments with which it operates which, despite the crisis context, show to maintain a high level of spending on investments in digitization. In the context in question, the Group therefore continued its growth path undertaken a few years ago. It is also important to underline that, despite the massive use of smart-working, the internal activities on existing projects continued without interruption, resulting in increases for internal work during the year equal to Euro 15,231 thousand. This demonstrates that development activities, which have always been the main ingredient of the Group's competitive advantage, have not undergone significant interruptions. In any case, despite the more than positive results briefly mentioned so far, certain assumptions underlying the main items of the Group's assets have been reviewed for the sole purpose of analytically assessing the impacts of the pandemic. More specifically: Evaluation of the recoverability of the non-current assets of the Group - Intangible assets, including goodwill, and Deferred tax assets: the positive results reported by the companies of the Group and deriving from the characteristics described above constituted positive indicators that allowed the Management to be able to believe that there are no elements of discontinuity with respect to the short-term economic and financial objectives that the Group has set itself, as illustrated in more detail in paragraph 2.1 to which reference should be made. In fact, there are no elements of uncertainty with respect to the approved plan, which in the context of the listing, the Management proceeded to update for the period 2020-25. For these reasons, the management's conclusion regarding the full recoverability of the values recorded in the consolidated financial statements for intangible assets and in general for all non-current assets of the Group can be considered valid; Assessment of the risk of recoverability of trade receivables: with regard to trade receivables, the Group has carried out an analysis on the average collection times from the main customers which shows an improvement compared to the situation prior to the pandemic. Despite the increase in turnover commented above, there is, in fact, no significantly worse evidence on the problem situations and discussed in the explanatory notes; Payments received or expected from States or Social Security Bodies for measures introduced to support the economy: the Group, where applicable, has adhered to the support measures issued by the Italian Government (ie FIS Covid, cancellation or postponement of tax payments etc.). Adhesions to other forms of subsidy (i.e. subsidized loans) provided for by the regulations in force are not envisaged. Overall, the direct effects produced by the Covid-19 pandemic on the aforementioned items and on the economic result of the recurring 2020 operations of the AlmavivA Group are not to be considered significant. There are no significant impacts on liquidity risk.

2. BASIS OF PREPARATION

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

The Consolidated Financial Statements of the AlmavivA Group were drawn up in compliance with the IFRS issued by the IASB and adopted by the European Commission pursuant to the procedure as per Art. 6 of the (EC) Regulation no. 1606/2002 of the European Parliament and Council dated July 19, 2002. The Consolidated Financial Statements are composed of the Consolidated statement of financial position, the Consolidated income statement, the Consolidated statement of other comprehensive income, the Consolidated statement of changes in shareholders' equity, the Consolidated statement of cash flows 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 Group has also applied the new definition of relevance introduced with the amendments to IAS 1 and IAS 8, which states that information is relevant if it is reasonable to assume that its omission, incorrect indication or concealment could influence the decisions Principal users of general purpose financial statements take on the basis of such financial statements, which provide financial information about the specific entity preparing the financial statements. The relevance depends on the nature or extent of the information, or both. The Group assesses whether the information, individually or in combination with other information, is relevant in the context of the financial statements, considered as a whole.

The Consolidated Financial Statements are drawn up on the basis of the going concern assumption. In this regard, the evaluation of AlmavivA's Board of Directors, presented hereunder in paragraph 2.1, is based on the assumption that there no uncertainties (as defined in paragraph 25 of IAS 1) regarding the AlmavivA Group and its ability to continue its activities.

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

- the **Consolidated statement of financial position** is presented by classifying assets and liabilities according to the current/non-current criterion. Current assets are those intended to be realised, sold or used in the company's normal operating cycle or in the twelve months after the end of the financial year. Current liabilities are those that are expected to be extinguished in the company's normal operating cycle or in the twelve months after the end of the financial year;
- the **Consolidated income statement** was prepared by classifying operating costs by nature, given that this type of presentation is deemed more appropriate to present the Group's specific business, conforms to the internal reporting methods and is in line with the industrial sector practice;
- the **Consolidated statement of other comprehensive income** presents the profit/(loss) for the year and the other changes in shareholders' equity that do not refer to transactions entered into by the owners in their capacity as owners;
- the **Consolidated statement of changes in shareholders' equity** provides separate disclosure of the result of the statement of other comprehensive income and of the transactions with shareholders entered into by the latter in their capacity as owners;
- the **Consolidated statement of cash flows** is prepared according to the "indirect method" as permitted by IAS 7 and presents the cash flows generated by operating activities, investing activities and financing activities.

In drafting this Consolidated Financial Statements no critical aspects that required the use of the exceptions set forth in IAS 1 were identified. All amounts are stated in thousand of Euro, except where indicated otherwise. The Euro represents the functional currency of the parent company and subsidiaries, and that used for presenting the financial statements.
The following table indicates the exchange rates adopted:

Exact exchange rates

Amount of currency for 1 Euro

Country	Currency	ISO	At December 31, 2020	At December 31, 2019	At December 31, 2018
Saudi Arabia	Real	SAR	4.6016	-	-
Brazilian	Real	BRL	6.3735	4.5160	4.4440
China	Yuan	CNY	8.0225	7.8210	7.8750
Colombian	Peso	COP	4202.3400	3688.6600	3721.8100
Indonesia	Rupiah	IDR	17240.7600	15595.6000	16500.0000
Europe	Leu	RON	4.8683	4.7830	4.6640
United States	Dollar	USD	1.2271	1.1230	1.1450
Tunisian	Dinar	TND	3.2943	3.1390	3.4300

Average exchange rates

Amount of currency for 1 Euro

Country	Currency	ISO	At December 31, 2020	At December 31, 2019	At December 31, 2018
Saudi Arabia	Real	SAR	4.4602	-	-
Brazilian	Real	BRL	5.8943	4.4140	4.3090
China	Yuan	CNY	7.8747	7.7340	7.8070
Colombian	Peso	COP	4217.0600	3673.0730	3488.4230
Indonesia	Rupiah	IDR	16627.3700	15835.9480	16512.1500
Europe	Leu	RON	4.8383	4.7460	4.6540
United States	Dollar	USD	1.1422	1.1200	1.1820
Tunisian	Dinar	TND	3.1997	3.2820	3.1100

2.1 Going Concern

During 2020, the AlmavivA Group consolidated the growth trends in revenues achieved in previous periods (reaching € 871 million, € +4.6 million at current exchange rates, + € 70.6 million or + 8.1% at constant exchange rates, compared to the same period of the previous year). The result as at 31.12.2020 shows a profit at the level of consolidated operating result in sharp growth compared to the previous year and equal to Euro +77.694 thousand (+ Euro 17.428 thousand compared to 31.12.2019 at current exchange rates and + Euro 24.958 thousand at constant exchange rates). At the level of Net Profit there is a positive result of Euros 36,148 thousand with an increase of + Euro 22,467 thousand compared to the consolidated profit of the same period of the previous year. It should be noted that growth was strongly influenced, and negatively, by the exchange rate effect, as highlighted above. With regard to the health emergency relating to Covid-19, the AlmavivA Group highlighted an insignificant impact during 2020. A greater impact, albeit limited, on some customers and business areas cannot be excluded during 2021. The limitation concerns the commercial activity, the slowdown of some projects on some corporate customers who have temporarily postponed them, as well as the reduced promptness of some customers to issue the necessary approvals for the invoicing activity and the cash difficulties they face. some of our suppliers, both of services and of hardware, pushed to request advance payments. The limitations naturally also concern the health need of social distancing with the consequent lockdown which led to the decision to close most of the company offices of the companies belonging to the AlmavivA Group using the new organizational model, still in progress, based on home working. . Each company of the Group has promptly adopted and continues to maintain all the necessary precautions for the management of the emergency, in line with the regulatory provisions issued by the various countries and local authorities and with a view to always guaranteeing maximum safety with regard to its employees, suppliers and workplaces. In particular, the modalities of temporary agile working (so-called smart working) have been adopted both in the IT and CRM fields; the supporting technological / connectivity infrastructure was also enhanced. It is also important to highlight that AlmavivA Contact provides the contact center service on the public utility number 1500-Covid-19 to answer the questions of Italian citizens about the coronavirus. Based on the consolidated experience in 2020, a project to review the working methods is underway on all Group companies, with greater use of temporary agile working methods and new supporting technological implementations, aimed at achieving significant levels of efficiency. and increase in productivity. In the IT sector, market estimates show a growth forecast for the Information Technology sector; the centrality in the country's relaunching strategies promises a new step, in line not only with extraordinary EU funding and with the forecasts of the Recovery Plan, but also with the pressures of businesses. The drive for growth now comes from digital transformation strategies, in particular applied to process innovation, relationships between customers and suppliers and the evolution of the offer, developments that have already begun in the industry, distribution, banks and utilities sectors. Even in the public administration sector, despite various uncertainties and difficulties, growth is expected. The areas that will drive this positive trend are located in the sectors related to the production of ICT Software and Solutions and ICT Services. At the level of all the segments in which the Group carries out its business activities, in particular on CRM Europe, actions aimed at improving productivity and tempering inefficiencies are being studied by the management. As for the impact of the Covid-19 emergency, the IT business is proving very resilient both from the point of view of production and commercial prospects. In the first case, thanks to the rapid activation of temporary agile work methods and the collaboration of customers, the activity continued substantially on most customers and activities. In the second case, thanks to the opportunities associated with the possible increase in investments by customers in the field of cybersecurity, process digitization, data science, analytics, big data, resulting from the consolidated experience in this emergency period.

Despite the emerging investments for the enhancement of the technological support infrastructure and for the adaptation of the offices and logistics structures to the new regulations, no significant economic impacts are expected. From a financial point of view, to date, there is a limited impact related to the slowdown of the testing procedures by the customers, for reasons related to logistical limitations; it is also foreseeable that some minor suppliers may need financial support in this emergency phase, with a consequent limited impact in the management of payments. The forecast for 2021 estimates a development in revenues based especially in the areas relating to the Central and Local Public Administration (PA) (thanks also to the development of the SPC Lot 3 and Lot 4 contracts, awarded in 2017, and in 2020 and March 2021 subject to extension of value), in the Finance sector (expected growth of + 12% on an annual basis) on various banking, insurance and fiduciary groups (with a particular focus on the sale of new products developed internally), as well as in the Utilities and Industry (+ 18% growth expected on an annual basis). As regards the Transportation sector, in 2021 the publication of all tenders for the renewal of the framework contracts by the Ferrovie dello Stato Group is expected (expired in January 2020 and currently entrusted to the RTI led by AlmavivA). To cover the period between the expiry of the current outsourcing contract and the departure of the new contracts and in order to guarantee the stability of the services provided, an extension of the current outsourcing contract has been signed (value € 700 million and expires in December 2021.) entrusted to the RTI led by AlmavivA. The Transportation sector, one of the business sectors most affected by the pandemic emergency, will on the other hand be one of the most involved in the digital transformation plans indicated, among other things, in the recovery plan and it is therefore essential to be ready to seize all the new opportunities. In this sense, the growth of activities and new contracts / customers is expected for 2021 based on the commercial development of new products (Moova platform and Sadel products, also thanks to the penetration of the LPT market which will be favored by the opportunity offered by the SPC framework contract). Growth is also expected in the activities on the International Market both as regards the activities in the public administration of the European Union ("EU"), developed through the subsidiary AlmavivA de Belgique, and in the Transportation sector, where a process of strengthening of direct and indirect controls on the regions of greatest interest, north-east Europe, middle east, Basile, USA. In this context, we highlight the start-up in the new company AlmavivA Saudi KSA, created for the exercise of the contract acquired with the FLOW consortium, relating to the development and management of IT systems to support the operation of 4 Riyadh metro lines, and which will allow direct supervision of the area. Certain actions continue to be carried out in all Group companies with the utmost attention and intensity of control, concerning, in particular:

- Structure costs
- Purchase policies
- The reduction of external costs through the correct balance between direct and indirect resources and the optimization of production and management processes
- The optimization of working capital management, with particular attention to trade receivables and work in progress
- The redesign of the corporate and organizational structure, aimed at improving production and management efficiency, with particular focus on technical and managerial skills, as well as on adequate capitalization of the companies. During 2021, the Group will be able to benefit from the potential positive effects of the new national pension regulations, which could lead to an acceleration of the remix of resources in the production area with consequent professional optimization. In the field of CRM Europe, 2020 added the impact of the Covid-19 pandemic to the previous market problems. The immediate and innovative reaction with the "smart working" model has however allowed, despite the contraction in revenues, to reduce the loss at the Ebitda level by over 58% compared to the previous year. The new production model has basically involved the partial reduction of all the offices, reaching a percentage of resources in SW equal to 85%. This was accompanied by a major technological and organizational effort, also supported by specific investments, which made it possible to achieve qualitative and quantitative performances such as to allow the improvements in the margins described above. The organizational evolution has also provided for the outflow of resources to other operators in the face of the loss of turnover, specifically, characterized by negative margins.

For 2021, a further decline in revenues is expected, due to the rationalization of customers which took place during 2020. However, it is expected that the reduction in labor costs, connected to the reduction of "FTEs" compared to the previous year, the efficiency of external costs, against the efficiency of the logistics structure, and the complete implementation of the effects of the new model " Smart Working », will allow to further reduce the operational loss of CRM Europe compared to the previous year

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

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

Also in Brazil in 2020 regulations were enacted aimed at countering the impact of the pandemic and guaranteeing the health and well-being of citizens.
In this context, as in the other companies of the Group, extraordinary measures have been adopted aimed at adapting production methods, in particular thanks to the use of home office service delivery methods and the strengthening of the technological infrastructure.
This operating mode has also made it possible to achieve operational efficiency and the maintenance of high quality standards of service delivery; production is expected to continue in the same way for 2021.

In 2020, the integration into the AlmavivA do Brasil Group of the subsidiary Chain Servicos and Contact Center SA, formerly Bradesco Group, became fully operational, which allowed a further improvement in the positioning in CRM activities, in particular in the finance sector, pursuing an objective of expansion and diversification of the customer portfolio on the reference market.

The Almawave Group in the year 2020 had a growth in revenues of + 26 %% compared to the same period of the previous year, thanks also to the positive impact of the acquisition of SPC contracts. During 2021, further development is expected both on the Italian and international markets.
In particular, on the Italian market, further strengthening of the On-Premise and Software As-A-Service offer of the products of the IRIDE® Customer Centric Suite is expected (also thanks to the growth, in the company's offer, of products based on conversational platform), the consolidation of the offer of IT products (not IRIDE® based) thanks to the definition of innovative technological solutions in the Business Intelligence, Big Data and Open Data areas, the confirmation of leadership in the Speech Analytics sector and growth of self-automated solutions (conversational IVR & chatbot), the growth of penetration with direct customers on the private market and the parallel growth of activities on the Public Administration Market, also linked to the development of contracts based on the framework agreements SPC Lot 3 and Lot 4 awarded in 2017 and extended in 2020 and 2021 and to the synergies with the commercial forces of the AlmavivA Group in the offer of Almawave products and services towards Public Administration and Private customers.
Almawave has been participating for many years in scientific collaborations with various research and academic institutions, such as FBK, La Sapienza, Tor Vergata, University of Trento, with which it has dealt over time with various issues at the frontier of Artificial Intelligence. As part of the developments on such an articulated and complex issue, Almawave started a process of further industrial collaboration with players in the research sector at the end of 2020 and entered the Spin Data university spin-off in 2020, of which it holds 25% , together with AlmavivA Digital Tech (ADT), which holds 55% of the share capital.

On 11/01/2021 Almawave concluded the entry into the share capital of the innovative startup of Sapienza University of Rome OBDA Systems, with a 60% share. Obda Systems offers state-of-the-art solutions based on the latest innovations in the field of semantic technologies to provide its customers with a direct and effective method to extract key information from complex and large datasets. The basis of these solutions is representation and reasoning through ontological modeling. On the international market, the development of the Brazilian market and in the Latin America area continues, with an offer characterized by solutions that include the integration of Almawave products of the offer called "IRIDE® Customer Centric Suite" and commercial synergy with AlmavivA do Brasil and Almacontact Colombia. As part of the market expansion process, also through non-organic, vertical and transversal growth, the AlmavivA Group is considering investment projects to accelerate growth both in the IT sector (and in the field of products and integrated solutions for transport and in the area of market development, products and services for the industry, public administration and finance sectors, both in Italy and abroad) and in the Foreign CRM sector (focused on expanding and differentiating the current positioning). In order to accelerate the development of innovative solutions and services with high technological value, evaluations are also underway relating to the possible activation of further investments in university spin-offs. On March 9, 2021 Almaviva completed the IPO process at AIM Italia of its subsidiary Almawave spa. The operation, for a total of € 30 million (including the greenshoe option), entirely in capital increases and completed against an overall demand exceeding € 41 million, equal to 1.5 times the offer, was underwritten by leading investors Italian and foreign institutions with a wide geographical diversification. At the start date of the negotiations on AIM Italia, the share capital of Almawave S.p.A. it was represented by a total of no. 26,423,529 ordinary shares (27,058,823 ordinary shares assuming the full exercise of the greenshoe option) with a free float of 26.09% (with full exercise of the greenshoe option), for a capitalization of € 115 million. The transaction will allow Almawave to accelerate the development of products and know-how, strengthen the go-to-market by investing in marketing and partnership strategies and expand its geographical positioning through possible M&A operations in complementary markets in Europe and Brazil. Part of the placement was also used to repay the long-term loan with the parent company Almaviva. From a financial point of view, there is a senior secured bond debt (Senior Secured Notes) for a value of € 250 million, maturing in five years (October 2022) and coupon at 7.25%. In 2020 the relative half-yearly coupons were paid regularly (15.04.2020 and 15.10.2020); each for an amount equal to € 9.063 million, for a total annual amount of € 18.1 million. In December 2020, a corporate reorganization was carried out which involved AlmavivA do Brasil; as a result, the debt was concentrated on the parent company AlmavivA SpA with the consequent zeroing of the Intercompany credit items and an increase in the NFP of the parent company itself. For 2021, financial management is expected to lead to a reduction in the Group's NFP.

2.2 Basis of consolidation

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

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

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns

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

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

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

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

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

Consolidation criteria adopted for subsidiaries

The main consolidation criteria are the following:

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

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

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

Business combinations and goodwill

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

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

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

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

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

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

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

Equity investments in associated companies and joint ventures are accounted for in the Consolidated Financial Statements using the equity method, as envisaged, respectively, by IAS 28 (Investments in associates and joint ventures) and IFRS 11 (Joint arrangements). Associated companies and joint ventures are included in the Consolidated Financial Statements when the significant influence or the joint control begins, until the date in which this joint control or significant influence cease.

Changes in the investment held in subsidiaries without loss of control

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

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

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

Consolidation Area

The companies consolidated at December 31, 2020 are listed in the following table. Compared to the consolidated financial statements as at 31 December 2019:

- due to the acquisition of 100% of Aquarius Participações' share capital by AlmavivA do Brasil. The company Aquarius Participações, in turn, owns the entire share capital of the company Chain Serviços and Contact Center.
- due to the establishment, in September, of ARTificial intelligence for Enterprise systems S.r.l., an academic spin off of the University of Naples Federico II (Department of Electrical Engineering and Information Technologies). AlmavivA Digitaltec S.r.l. and Almawave S.r.l. own, respectively, an equity investment equal to 55% and 25% of the share capital;
- due to the establishment, in September, of AlmavivA Saudi Arabia For Information Technology L.L.C., a company under Saudi law whose single shareholder, owner of 100% of its share capital, is AlmavivA S.p.A.;
- due the completion of the merger by incorporation of AlmavivA Participações and Serviços Ltda. ("AvPart") into AlmavivA do Brasil Telemarketing and Informática S.A.
- PT. AlmavivA Indonesia Kontakt included in assets held for sales.

Compared to the Consolidated financial statements as of December 31, 2019, the consolidation area has changed due to the following companies added: Aquarius Participações with its subsidiary Chain Servicos e Contact Center, Spin Data (ex ARTificial Intelligence forn Entrerprise Systems S.r.l.) and Arabia For Information Technology L.L.C.

Compared to the Consolidated financial statements as of December 31, 2018, the consolidation area has changed due for the operations already describted and for the following companies added: Wedoo Holding S.r.l. and of the latter's subsidiaries.

The consolidated companies as at December 31, 2020, 2019 and 2018 are listed below:

Companies and method of consolidation	Currency	Share held	At December 31, 2020	At December 31, 2019	At December 31, 2018
AlmavivA S.p.A. (Parent Company) Rome, Italy	Euro	100,00%	Parent	Parent	Parent
Lombardia Gestione S.r.l. Milan, Italy	Euro	51,00%	Full	Full	Full
AlmavivA de Belgique S.A. Brussels, Belgium	Euro	100,00%	Full	Full	Full
Almaviva Digitaltec S.r.l. Naples, Italy	Euro	100,00%	Full	Full	Full
Wave S.r.l Pianoro, Italy	Euro	100,00%	Full	Full	Full
Sadel S.p.A. Castel Maggiore, Italy	Euro	84,05%	Full	Full	Full
Wedoo Holding S.r.l. *** Torino, Italy	Euro	55,00%	Full	Full	-
Wedoo S.r.l. *** Torino, Italy	Euro	55,00%	Full	Full	-
Wedoo LLC *** Michigan, U.S.	US Dollar	55,00%	Full	Full	-
Spin Data (ex Arte) S.r.l. ** Napoli, Italy	Euro	80,00%	Full	-	-
Almaviva Saudi Arabia LLC ** Riyad, Saudi Arabia	Saudi Riyal	100,00%	Full	-	-
AlmavivA Contact S.p.A. Rome, Italy	Euro	100,00%	Full	Full	Full
AlmavivA do Brasil S.A. San Paolo, Brazil	Brazilian Real	99,58%	Full	Full	Full
AlmavivA Participações Ltda.***** Belo Horizonte, Brazil	Brazilian Real	0,00%	-	Full	Full
Aquarius Participações S.A.* San Paolo, Brazil	Brazilian Real	99,58%	Full	-	-
Chain Serviços e Contact Center S.A.* San Paolo, Brazil	Brazilian Real	99,58%	Full	-	-
Almacontact Bogotà, Colombia	Colombian Peso	99,58%	Full	Full	Full
Italy Call S.r.l. Rome, Italy	Euro	100,00%	Full	Full	Full
AlmavivA Tunisie S.A. Ville de Tunisi, Tunisie	Tunisian Dinar	56,25%	Full	Full	Full
AlmavivA Services S.r.l. Iasi, Romania	Romanian Leu	100,00%	Full	Full	Full
Almawave S.r.l. Rome, Italy	Euro	100,00%	Full	Full	Full
Almawave do Brasil Ltda. San Paolo, Brazil	Brazilian Real	100,00%	Full	Full	Full
Pervoice S.r.l. Trento, Italy	Euro	100,00%	Full	Full	Full
Almawave USA Inc. San Francisco, U.S.	US Dollar	100,00%	Full	Full	Full
Agrisian S.C.p.A. in liquidazione Rome, Italy	Euro	50,86%	Full	Full	Full

*Acquiered in 2020
**Established in 2020
***Acquiered in 2019
***** Merged in Almaviva do Brasil in september 30, 2020

Companies and method of consolidation (continued)	Currency	Share held	At December 31, 2020	At December 31, 2019	At December 31, 2018
Sin S.p.A. ****** Rome, Italy	Euro	20,02%	-	-	-
CCID – AlmavivA Inform. Technol. Co. Ltd Shangai, People's Republic of China	Chinese Yuan	50,00%	Equity	Equity	Equity
Consorzio Hypertix Rome, Italy	Euro	49,99%	Equity	Equity	Equity
PT: Almaviva Indonesia ****** Kontak	Indonesian Rupiah	49,00%	Equity	Equity	Equity
TVEyes L.T. S.r.l. Trento, Italy	Euro	20,00%	Equity	Equity	Equity

******Reported under the item Assets held for sale and valued at the lower of the book value and the recoverable value

The ultimate parent Company

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

Subsidiaries with significant minority interests

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

		For the year ended December 31		
Company	**Country**	**2020**	**2019**	**2018**
Lombardia Gestione S.r.l.	Italy	49.00%	49.00%	49.00%
Almaviva Tunisie S.A.	Tunisia	43.75%	43.75%	43.75%

Accumulated balances of material non-controlling interest:

(in thousands of Euro)		For the year ended December 31		
Company	**Country**	**2020**	**2019**	**2018**
Lombardia Gestione S.r.l.	Italy	767	1,401	1,273
Almaviva Tunisie S.A.	Tunisia	926	907	708

Profit allocated to material non-controlling interest:

(in thousands of Euro)		For the year ended December 31		
Company	**Country**	**2020**	**2019**	**2018**
Lombardia Gestione S.r.l.	Italy	52	692	586
Almaviva Tunisie S.A.	Tunisia	63	123	60

The minorities present in Sadel S.p.A., Agrisian ScpA in Liquidation, AlmavivA do Brasil SA, Wedoo Holding S.r.l., Wedoo S.r.l. and Wedoo LLC. are not considered significant because: i) Sadel was acquired through Wave S.r.l.in the first half of 2018 with a percentage of 84.05%, and therefore the contribution on the Consolidated Financial Statements at December 31,2020 is not considered relevant; ii) the Pervoice S.p.A., Wedoo Holding S.r.l., Wedoo S.r.l.e Wedoo LLC. contribution volumes are irrelevant for the purposes of the disclosure presented in the Consolidated Financial Statements of AlmavivA S.p.A.; iii) for Agrisian SCpA in liquidation and for AlmavivA do Brasil minority interests in these companies are not relevant for the purposes of consolidation.

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

Summarized income statement for

December 31, 2020	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
(in thousands of Euro)		
Revenues from contracts with customers	2,037	2,267
Cost of raw materials and services	(477)	(360)
Personnel expenses	(1,963)	(1,331)
Depreciation and amortization	(47)	(238)
Depreciation and amortization	(18)	(57)
Profit before taxes	**134**	**198**
Income taxes	(25)	(53)
Profit from continuing operations	**109**	**145**
Other comprehensive income for the year	**106**	**145**
Other comprehensive income pertaining to the group	52	63
Dividends paid pertaining to non-controlling interests	686	0

Summarized income statement for

December 31, 2019	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
(in thousands of Euro)		
Revenues from contracts with customers	20,497	2,599
Cost of raw materials and services	(15,866)	(581)
Personnel expenses	(2,052)	(1,306)
Depreciation and amortization	(49)	(239)
Depreciation and amortization	(22)	(42)
Profit before taxes	**1,989**	**351**
Income taxes	(547)	(71)
Profit from continuing operations	**1,442**	**280**
Other comprehensive income for the year	**1413**	**280**
Other comprehensive income pertaining to the group	692	123
Dividends paid pertaining to non-controlling interests	564	0

Summarized income statement for

December 31, 2018	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
(in thousands of Euro)		
Revenues from contracts with customers	18,997	2,100
Cost of raw materials and services	(14,904)	(659)
Personnel expenses	(2,349)	(1,103)
Depreciation and amortization	(50)	(130)
Depreciation and amortization	(24)	(21)
Profit before taxes	**1,658**	**176**
Income taxes	(473)	(39)
Profit from continuing operations	**1,185**	**137**
Other comprehensive income for the year	**1196**	**137**
Other comprehensive income pertaining to the group	586	60
Dividends paid pertaining to non-controlling interests	588	154

Summarized statement of financial position at March 31, 2020	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
(in thousands of Euro)		
Non-current assets	195	616
Trade receivables	258	2,291
Current liabilities	2,834	1,701
Non-current liabilities	472	59
Equity	**1,566**	**2,116**
Pertaining to the group	799	1,190
Pertaining to non-controlling interests	767	926

Summarized statement of financial position at December 31, 2019	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
(in thousands of Euro)		
Non-current assets	290	772
Trade receivables	3,635	2,039
Current liabilities	8,225	1,459
Non-current liabilities	590	320
Equity	**2,860**	**2,072**
Pertaining to the group	1,459	1,166
Pertaining to non-controlling interests	1,401	907

Summarized statement of financial position at December 31, 2018	Lombardia Gestione S.r.l.	AlmavivA Tunisie S.A.
(in thousands of Euro)		
Non-current assets	198	314
Trade receivables	3,322	1,947
Current liabilities	(6,707)	(1,248)
Non-current liabilities	(545)	0
Equity	**2,597**	**1,618**
Pertaining to the group	1,324	910
Pertaining to non-controlling interests	1,273	708

Summarized statement of cash flow December 31, 2020	**Lombardia Gestione S.r.l.**	**AlmavivA Tunisie S.A.**
(in thousands of Euro)		
Cash-flow generated from operating activities	(285)	277
Cash-flow absorbed by investing activities	(1)	(81)
Cash-flow absorbed by financing activities	(1,403)	(363)
Cash flow of the year	**(1,689)**	**(167)**

Summarized statement of cash flow December 31, 2019	**Lombardia Gestione S.r.l.**	**AlmavivA Tunisie S.A.**
(in thousands of Euro)		
Cash-flow generated from operating activities	2,759	517
Cash-flow absorbed by investing activities	0	(694)
Cash-flow absorbed by financing activities	(1,179)	483
Cash flow of the year	**1,580**	**306**

Summarized statement of cash flow December 31, 2018	**Lombardia Gestione S.r.l.**	**AlmavivA Tunisie S.A.**
(in thousands of Euro)		
Cash-flow generated from operating activities	1,537	267
Cash-flow absorbed by investing activities	(8)	(4)
Cash-flow absorbed by financing activities	(1,150)	(565)
Cash flow of the year	**379**	**(302)**

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting policies and measurement criteria

The accounting standards adopted for the preparation of the financial statements as at 31 December 2020 are consistent with those used for the preparation of the financial statements as at 31 December 2019, except for the adoption of the new standards and amendments in force from 1 January 2020. The group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force. The most significant accounting principles and valuation criteria adopted for the preparation of the financial statements at 31.12.2020 are described below. The Group applied for the first time some standards or amendments that have been in force since January 1, 2020. The application of these standards or amendments, for more details on which reference is made to paragraph 3.2 below, did not have any significant effects on the financial statements consolidated as at 31 December 2020. The Group has not adopted in advance any new standards, interpretations or amendments issued but not yet in force with the exception of the amendment to IFRS 16 Covid-19 Related Rent Concessions.

Intangible assets

Intangible assets are identifiable assets lacking physical substance, controlled by the group and able to produce future economic benefits, as well as goodwill deriving from business combinations. Identifiability is defined with reference to the possibility of distinguishing the intangible asset acquired from goodwill. This requirement is normally satisfied when: (i) the intangible asset arises from a legal or contractual right, or (ii) the asset is separable, i.e. can be sold, transferred, leased or exchanged independently or as an integral part of other assets. Company’s control consists of the power to obtain future economic benefits from the asset or the possibility of restricting others’ access to those benefits.
As part of the transition to IFRS, the AlmavivA Group decided not to retroactively apply *IFRS 3 - Business combinations* to acquisitions made prior to October 1, 2012; consequently, for these acquisitions, the carrying amounts of the intangible assets as at said date were maintained, calculated on the basis of the previous accounting standards.
Intangible assets are booked at historical cost, inclusive of any directly attributable accessory charges. No revaluations are permitted, even in application of specific laws.
Intangible assets with a definite useful life are amortised systematically over their useful life, understood as the estimate of the period in which the assets will be used by the company; amortization is recorded from the moment the asset is available for use, or is potentially able to generate the associated economic benefits. The annual depreciation rates used are as follows:

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

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

Goodwill and other intangible assets with an indefinite useful life are not subject to amortization; the recoverability of their book values is verified at least annually and, in any case, when events occur that indicate impairment. With reference to goodwill, the test is performed at the smallest aggregate level (cash generating unit) to which goodwill can be attributed on a reasonable and consistent basis; this aggregate represents the basis on which Company Management directly or indirectly assesses the investment return. When the book value of the cash generating unit inclusive of the goodwill attributed to it is higher than the recoverable value, the difference is subject to a write-down which is allocated, on a priority basis, to the goodwill up to the relevant amount; any excess of the write-down with respect to goodwill is charged on a pro-rata basis to the book value of the assets that comprise the cash generating unit.

Property, plant and equipment
Property, plant and equipment, comprising investment property, are booked at historical cost, inclusive of any directly attributable accessory charges. The cost of Property, plant and equipment, whose use is limited over time, is systematically depreciated each year on a straight-line basis in relation to the estimated economic-technical life. If significant parts of these tangible assets have different useful lives, these components are accounted for separately. Depreciation is recorded from the moment the asset is available for use or is potentially able to generate the associated economic benefits. The annual depreciation rates used are as follows:

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

In the presence of specific indicators of the risk of non-recovery of the carrying amount of the Property, plant and equipment, these are subject to impairment testing, as described in the specific section.
Property, plant and equipment are no longer stated in the financial statements following their transfer or when no future economic benefits are expected from their use, and any resulting profit or loss (calculated as the difference between the sale value, less costs to sell, and the carrying amount) is booked to the income statement in the year of disposal. Any ordinary maintenance costs are charged to the income statement.
Assets under a financial lease, or relating to agreements that, although not taking on the explicit form of a financial lease, provide for the substantial transfer of risks and rewards of ownership, are booked at fair value, net of contributions due from the lessee, or if lower, at the present value of minimum lease payments, under Property, plant and equipment as a contra-item to the financial liability due to the lessor and depreciated according to the criteria indicated below. When there is no reasonable certainty of exercising the right of redemption, the depreciation is charged in the shorter period between the duration of the lease and the useful life of the asset.

Equity investments
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group’s investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.
The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.
After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

<u>Revenue from contracts with customers</u>
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.
The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g.,warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).
The presentation of the revenues and the consequent contractual activities is done by contract and not by single obligation to do.

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. There are no arrangements that provide customers with a right of return and/or volume rebates; variable considerations are mainly referred to penalties applicable by customers for failure to achieve certain KPIs.

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

<u>Contract balances</u>

Contract assets

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

Trade receivables

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

Contract liabilities

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

Inventories

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

Cash and cash equivalents

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

Financial instruments – Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Fur purposes of subsequent measurement, financial assets are classified in four categories:

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

Equity instruments

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from

such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.
The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition

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

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

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

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual term.
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).
For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

<u>Financial liabilities</u>
Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss.

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

Loans and borrowings

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

Derecognition

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

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

Leasing
The Group assesses when signing a contract whether it is, or contains, a lease. In other words, if the contract confers the right to control the use of an identified asset for a period of time in exchange for a fee. The Group adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low-value assets. The Group recognizes the liabilities relating to lease payments and the right-of-use asset which represents the right to use the asset underlying the contract. The Group recognizes the right-of-use assets on the lease start date (ie the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, net of accumulated depreciation and impairment, and adjusted for any remeasurement of leasing liabilities. The cost of the right-of-use assets includes the amount of recognized leasing liabilities, the initial direct costs incurred and the lease payments made on or before the commencement date, net of any incentives received. Right-of-use assets are amortized on a straight-line basis from the effective date to the end of the lease term as this is always less than the useful life of the leased asset. At the effective date of the lease, the Group recognizes the lease liabilities by measuring them at the present value of the payments due for the lease not paid at that date. Payments due include fixed payments (including fixed payments in substance) net of any lease

incentives to be received, variable lease payments that depend on an index or rate and amounts that are expected to be paid under the of residual value guarantees. The lease payments also include the exercise price of a purchase option if it is reasonably certain that this option will be exercised by the Group and the lease termination penalty payments, if the lease term takes into account the exercise by the Group of the termination option of the lease itself. In calculating the present value of payments due, the Group uses the marginal loan rate at the start date based on the Group's debt. After the effective date, the amount of the lease liability increases to take into account the interest on the lease liability and decreases to consider the payments made. Furthermore, the book value of the lease payables is restated in the event of any changes to the lease or for the revision of the contractual terms for the modification of payments; it is also restated in the presence of changes regarding the valuation of the purchase option of the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine such payments

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

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

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

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

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

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

Costs and related liabilities to employee benefits also include post-employment benefits such as the employee severance indemnities. The provision for employee severance indemnities, which is mandatory for Italian companies, is considered:

- a defined-benefit plan with respect to the benefits that vested up to December 31, 2006, as well as with respect to benefits vesting from January 1, 2007 (or, where applicable, until the subsequent date of subscription to the supplementary pension fund);
- a defined-contribution plan with respect to benefits vesting from January 1, 2007 on for employees who opted for alternative pension plans and, in the case of companies with more than 50 employees, employees who chose to leave their vested benefits with the company.

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

Grants

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

Tax Credit according to Law 194/2014

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

Impairment test of assets and corresponding reversal

At the balance sheet date or at least once per year, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Group bases its impairment calculations on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.
For assets excluding goodwill, an assessment is made at the balance sheet date or at least once per year to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss

is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.
Goodwill is tested for impairment annually as at 31 December or at least once per year and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

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

Income taxes
Current income taxes are calculated on the basis of the estimate of taxable income; the expected payable is booked to the item "current tax liabilities". Tax payables and receivables for current income taxes are booked at the value that is expected to be paid/recovered to/from the tax authorities, by applying the applicable tax rates and regulations or essentially approved at the end of the reporting period.
Deferred income taxes are calculated on the temporary differences between the values of assets and liabilities booked to the financial statements and the corresponding values recognised for tax purposes on the basis of the rates and regulations in force. Deferred tax assets are recognised when their recovery is considered likely; the recoverability of deferred tax assets is considered likely when taxable income is expected to be available, in the year in which the temporary difference will be cancelled, such as to allow the tax deduction to be carried out. Similarly, unused tax credits and deferred tax assets on tax losses are recognised within the limits of their recoverability.
Deferred taxes are booked to the income statement, with the exception of those related to items recognised directly in shareholders' equity; based on said assumption, also the associated deferred taxes are booked to shareholders' equity.
Prepaid and deferred taxes are offset where there is a legal right which allows current tax assets and current tax liabilities to be offset and deferred taxes refer to the same taxpayer and same tax authority.

Tax consolidation
Up to December 31, 2020, the parent company and its Italian investees, as they met the legal requirements, exercised the option of participating in the tax consolidation under the parent company AlmavivA Technologies S.r.l.
The economic and financial relations arising from the participation in the tax consolidation are governed by a single contract.
Given that the tax basis of the tax consolidation is the sum of the taxable amounts and the tax losses that the individual entities assign to the consolidating company, any loss transferred to the tax consolidation is recognised under the consolidating company and based on the reasonable certainty of recovery assessed on a consolidated basis.
The agreements also provide the option of assigning to the consolidating company any excess taxes against which the consolidating company and the consolidated companies recognise reciprocal equity balances.
Recognition in equity requires the replacement of the tax payables and receivables with payables and receivables among consolidated entities. In particular, the recognition is made as follows:

Consolidating company
Only recognitions in equity (Tax Authorities and the consolidated company) are made against the taxable amounts acquired, with the deferred tax assets recognised only if the requirements above are satisfied.

Consolidated company
Recognises current tax expenses (income from participation in the tax consolidation) against taxable amounts (losses) concerning a payable (receivable) to the consolidating company.

Where provided for pursuant to specific consolidation agreements, any retrocession of tax losses transferred during the consolidation period requires the adjustment of the payable to the consolidating company against an expense for participation in the tax consolidation.

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

Assets held for sale and discontinued operations
Non-current assets and current and non-current assets of disposal groups are classified as held for sale if the relative carrying amount will be recovered mainly through sale rather than continuous use. This condition is considered respected when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present conditions. An entity that is committed to a sale plan involving a loss of control of a subsidiary should classify all the assets and liabilities of the subsidiary as held for sale, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale. Verification of respect for the conditions set forth for the classification of an item as held for sale requires the company management to carry out subjective evaluations by formulating reasonable and realistic assumptions based on the information available. Non-current assets held for sale, current and non-current assets relating to disposal groups and directly associated liabilities are booked to the balance sheet separately from other company assets and liabilities. Immediately prior to the classification as held for sale, assets and liabilities falling under a disposal group are measured according to the applicable accounting standards. Subsequently, non-current assets held for sale are not subject to amortisation/depreciation and are measured at the lower of the carrying amount and the associated fair value, less costs to sell.

The classification of an equity investment valued according to the equity method, or a portion of said shareholding, as an asset held for sale, entails the suspension of the application of said measurement method to the entire equity investment or solely to the portion classified as asset held for sale; therefore, in this case, the carrying amount is actually equal to the value deriving from the application of the equity method at the reclassification date. Any shareholdings not classified as held for sale continue to be measured according to the equity method until the conclusion of the sale plan. Following the sale, the residual shareholding is measured by applying the criteria indicated in previous point "Non-current financial assets - Equity investments", except where said item continues to be measured according to the equity method. Any difference between the carrying amount of the non-current assets and the fair value less the costs to sell is booked to the income statement as impairment; any subsequent write-backs are recognised up to the amount of the write-downs recorded previously, including therein those recognised prior to the qualification of the asset as held for sale. Non-current assets and current and non-current assets of disposal groups, classified as held for sale, constitute discontinued operations if, either: (i) they represent a separate major line of business or geographical area of operations (ii) are part of a plan to dispose of a separate major line of business or geographical area of operations; or (iii) are a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations, as well as any capital gain/loss realised as a result of disposal, are indicated separately in the appropriate item of the income statement, net of the associated tax effects; the income statement values of discontinued operations are also indicated for the years being compared. When events are verified that no longer allow non-current assets or disposal groups to be classified as held for sale, they are reclassified to the respective items of the balance sheet and recognised at the lower between: (i) the carrying amount on the date of classification as held for sale, adjusted for amortisation/depreciation, impairment and write-backs that would have been recognised if the assets or disposal groups had not been classified as held for sale; and (ii) the recoverable value at the reclassification date. If the interruption of the sale plan concerns a subsidiary, a joint operation, a joint venture or an associated company, or a shareholding in a joint venture or an associated company, the values presented in the financial statements are re-stated from the moment of the classification as held for sale/discontinued operations. In the event in which a discontinued operation is reclassified as held for use, the economic results, previously stated in a separate item of the income statement, are reclassified and included under continuing operations for all the years presented.

3.2 New standards, interpretations and amendments adopted by the Group

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group,but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."
The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.
A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.
The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.
These amendments had no impact on the consolidated financial statements of the Group.

Amendment to IFRS 16 Covid-19 Related Rent Concessions

On May 28, 2020, the IASB published an amendment to IFRS 16. The amendment allows a lessee not to apply the requirements in IFRS 16 on the accounting effects of contractual amendments for reductions in lease payments granted by lessors which are a direct consequence of the Covid-19 epidemic. The change introduces a practical expedient whereby a lessee can choose not to consider whether the lease fee reductions represent contractual changes. A lessee who chooses to use this expedient accounts for these reductions as if they were not contractual changes within the scope of IFRS 16. The amendments are applicable to financial statements whose accounting period begins on June 1, 2020 or later. Early adoption is allowed. The Group opted for early adoption without, however, noting significant changes.

4. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT

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

Management judgement mainly refers to aspects such as:

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

- the determination of the lease term for contracts that contain extension options and in which the Group operates as lessee;
- the analysis about whether the conditions to qualify assets or operations as Non-current assets held for sale in accordance with IFRS 5 are met and if those assets or operations also represent discontinued operations or not;
- the definition of the Group's Operating and reportable segments that are relevant to the business and reflect the regular review process in terms of operating results performed by the entity's chief operating decision maker to make decisions about resources to be allocated to segments and assess their performance, as further described in Note 5 below;
- the Group has identified the AlmavivA CGU to which the goodwill called AlmavivA Finance is specifically associated; the AlmavivA Contact CGU to which the following goodwill refer: Atesia, Alicos, AlmavivA Contact and InAction; the Sadel CGU to which the goodwill called Wave refers; the Almawave CGU to which the goodwill referred to as Gempliss refers; the Pervoice CGU to which the goodwill referred to as PerVoice refers. On the part relating to the International CRM sector, the AlmavivA do Brasil CGU was identified to which the homonymous goodwill refers;
- the recognition of public grants and other activities.

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

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

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

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

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

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

Non-current assets (or disposal groups) classified as held for sale and discontinued operations
Non-current assets (or disposal groups) whose carrying amount will be recovered through sale, rather than through ongoing use, are classified as held for sale and shown separately from the other assets in the statement of financial position. The liabilities associated with assets held for sale are also shown separately from the other liabilities in the statement of financial position. This only occurs when the sale is highly probable and the non-current assets (or disposal groups) are available in their current condition for an immediate sale. Managements evaluates as to whether such conditions are met to qualify the non-current asset (or disposal group) as Non-current assets held for sale in accordance with IFRS 5.
For the purposes of this valuation, it also considers the timescales envisaged for the completion of the sale and - where events or conditions beyond the control of the entity materialize such as to suggest that the sale may not be completed within one year from the date of classification - value the existence of the requisites necessary to make use of the extension provided for in paragraph 9 and in Appendix B of IFRS 5.
Non-current assets (or disposal groups) classified as held for sale are first recognized in compliance with the appropriate IFRS applicable to the specific assets or liabilities and subsequently measured at the lower of the carrying amount and the fair value, net of costs to sell. Any subsequent impairment losses are recognized as a direct adjustment to the non-current assets (or disposal groups) classified as held for sale and expensed in the income statement.

The corresponding values for the previous period are not reclassified.

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

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

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

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

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

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

Identification of cash-generating units (CGUs)
In application of IAS 36, the goodwill recognized in the Consolidated Financial Statements of the Group as a result of business combinations has been allocated to individual CGUs or groups of CGUs that will benefit from the combination. In identifying such CGUs, management took account of the specific nature of the assets and the business acquired through the business combination that originated the goodwill (e.g., geographical area and business area), verifying that the cash flows of a given group of assets were closely interdependent and largely independent of those associated with other assets (or groups of assets), The assets allocated to each CGU were also identified in a way consistent with the manner in which management manages and monitors those assets within the business model adopted.
As a result of this process, the following CGUs were identified where goodwill was allocated: AlmavivA Contact S.p.A.; Alicos; AlmavivA do Brasil SA.; In Action; Atesia; AlmavivA Finance; Pervoice; Almawave; Wave; e Wedoo.

Recognition of government grants and other activities
As part of its research and development activities, the group incurs costs which may be fully or partially facilitated in the form of tax credit by virtue of the incentive mechanisms for technological innovation introduced first through art. 1, paragraph 35, of the law of 23 December 2014, n. 190 and recently reaffirmed with art. 1, paragraph 198-209, of the law of 27 December 2019, n. 160.
The recognition in the financial statements of these public grants is subject to reasonable certainty as to its reliable determination and recognition. These requirements are considered satisfied upon the release of specific technical reports commissioned by the companies of the group to specifically appointed professional firms with specific expertise in the matter. Where these reports are issued within the terms of preparation of the financial statements, the contribution is recorded in the closing financial statements in compliance with the accrual criterion, thus also ensuring full correlation of the same with the costs incurred in the year against which the itself is recognized.
As part of the Other Activities, the group also takes over an activity against a well-known insurance company for the recovery of which action has been initiated. At present, the Management assumes - also on the basis of the assessments made by the defense board of the Company regarding the full traceability of the claim to a contractual right protected in the insurance policy - that it has valid arguments to be able to support its position, the instrumentality of the reserves and exceptions moved by the insurance company and, consequently, to be able to subvert the outcome of the first degree sentence.

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

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

The Group determined that the input method is the best method in measuring the progress of the installation services because there is a direct relationship between the Group's effort (i.e., labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service, In other circumstances, the Group considered more correct to use the method based on the outputs as a suitable criterion for measuring the progress of the services provided by the Group. In this last case, the determination of the function points shared with the customer constitutes the basis for the recognition of revenues.
Some contracts for the sale of IT and CRM services provide for penalties to the Group for failure to reach contractually indicated KPIs. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration. Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

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

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

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

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

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

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

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

Recovery of prepaid taxes
As at December 31, 2020, the Consolidated Financial Statements include prepaid taxes, connected to the recognition of tax losses that can be used in future years and income components subject to deferred deductibility of taxes, for an amount whose recovery in future years is considered highly likely by the directors. The recoverability of the aforementioned prepaid taxes is subject to the achievement of sufficient future taxable income to absorb the aforementioned tax losses and for the use of the benefits of other deferred tax assets. Significant management judgments are required in order to determine the amount of prepaid taxes that can be recognised in the financial statements, based on the timing and amount of the future taxable income as well as the future tax planning strategies and tax rates in force at the moment of their reversal. However, at the moment the Group should ascertain that it is unable to recover, in future years, all or part of the prepaid taxes recognised, the consequent adjustment will be booked to the income statement in the year in which said circumstance is verified.
Please refer to paragraph 3.1 “Accounting policy and measurement criteria” above, for more details on each relevant financial item included in each category of estimates. Verification of the recoverability of deferred tax assets in the consolidated financial statements at 31 December 2020 was carried out on the current 2020-2025 Business Plan approved by the Board of Directors.

5. OPERATING AND REPORTABLE SEGMENTS

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

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

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

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

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

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

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

The directors observe the results achieved by the business units separately for the purpose of taking decisions regarding the allocation of resources and performance assessment. The transfer prices between the operating segments are negotiated internally using similar methods to transactions with third parties.

The Group's financing strategy (including financial costs and financial income) is managed at Group level and, therefore, is not allocated to the operating segments and the reportable segments. Consequently, income taxes also remain unallocated.

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

For the twelve months ended December 31, 2020

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Revenue							
Revenues from contracts with customers	558,799	87,406	204,216	20,875	871,296	0	871,296
Inter-segment	3,174	6,532	104	5,992	15,802	(15,802)	0
Total revenues from contracts with customers	**561,973**	**93,938**	**204,320**	**26,867**	**887,098**	**(15,802)**	**871,296**
Income/(Expenses)							
Cost of raw materials and services	(249,835)	(19,414)	(54,282)	(12,024)	(335,554)	18,407	(317,148)
Personnel expenses	(239,082)	(78,558)	(116,959)	(9,269)	(443,868)	415	(443,452)
Depreciation and amortization and write-downs	(23,216)	(3,113)	(10,634)	(2,619)	(39,582)	417	(39,165)
Losses from sale of non-current assets	767	(78)	0	116	805	(116)	689
Other operating income	19,001	960	1,191	778	21,930	(2,565)	19,365
Other operating expenses	(11,954)	(771)	(1,203)	(166)	(14,094)	203	(13,890)
Operating Profit	**57,654**	**(7,037)**	**22,433**	**3,684**	**76,734**	**960**	**77,694**
% Revenue	*10.3%*	*n.d.*	*11.0%*	*13.7%*			*8.9%*
At December 31, 2020							
Total assets	**528,460**	**133,042**	**149,541**	**47,942**	**858,985**	**(41,447)**	**817,538**
Total liabilities	**377,040**	**54,712**	**30,657**	**23,124**	**485,533**	**(38,602)**	**446,930**

For the twelve months ended December 31, 2019

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Revenue							
Revenues from contracts with customers	500,895	118,627	232,103	15,089	866,715	(0)	866,715
Inter-segment	3,039	6,708	79	6,221	16,047	(16,047)	0
Total revenues from contracts with customers	**503,934**	**125,335**	**232,182**	**21,310**	**882,762**	**(16,047)**	**866,715**
Income/(Expenses)							
Cost of raw materials and services	(226,732)	(24,390)	(61,696)	(8,566)	(321,383)	19,710	(301,674)
Personnel expenses	(217,313)	(109,726)	(138,936)	(8,454)	(474,429)	421	(474,007)
Depreciation and amortization and write-downs	(22,954)	(4,062)	(12,808)	(2,104)	(41,927)	417	(41,510)
Losses from sale of non-current assets	1	(44)	0	0	(43)	0	(43)
Other operating income	19,860	1,240	487	2,035	23,623	(3,517)	20,106
Other operating expenses	(7,603)	(1,616)	(79)	(89)	(9,387)	67	(9,320)
Operating Profit	**49,194**	**(13,262)**	**19,151**	**4,133**	**59,216**	**1,051**	**60,267**
% Revenue	*9.8%*	*n.d.*	*8.2%*	*19.4%*			*7.0%*
At December 31, 2019							
Total assets	**580,034**	**144,310**	**196,085**	**43,233**	**963,661**	**(141,366)**	**822,295**
Total liabilities	**360,852**	**86,006**	**33,970**	**16,188**	**497,016**	**(68,014)**	**429,002**

The Consolidated Financial Statements as of December 31, 2019 contain the effect deriving from the first application of IFRS 16 – Leases. Mentioned effects have been disclosed in paragraph 3.2 of the notes.

For the twelve months ended December 31, 2018

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Revenue							
Revenues from contracts with customers	423,644	140,609	225,802	9,649	799,704	(0)	799,704
Inter-segment	3,387	7,247	110	6,361	17,105	(13,103)	0
Total revenues from contracts with customers	**427,031**	**147,856**	**225,912**	**16,010**	**816,809**	**(13,103)**	**799,704**
Income/(Expenses)							
Cost of raw materials and services	(192,186)	(35,141)	(68,266)	(5,438)	(301,031)	21,694	(279,337)
Personnel expenses	(193,727)	(119,943)	(137,140)	(7,163)	(457,973)	485	(457,488)
Depreciation and amortization and write-downs	(15,278)	(2,173)	(8,056)	(1,781)	(27,289)	417	(26,872)
Losses from sale of non-current assets	5	(84)	0	0	(79)	0	(79)
Other operating income	24,374	858	163	2,208	27,604	(4,633)	22,970
Other operating expenses	(5,963)	(1,468)	(397)	(130)	(7,959)	158	(7,801)
Operating Profit	**44,256**	**(10,096)**	**12,216**	**3,706**	**50,083**	**1,016**	**51,099**
% Revenue	*10.4%*	*-6.8%*	*5.4%*	*23.1%*			*6.4%*
At December 31, 2018							
Total assets	**489,692**	**142,483**	**151,648**	**35,325**	**819,148**	**(142,150)**	**676,998**
Total liabilities	**300,396**	**94,889**	**33,697**	**11,951**	**440,933**	**(75,973)**	**364,961**

Reconciliation of Operating profit/(loss)

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

Reconciliation of Operating Profit

	For the twelve months ended December 31,		
(in thousands of Euro)	**2020**	**2019**	**2018**
Segment profit	**77,694**	**60,267**	**51,099**
Finance income	1,040	642	600
Finance costs	(32,968)	(34,822)	(29,900)
Exchange gains/(losses)	(622)	(3,748)	(335)
Gains/(losses) on equity investments	0	0	0
Profit/(loss) from investments accounted for using equity method	0	7	6
Inter-segment income/expenses (elimination)	0	0	0
Profit/(loss) before taxes	**45,145**	**22,346**	**21,469**

Reconciliation of Total assets

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Segment operating assets	**817,538**	**822,295**	**676,998**
Deferred tax assets	14,770	12,833	15,259
Current financial assets	4,152	3,415	4,140
Non-current financial assets	1,229	4,884	1,643
Non-current assets held for sale	2,459	2,459	2,459
Total assets	**840,148**	**845,886**	**700,499**

Reconciliation of Total liabilities

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Segment operating liabilities	**446,930**	**429,002**	**364,961**
Non-current financial liabilities	317,233	322,523	274,902
Current financial liabilities	22,937	34,267	14,330
Current tax liabilities	27,650	37,729	36,143
Deferred tax liabilities	2	1,394	1,534
Total liabilities	**814,752**	**824,915**	**691,868**

Reconciliation of EBITDA

For the twelve months ended December 31, 2020

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Operating profit	**57,654**	**(7,037)**	**22,433**	**3,684**	**76,734**	**960**	**77,694**
(+) Depreciation and amortization	23,216	3,113	10,634	2,619	39,582	(417)	39,165
(+) Losses from sale of non-current assets	(767)	78	0	(116)	(805)	116	(689)
Earning before intersts, taxes, depreciation and amortization (EBITDA)	**80,103**	**(3,845)**	**33,067**	**6,186**	**115,511**	**659**	**116,170**
% Revenue	*14.3%*	*n.d.*	*16.2%*	*23.0%*	*13.0%*	*n.d.*	*13.3%*

For the twelve months ended December 31, 2019

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Operating profit	**49,194**	**(13,262)**	**19,150**	**4,133**	**59,216**	**1,051**	**60,267**
(+) Depreciation and amortization	22,954	4,062	12,808	2,104	41,927	(417)	41,510
(+) Losses from sale of non-current assets	(1)	44	0	0	43	0	43
Earning before intersts, taxes, depreciation and amortization (EBITDA)	**72,147**	**(9,156)**	**31,958**	**6,236**	**101,186**	**634**	**101,820**
% Revenue	*14.3%*	*n.d.*	*13.8%*	*29.3%*	*11.5%*	*n.d.*	*11.7%*

For the twelve months ended December 31, 2018

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Operating profit	**44,256**	**(10,096)**	**12,215**	**3,706**	**50,083**	**1,016**	**51,099**
(+) Depreciation and amortization	15,278	2,173	8,056	1,781	27,289	(417)	26,872
(+) Losses from sale of non-current assets	(5)	84	0	0	79	0	79
Earning before intersts, taxes, depreciation and amortization (EBITDA)	**59,529**	**(7,838)**	**20,272**	**5,487**	**77,451**	**599**	**78,050**
% Revenue	*13.9%*	*n.d.*	*9,0%*	*34,3%*	*9.5%*	*n.d.*	*9.8%*

The Consolidated Financial Statements as of December 31, 2019 contain the effect deriving from the first application of IFRS 16 – Leases. Mentioned effects have been disclosed in paragraph 3.2 of the notes.

Geographic information

(in thousands of Euro)	At December 31, 2020	At December 31, 2019	At December 31, 2018
Revenues from external customers			
Italy	659,862	628,645	567,441
Brazil	192,120	218,607	215,131
Tunisia	2,164	2,520	1,990
Colombia	10,012	11,691	8,964
Europe	5,877	5,081	6,178
Other	1,261	171	0
Total	**871,296**	**866,544**	**799,704**
Of which:			
Revenues recognized over the time	**856,543**	**851,451**	**789,225**
Revenues detected at a point in time	**20,076**	**14,416**	**3,695**

6. SIGNIFICANT TRANSACTIONS IN THE PERIOD

The acquisition resulted in the payment of a consideration equal to 90,013 Brazilian reais, corresponding to an equivalent value in euros at the date of the transaction of Euro 19,932 thousand, gross of the cash acquired in the transaction. The fair value valuation at the acquisition date of the recognized assets and liabilities was found to be in line with the corresponding book value of the net assets acquired, and therefore with the book net equity. This resulted in the lack of need to proceed with the recognition of any goodwill as part of the transaction. On the other hand, the Purchase Price Allocation process for the identification of the fair value of the assets acquired and the liabilities assumed is still in the process of being completed which, it is believed - will be completed by the end of December 31, 2020. Data relating to the company Chain Serviços and Contact Center S.A. The organizational reorganization operation set up by the consolidating company AlmavivA SpA and which mainly concerned AlmavivA do Brasil and AlmavivA Contact is represented in the management report, to which reference should be made.

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

(in thousands of Euro)	**Accounting values on the acquisition date**
Intangible assets	326
Property, plant and equipment	2.043
Non-current financial assets	0
Other non-current assets	708
Total non-current assets	**3.078**
Inventories and amount due from customers	0
Trade receivables	11.933
Other current assets	2.149
Cash and cash equivalents	9.717
Total current assets	**23.800**
Total assets	**26.877**
Non-current liabilities for employee benefits	0
Non-current financial liabilities	479
Total non-current liabilities	**479**
Trade payables	763
Current financial liabilities	971
Current tax liabilities	4.734
Other current liabilities	0
Total current liabilities	**6.467**
Total liabilities	**6.945**
Fair value of net assets	19.932
Minorities	19.932
Goodwill (previsional)	**(0)**
Cash and cash equivalents acquired	9.717
Consideration paid	(19.932)
Net acquired cash flow	**(10.215)**

The net cash flow of the acquisition includes only the consideration paid on the reference date of the condensed period yearly Consolidated Financial Statements.

For changes in goodwill recorded in the period, please refer to the information in Note 7.
From the acquisition date, Chain Serviços and Contact Center S.A. contributed for Euro 40,560 thousand to Group’s net revenues and for Euro positive 7,275 thousand to the Group's Profit/(Loss) before taxes. The organizational reorganization operation set up by the consolidating company AlmavivA SpA and which mainly concerned AlmavivA do Brasil and AlmavivA Contact is represented in the management report, to which reference should be made.

7. INTANGIBLE ASSETS AND GOODWILL

The table below shows for each component of Intangible assets the changes in net carrying value that occurred in 2020, 2019 and 2018:

(in thousands of Euro)	**Goodwill**	**Industrial patent and intellectual property rights**	**Concessions, licences, trademarks and similar rights**	**Other intangible assets**	**Assets under construction**	**Total**
At January 1, 2018	**33,778**	**26,440**	**608**	**12,265**	**16,549**	**89,640**
Additions	5,121	1,720	66	57	338	3,316
Capitalisation for internal projects	0	390	295	0	13,138	14,136
Amortization	0	(7,124)	(279)	(6,236)	0	(14,153)
Disposals	0	0	0	0	0	0
Reclassifications and other	0	3,863	1	6,652	(10,542)	177
Foreign exchange differences	(52)	(852)	(28)	0	0	(1,421)
At December 31, 2018	**38,847**	**24,437**	**663**	**12,738**	**19,483**	**96,168**
Additions	630	5,037	6	15	862	6,550
Capitalisation for internal projects	0	155	0	0	13,091	13,246
Amortization	0	(7,183)	(293)	(5,929)	0	(13,405)
Disposals	0	(1)	0	0	0	(1)
Reclassifications and other	0	6,001	4	4,762	(10,178)	589
Foreign exchange differences	(22)	(134)	7	(1)	0	(150)
At December 31, 2019	**39,455**	**28,312**	**387**	**11,585**	**23,258**	**102,996**
Additions	208	2,338	728	50	217	3,541
Capitalisation for internal projects	0	479	0	173	14,567	15,219
Amortization	0	(7,454)	(472)	(6,357)	0	(14,284)
Disposals	(52)	0	0	0	(35)	(87)
Reclassifications and other	0	5,056	4	14,437	(19,643)	(146)
Change in consolidation areea	0	0	181	0	0	181
Foreign exchange differences	(150)	(2,329)	(96)	0	(28)	(2,603)
At December 31, 2020	**39,461**	**26,402**	**732**	**19,888**	**18,336**	**104,818**

The change in the area equal to Euro 181 thousand refers to the fixed assets of the new company Chain Serviços and Contact Center.
The Group's investments at 31 December 2020 amounted to Euro 3,541 thousand and mainly refer to "Industrial patent rights and use of intellectual property" and concessions, licenses and trademarks; these increases relate to costs for the acquisition of user and property licenses and costs for software development carried out mainly by the CRM International, IT Services and Almawave - New Technology segments.

The Group also made further investments in the reference period, through capitalization for internal work, for a total of Euro 15,219 thousand referring to costs incurred mainly in the context of the creation and internal development of assets (software, IT applications) also used in the creation and management of the services offered in the operating segments in which the Group operates. The aforementioned capitalizations refer to the IT Services and Almawave - New Technology segments.
During the period, part of the investments made in previous years was completed and was therefore reclassified, in the respective categories of reference, including - for an amount of Euro 5,056 thousand - under the item "Industrial patent rights and use of works by 'ingenuity' which at the end of the period was equal to a total of Euro 26,402 thousand and which highlights the Group's endowment of software tools and IT applications developed internally and for evolutionary maintenance carried out on them. The Group, in relation to these assets, periodically carries out an analysis in correspondence with the closing of the financial statements aimed at finding their recoverable value with respect to that of recognition in the financial statements on the basis of the expected future economic benefits associated with them (active contracts of planned acquisition).

The amortization of the period on intangible assets amounts to Euro 14,284 thousand. The main depreciation ratios adopted as at 31 December 2020 are included in the following ranges:

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

The exchange differences from the translation of the financial statements of companies operating in areas other than the Euro equal to negative Euros 2,603 thousand mainly concern companies that prepare financial statements in Brazilian reais.

Goodwill and Impairment testing

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

(in thousands of Euro)	At December 31, 2018	Exchange differences	Original amount	Exchange differences	Additions	At December 31, 2019	Exchange differences	Additions	Disposals	At December 31, 2020
Alicos	**2,007**		**3,078**			**2,007**				**2,007**
Almaviva Contact	**26,533**		**101,134**			**26,533**				**26,533**
Almaviva do Brasil	**1,748**		**2,250**			**1,748**				**1,748**
Almaviva Finance	**745**		**4,989**			**745**				**745**
Atesia	**44**		**885**			**44**				**44**
Gempliss	**198**		**250**			**198**				**198**
In Action	**1,017**		**9,752**			**1,017**				**1,017**
Pervoice	**314**		**314**			**314**				**314**
Wave	**0**		**0**		5,121	**5,121**				**5,121**
Wedoo						**630**				**630**
Third	**1,172**		**1,336**	(52)		**1,098**	(150)	208	(52)	**1,104**
Total	**33,778**	**0**	**123,988**	**(52)**	**5,121**	**39,455**	**(150)**	**208**	**(52)**	**39,461**

The goodwill recognized as a result of business combinations is attributed to the cash generating units ("CGU") that benefit from the synergies that emerged as a result of the acquisition. The estimate of the recoverable value of the goodwill recorded in the financial statements was made by determining the value in use of the CGUs in question through the use of discounted cash flow models, which provide for the estimate of expected cash flows and the application of an appropriate rate discounting, determined using market inputs such as risk-free rates, beta and market risk premium. Cash flows are determined on the basis of the best information available at the time of the estimate, which can be inferred: (i) for the first five years of the estimate, from the business plan approved by the Company Management containing the forecasts regarding volumes, investments, costs operational and industrial and commercial margins and structures; (ii) for the years following the fifth, cash flow projections based on the perpetuity method of the last year of the plan are assumed. The plans taken as a reference, for the impairments illustrated below, relate to the period 2020-2025. Impairments are based on assumptions consistent with the company's business model. All the companies included in the plan are complying with the aforementioned assumptions without significant deviations.
The AlmavivA Group verifies the recoverability of Goodwill at least once a year at the end of the financial year, or more frequently if there are indicators of impairment.
The results of the impairment tests carried out as of 31 December 2020 confirmed excess values in use with respect to the book values of all the goodwill identified in the Management recruitment paragraph. Therefore, potential impacts on the consolidated financial statements of the AlmavivA Group due to the recognition of impairment losses on the goodwill in question are excluded. This also in the event of a shock-down (-20%) of the margins and shock-up (+ 2%) of the discount rates of the cash flows considered.
The discount rate corresponding to the average cost of capital (WACC) referring to goodwill from Atesia, Alicos, Almaviva Contact, Almaviva do Brasil and In Action was determined using the following assumptions:

	At December 31, 2020			**At December 31, 2019**			**At December 31, 2018**		
CRM Business	**Brasile**	**Colombia**	**Others**	**Brazil**	**Colombia**	**Others**	**Brazil**	**Colombia**	**Others**
Beta	1	1	1	1	1	1	1	1	1
Risk Free Rate	6,5%	5,1%	1,1%	7,3%	5,8%	2,8%	10%	7,5	1,46
Expected Market Return	4,0%	4,0%	4,0%	4.0%	4.0%	4.0%	4%	4	4
Average Cost of Debt	6%	6%	5,0%	10,00%	10%	9%	17%	5,6	5.6%
Debt/Equity Ratio (%)	70,0	70,0	30,0	70%	70%	30%	70-30%	30-70	30-70
Taxes	34%	33%	24,0%	34%	33%	24%	34%	33%	24%
WACC	**7,8%**	**7,4%**	**5,7%**	**10,0%**	**9,6%**	**7,0%**	**13,9%**	**11,9%**	**6,0%**

While as regards the discount rate you correspond to the average cost of capital (WACC) referred to the goodwill Almaviva and Wave Srl, it was determined using the following assumptions:

	At December 31,		
IT SERVICES	**2020**	**2019**	**2018**
Beta	1	1	1
Risk Free Rate	1,14%	1,92%	1,46%
Expected Market Return	4,00%	4.00%	4,0%
Average Cost of Debt	9,00%	8,61%	5,60%
Debt/Equity Ratio (%)	30-70	30-70	30-70
Taxes	24,0%	24,0%	24,0%
WACC	**5,7%**	**7%**	**6,0%**

As regards the discount rate corresponding to the average cost of capital (WACC) referred to the goodwill from Gempliss and Pervoice, it was determined using the following assumptions:

	At December 31,		
Almawave - New Technology	**2020**	**2019**	**2018**
Beta	1	1	1
Risk Free Rate	1,14%	1,92%	1,46%
Expected Market Return	4,00%	4.00%	4,0%
Average Cost of Debt	9,00%	8,61%	5,60%
Debt/Equity Ratio (%)	30-70	30-70	30-70
Taxes	24,0%	24,0%	24,0%
WACC	**5,7%**	**7%**	**6,0%**

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

8. PROPERTY, PLANT AND EQUIPMENT

The tangible assets of the AlmavivA Group, owned and leased, amount to Euro 81,918 thousand (Euro 101,435 thousand as at 31 December 2019) and are broken down as follows:

(in thousands of Euro)	Land and buildings	Plant and machinery owned and leased	Industrial and commercial equipment owned and leased	Other assets owned and leased	ROU Asset	Assets under construction and payments on account	Total
At January 1, 2018	**9,703**	**16,641**	**389**	**33,621**	**0**	**139**	**60,493**
Additions	0	2,519	111	4,868	0	190	7,688
Capitalisation for internal projects	0	0	0	0	0	0	0
Depreciation	(807)	(4,514)	(151)	(7,761)	0	0	(13,233)
Disposals	0	(124)	0	(31)	0	0	(155)
Reclassifications and other	73	151	23	32	0	(139)	140
Foreign exchange differences	0	(1,457)	0	(2,391)	0	0	(3,848)
Historical cost	19,155	216,622	3,398	157,420	0	190	**396,785**
Accumulated amortization	(10,186)	(203,406)	(3,026)	(129,082)	0	0	**(345,700)**
At December 31, 2018	**8,969**	**13,216**	**372**	**28,338**		**190**	**51,085**
Additions	0	2,730	130	5,296	6,083	512	14,751
ROU Asset at January 31,2019	0	0	0	0	64,106	0	
Capitalisation for internal projects	0	0	0	0	0	215	215
Depreciation	(781)	(3,347)	(138)	(7,688)	(16,150)	0	(28,104)
Disposals	0	(18)	0	(26)	0	0	(44)
Reclassifications and other	(47)	33	0	435	0	(187)	234
Foreign exchange differences	0	(158)	0	(212)	(438)	0	(808)
Historical cost	19,076	218,813	3,524	162,947	69,645	730	**474,735**
Accumulated amortization	(10,935)	(206,357)	(3,160)	(136,804)	(16,044)	0	**(373,300)**
At December 31, 2019	**8,141**	**12,456**	**364**	**26,143**	**53,601**	**730**	**101,435**
Additions	69	2,318	143	9,894	24,649	25	37,098
Capitalisation for internal projects	0	0	0	0	0	12	12
Depreciation	(782)	(2,678)	(124)	(6,798)	(14,499)	0	(24,881)
Disposals	0	(228)	0	(81)	(19,751)	0	(20,060)
Reclassifications and other	0	28	0	1,569	(46)	(715)	836
Change in consolidation area	0	434	0	0	499	0	933
Foreign exchange differences	0	(3,124)	0	(4,721)	(5,609)	0	(13,454)
Historical cost	19,145	209,604	3,667	162,980	54,850	52	**450,298**
Accumulated amortization	(11,717)	(200,398)	(3,284)	(136,974)	(16,006)	0	**(368,379)**
At December 31, 2020	**7,428**	**9,206**	**383**	**26,006**	**38,844**	**52**	**81,918**

The change in the consolidation area of Euro 1,575 thousand refers to the fixed assets of the new company Chain Serviços and Contact Center.

Investments totaled Euro 37,098 thousand at 31 December 2020, of which those not relating to the application of IFRS 16 amounted to Euro 12,449 thousand they mainly refer to the items "other assets" and "plant and machinery" for the acquisition of hardware, network and plant upgrades of the IT Services, CRM International operating segments and, to a lesser extent, the other sectors.

The capitalisations are equal to Euro 12 thousand.
Depreciation amounts to Euros 24,881 thousand, the main depreciation coefficients adopted at 31 December 2020, with the exclusion of the rights of use deriving from the application of IFRS 16, are included in the following ranges:

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

The rates adopted on the ROU Assets are a function of the effective residual duration of the rental contracts and fluctuate between 3 and 9 years.
The disposals of Euros 20,060 thousand mainly refer to the early termination of some rental contracts held by IT Services and CRM Europe falling within the application of IFRS 16.
The reclassifications and other changes equal to Euro 194 thousand mainly concern the entry into operation of investments made in the previous year.

The exchange differences from the translation of the financial statements of companies operating with functional currencies other than the Euro of negative Euro 13,454 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 7,428 thousand relating to the building located in Rome, in via dello Scalo Prenestino, owned by AlmavivA and used by the IT Services Sector.
The item of Rights of use on assets, i.e. the ROU (Right Of Use) recorded in application of IFRS 16 and whose value at December 31, 2020 amounts to Euro 38,844 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 a decrease equal to Euro 678 thousand, mainly referring to the IT Services operating sector and to a lesser extent to the CRM Europe sector and attributable to the entry into operation of other owned assets.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The table below shows the balance and composition of the Non-current financial assets as at December 31, 2020, 2019 and 2018:

(in thousands of Euro)	At December 31, 2020	At December 31, 2019	At December 31, 2018
CCID – Almaviva Inform. Technol. Co. Ltd	988	988	988
Consorzio Hypertix in liquidation	99	99	99
TVEyes L.T. S.r.l.	19	19	12
SIN S.p.A.	0	0	0
Total	**1,106**	**1,106**	**1,099**

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

The item in question does not show any changes compared to 31 December 2019.
The main data relating to both the joint venture and associated companies are summarized below, based on the latest available financial statements, prepared in accordance with IFRS, as well as the reconciliation with the book value of the equity investments in the consolidated financial statements.

	Registered office		Share Capital	Shares held (%)	Investor
CCID – Almaviva Inform. Technol. Co. Ltd	Shangai, China	¥	39,642,000.00	50.00	AlmavivA S.p.A.
Consorzio Hypertix in liquidation	Rome, Italy	€	198,000.00	49,99	AlmavivA S.p.A.
TVEyes L.T. S.r.l.	Trento, Italy	€	20,000.00	20.00	Pervoice S.p.A.

10. NON-CURRENT FINANCIAL ASSETS

The table below shows the balance and composition of the Non-current financial assets as at December 31, 2020, 2019 and 2018:

(in thousands of Euro)	At December 31, 2020	At December 31, 2019	At December 31, 2018
Long-term loans	1,188	4,843	1,602
Others Equity investments	41	41	41
Non-current financial assets	**1,229**	**4,884**	**1,643**

Non-current financial receivables

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

(in thousands of Euro)	At December 31, 2020	At December 31, 2019	At December 31, 2018
Amount failling due within 12 months	0	0	0
Amount failling due between 1-5 years	1,188	4,843	1,602
Non-current financial receivables	**1,188**	**4,843**	**1,602**

Non-current financial receivables, equal to Euro 1,188 thousand (Euro 4,843 thousand as at 31 December 2019) are all instrumental to operating activities and relate to loans to personnel for Euro 7 thousand and financial assets to Auselda for Euro 1,181 thousand. The decrease compared to the 2019 financial year is justified in consideration of the transfer operation without the right of recourse of a credit relating to an active contract and characterized by the presence of a significant financial component. As a result of this operation, the Company was able to achieve a benefit in the management of its working capital.

Investments on equity instruments

The investments on equity instruments classified as available for sale are investments held in other entities over which the Group has neither control nor joint control or significant influence.
Such equity investments are classified as available-for-sale financial instruments in accordance with IAS 32, and - as such - are accounted for at the cost recognised at the payment date provided that the fair value cannot be reliably determined, as such companies have not shares listed in stock exchange market.

The following table provides the breakdown of the line item by investment at December 31, 2020, 2019 and 2018:

Other Equity investments

(in thousands of Euro)	At December 31, 2020	At December 31, 2019	At December 31, 2018
Conai	1	1	1
Calpark	5	5	5
Banca Brutia	5	5	5
Uirnet	5	5	5
Consorzio Namex	3	3	3
Other	22	22	22
Total	**41**	**41**	**41**

Equity investments available for sale of Euro 41 thousand (Euro 41 thousand as at December 31, 2019 and Euro 41 thousand as at December 31, 2018), refer to equity investments in other companies.

Due to irrelevance of the investments in question, the Directors have measured these investments at cost and therefore the fair value has not been determined as reported in drafting criteria to which reference is made.
At December 31, 2020, no impairment losses were recorded on the item in question. In this case, the impairment was determined following the analytical model described in the preparation criteria.

11. DEFERRED TAX ASSETS

The tables below show the amount of AlmavivA Group's Deferred tax assets as at December 31, 2020, 2019 and 2018:

(in thousands of Euro)	At December 31, 2020	At December 31, 2019	At December 31, 2018
Deferred Tax Assets	**14,770**	**12,833**	**15,259**

Deferred tax assets amount to Euro 14,770 thousand (Euro 12,833 thousand as at 31 December 2019) and are shown net of deferred tax liabilities, if they can be offset under the Italian and / or foreign reference regime, and have been allocated, within the limits of the values that it is expected to recover in future years based on the capacity of the expected taxable income, mainly in relation to temporary deductible differences (provisions for risks and other deferred charges) and in part residual in relation to previous tax losses.
At the end of the year, the Group generally assesses the presence of impairment indicators for prepaid taxes; in this sense, the recoverability of the same is carried out by considering the estimates of future taxable income based on the forecasts of the latest business plan approved by the Board of Directors. At 31 December 2020, the management concluded that the capacity of taxable income will allow the use of the deferred tax assets recorded.

The main movements:

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Italian subsidiaries	8,225	8,280	8,362
Foreign subsidiaries	6,545	4,553	6,897
Total Deferred Tax Assets	**14,770**	**12,833**	**15,259**

The most significant changes, equal to Euro 1,992 thousand, refer to foreign companies and more specifically to the CRM International sector. Mainly, the deferred tax assets in question arise as a result of the actual tax losses also due to the significant negative exchange differences in the reference period.
At 31 December 2020, Management believes that there are no indicators of impairment of deferred tax assets. In fact, as already illustrated in these explanatory notes, the forecasts included in the business plans appear reliable in light of the final results of the Group and reinforce the forecast of future taxable income sufficiently large to guarantee the recoverability of the amounts recorded, in continuity with the already recorded at 31 December 2019. The increase in the period, among other things, is attributable to an exceptional and impromptu event, such as that of foreign exchange losses, which will not affect future taxable income for the CRM International sector, also considering the positive impact that the corporate reorganization in Brazil will have in terms of taxable income and the substantial elimination of foreign exchange losses deriving from financial relationships in Euro.

12. OTHER NON-CURRENT ASSETS

Other non-current assets amount to Euro 1,491 thousand as at December 31, 2020 compared to an amount of Euro 1,722thousand as at December 31, 2019 and to an amount of Euro 2,499 thousand as at December 31, 2018, as illustrated in the table below:

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Security deposits	805	881	811
Prepaid expenses	682	887	1,684
Other receivables	4	4	4
Other non-current assets	**1,491**	**1,772**	**2,499**

Prepayments mainly refer to the portion attributable to the training costs of AlmavivA Contact (Euro 311 thousand), AlmavivA Services (Euro 367 thousand) and AlmavivA Digitaltec (Euro 4 thousand) not pertaining to the period.

13. INVENTORIES

Inventories of the Group are equal to Euro 8,137 thousand and are composed as follows:

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Raw materials (at cost)	2,382	2,005	1,311
Work in progress (at cost)	2,055	1,274	1,141
Finished goods (at lower of cost and net realizable value)	3,700	2,693	2,232
Total inventories at the lower of cost and net realizable value	**8,137**	**5,972**	**4,684**

During 2020, 2019, nor 2018 have not been accounted any expenses for inventories to carry them at net realizable value. The total amount related to Sadel S.p.A.is Euro 6,352 thousand, to AlmavivA S.p.A.is Euro 1,780 thousand and Pervoice Euro 5 thousand.

14. CONTRACT ASSETS

At December 31, 2019, the Group had contract assets totalling Euro/thousand 37,322 (Amount due from customers were Euro 47,201 thousand at December 31, 2019, Euro 47,235/thousand at December 31, 2018).

They decrease overall by KEuros 9,879 and refer essentially to the activities generated by the IT Services sector not yet completed or not yet subjected to testing by the customers

15. TRADE RECEIVABLES

The table below shows the amount of AlmavivA Group's Trade receivables as at December 31, 2020, 2019 and 2018 together with the related gross amount, the amount retained as a guarantee and the bad debt provision.

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Trade receivables, gross amount	368,303	368,377	317,742
Trade receivables, amount retained as a guarantee	3,833	5,475	6,502
Bad debt provision	(21,106)	(21,037)	(20,513)
Trade receivables	**351,030**	**352,815**	**303,731**

The decrease in trade receivables is due to the exchange rate effect which effectively cancels the increase attributable mainly to the IT Services sector due to the higher volumes of turnover achieved during the year.

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

The following table show the ageing of the gross amount of trade receivables, excluding the portion retained by customers as a guarantee, as at December 31, 2020, 2019 and 2018:

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Amount not yet due	308,966	293,249	257,178
Amount due by less than 30 days	9,292	16,103	6,913
Amount due between 30-60 days	3,687	4,639	4,855
Amount due between 61-90 days	1,235	3,077	3,827
Amount due between 91-120 days	943	2,882	1,718
Amount due by more than 120 days	44,180	48,427	43,251
Trade receivables, gross amount	**368,303**	**368,377**	**317,742**

As can be seen from the table, there is a general improvement in all credit aging bands compared to the situation recorded at 31 December 2019. In addition, in the first months of 2021, the trend of collections confirmed the positive trend just mentioned.

Further, as mentioned in 2017 Financial Statements, on May 2, 2017 the Italian Ministry of Economic Development made an order that put into special administration under Decree-Law "Marzano", the company Alitalia – Società Aerea Italiana S,p,A, With the same order a College of Commissioners has been appointed, The College consist of Luigi Gubitosi, Enrico Laghi and Stefano Paleari. On December 6, 2019 the College of Commissioners left the charge and instead of them it was appointed the Lawyer Giuseppe Leogrande, as sole commissioner.
The entity – supported by an internal and external legal opinion further substantiated by recent case-law – considers pre-deductible the net receivables from Alitalia Società Aerea Italiana S,p,A, (for an amount equal to Euro 5,999 thousand). For these reasons, mentioned receivables have been considered fully recoverable; on the other hand, considering that the collection period could depends on the development of the special administration, the entity calculated the present value of abovementioned receivables and accrued € 404 thousand as financial expenses, Next steps of special administration will be closely monitored to evaluate any changes in conditions on the basis of actual decision taken by representatives as well as the accounting effects.

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.

The following table shows the changes in the bad debt provision for each of the three years ended December 31, 2020, 2019 and 2018:

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Balance at the beginning of the year	**21,037**	**20,513**	**20,509**
Provisions	85	494	124
Uses	(22)	0	(143)
Other	6	30	23
Balance at the end of the year	**21,106**	**21,037**	**20,513**

16. CURRENT FINANCIAL ASSETS

At 31 December 2020, current financial assets amounted to Euro 4,152 thousand (Euro 3,415 thousand as at 31 December 2019). They refer to AlmavivA SpA for Euro 3,961 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, for the remaining Euro 191 thousand to Wedoo Srl and Wedoo LLC.
There are no financial assets either overdue or written down. The same are valued, as indicated above, at amortized cost having passed the SPPI test - Solely for Payments of Principal and Interests:

(in thousands of Euro)	At December 31, 2020	At December 31, 2019	At December 31, 2018
Current financial assets	**4,152**	**3,415**	**4,140**

17. OTHER CURRENT ASSETS

Other current assets amount to Euro 133,147 thousand as at December 31, 2020, compared to Euro 119,533 thousand as at December 31, 2019 and to Euro 98,893 thousand as at December 31, 2018.
The amount is composed as follow:

(in thousands of Euro)	At December 31, 2020	At December 31, 2019	At December 31, 2018
Receivables due from personnel	3,578	3,349	2,619
Receivables due from social security institutions	1,987	2,740	1,688
Receivables due from tax autorithies	39,601	18,705	15,725
Receivables related to tax consolidation	32,177	27,357	19,788
Prepaid expenses	11,468	7,111	4,317
Advances to suppliers	3,686	7,934	5,330
Sundry items	40,650	52,357	49,426
Other current assets	**133,147**	**119,553**	**98,893**

In particular, it should be noted that the item Receivables from social security institutions, equal to Euro 1.987 thousand, includes almost all receivables from INPS not yet collected relating mainly to):

- To the receivable from the INPS treasury in AlmavivA SpA;
- Cig credits in derogation Fis Covid of AlmavivA Contact;

Tax consolidation credits for Euro 32,177 thousand derive from the transfer to the parent company AlmavivA Technologies S.r.l. of the tax positions of the companies adhering to the institution in question.

Prepayments for Euro 11,468 thousand include future costs mainly of AlmavivA SpA (Euro 10,544 thousand), AlmavivA Services (Euro 263 thousand), AlmavivA Contact (Euro 390 thousand), Almawave (Euro 103 thousand) and to a lesser extent of the other Group companies.

Receivables from the tax authorities are divided into credits for direct taxes Euro 4,590 thousand relating to AlmavivA SpA for Euro 3,686 thousand, AlmavivA Contact for Euro 258 thousand, Agrisian for Euro 322 thousand, Almawave Euro 207 thousand and to a lesser extent to the other companies of the Group; receivables for indirect taxes of Euro 35,011 thousand relating mainly to AlmavivA SpA and the Brazilian companies.

Advances to suppliers decreased by Euro 4,248 thousand, passing from Euro 7,934 thousand as at 31 December 2019 to Euro 3,686 thousand as at 31 December 2020.

Sundry items equal to Euro 40,650 thousand are mainly included:

- to the amounts paid in advance by AlmavivA Contact to former employees in respect of a reinstatement judgment readily contested through an appeal in the process of being settled;
- the credit for the request for reimbursement, submitted to a well-known insurance company, of the legal costs incurred in the context of a dispute initiated in the United States by an American company (the "US Litigation") against some of the companies of the AlmavivA Group (collectively the “AlmavivA Companies”), as well as third parties. The US litigation ended - both at first and second instance - with the rejection, also confirmed by the Supreme Court of the United States of America, of all the claims made by the American company, with compensation of the expenses. In order to obtain reimbursement of the legal expenses incurred in the US Litigation, the AlmavivA Companies, by virtue of a policy called "Directors' Civil Liability Insurance" signed with a well-known insurance company, took action against the contracting insurance

company. Currently, the request for reimbursement of legal costs and damages is pending an appeal judgment proposed by the AlmavivA Companies.
The AlmavivA Companies currently believe - also on the basis of the assessments made by their defense board regarding the full traceability of the claim to a contractual right protected in the insurance policy - that they have valid arguments to be able to support their position, the instrumentality of the reserves and exceptions moved by the insurance company and, consequently, to be able to subvert the outcome of the first degree sentence.
In consideration of these aspects, the receivable from the insurance company continues to be considered deriving from a contractual right and, at present, fully recoverable.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 98,569 thousand as at December 31, 2020 compared to Euro 89,446 thousand as at December 31, 2019 and to Euro 71,603 thousand as at December 31, 2018. The line item refers to credit balances at banks in existence at the end of each period and the amounts held at the Group treasuries. These voices are not subject to any restriction and are not foresee disinvestment costs.

19. NON-CURRENT ASSETS HELD FOR SALE

Assets held for sale equal to Euro 2.459 thousand (Euro 2.459 thousand as at 31 December 2019) concern the residual part to be collected relating to the sale of the 20.02% investment in the associated company SIN S.p.A. whose transfer, on the basis of the "Sale of shares" contract signed on 19 September 2007 between AGEA - Agency for Agricultural Disbursements and private shareholders and the subsequent "Deed amending the sale of shareholdings and pledging" with which the parties agreed that the deadline relating to the effectiveness of the transfer of all the shares representing the investments held by the private shareholders in SIN SpA, originally scheduled for 19 September 2016, was postponed until completion by Consip SpA of the public tender procedure and up to the handover to the new successful supplier. The item, equal to Euro 2,459 thousand, represents the valuation of the equity investment adjusted to reflect its residual recoverable value, taking into account the provisions of the aforementioned transfer agreement, the valuation methods provided for by the same for the interest held by the Company.

20. SHAREHOLDERS' EQUITY

The total Shareholders' equity amount to Euro 25,397 thousand as at December 31, 2020 compared to Euro 20,971 thousand as at December 31, 2019 and to Euro 8,631 thousand as at December 31, 2018.
The composition of the Shareholders' equity is as follows:

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Share capital	154,899	154,899	154,899
Share premium reserve	17,788	17,788	17,788
Legal reserve	*7,619*	*6,320*	*5,073*
Other reserves:			
FTA reserve	*4,493*	*4,493*	*4,493*
OCI reserve	*3,192*	*2,921*	*5,763*
Translation reserve	*(54,348)*	*(19,974)*	*(21,347)*
Other reserves	*(148,561)*	*(164,061)*	*(179,448)*
	(195,224)	(176,620)	(190,539)
Profit/(loss) for the year	35,143	12,131	16,692
Total group shareholders' equity	***20,225***	***14,520***	***3,914***
Reserves pertaining to NCIs:			
Translation reserve	*(1,088)*	*(991)*	*(1,139)*
Other reserves	*5,250*	*5,892*	*4,532*
	4,162	4,901	3,393
Profit/(loss) for the year pertaining to NCIs	1,006	1,550	1,323
Total non-controlling interests	***5,168***	***6,452***	***4,716***
Total Shareholders' equity	**25,397**	**20,971**	**8,631**

The Share capital as at December 31, 2020 amounted to Euro 154,899 thousand and due to the collateral agreements signed concurrently with the conclusion of the loan agreement, in previous years, the amount was fully paid-in and consisted of:

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

Consider that in August 2017, the parent company AlmavivA Technologies S.r.l. acquired all the shares owned by Interbanca S.p.A., therefore the share of AlmavivA Technologies S.r.l. reached 95.11%.
The shares, all of which have a nominal value of Euro 1.00 each, are held by:

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

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

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

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

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

Legal reserve
The Legal reserve amounted to Euro 7,619 thousand as at December 31, 2020 and increased by Euro 1,299 thousand to Euro 6,320 thousand as at December 31, 2019 and increased by Euro 1,247 thousand compared to December 31, 2018.

Share premium reserve
The Share premium reserve amounted to Euro 17,788 thousand as at December 31, 2020 and remained unchanged compared to December 31, 2019 and 2018.

FTA reserve
The FTA reserve amounted to Euro 4,493 thousand as at December 31, 2020, as detailed below, and remained unchanged compared to December 31, 2019 and 2018:

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

OCI reserve
The OCI reserve totalled Euro 3,192 thousand as at December 31, 2020 (compared to Euro 2,830 thousand as at December 31, 2019 and Euro 5,763 thousand as at December 31, 2018) and includes the actuarial valuation of TFR (employee severance indemnity) of the Group companies.

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

As at December 31, 2020, it was a negative Euro 55,407 thousand (of which the Group's share was a negative Euro 54,348 thousand and the portion pertaining to non-controlling interests amounted to negative Euro 1,088 thousand).
As at December 31, 2019, it was a negative Euro 20,965 thousand (of which the Group's share was a negative Euro 19,974 thousand and the portion pertaining to non-controlling interests amounted to negative Euro 991 thousand).
As at December 31, 2018, it totalled negative Euro 22,486 thousand (of which the Group's share was a negative Euro 21,347 thousand and the portion pertaining to non-controlling interests amounted to negative Euro 1,139 thousand).

Other reserves
The Other reserves equalled to a negative Euro 148,561 thousand as at December 31, 2020 (Euro negative 163,970 thousand and Euro negative 174,916 thousand as at December 31, 2019 and 2018, respectively) and are represented by consolidation reserves and by undistributed profits or losses carried forward. Out of this amount, the portion attributable to non-controlling interests is Euro 5,168 thousand (Euro 5,892 thousand and Euro 4,532 thousand as at December 31, 2019 and 2018, respectively).

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. To this end, the Group constantly monitors the evolution of the level of indebtedness in relation to shareholders' equity, whose situation as at December 31, 2020 is summarised in the following table.

(in thousands of Euro)	*Note*	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Non current Net Financial Position	*23*	(317,233)	(322,523)	(274,902)
Current Net Financial Position	*16-18-27*	79,784	58,594	61,414
Non current financial receivables	*10*	1,229	4,884	1,643
Financial indebtness ("Debt")	*0*	(236,220)	(259,045)	(211,845)
Total Group Shareholder Equity	*20*	20,228	14,520	3,915
Non Controlling Interests	*20*	5,168	6,452	4,716
Total Shareholders' Equity ("Equity")	*20*	25,397	20,971	8,631
Debt/Equity ratio		**(9.30)**	**(12.35)**	**(24.54)**

21. LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits as at December 31, 2020, 2019 and 2018 are reported below:

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Liabilities for employee benefits	**48,531**	**51,286**	**48,470**

The liability for employee severance indemnity, governed by Art. 2120 of the Italian Civil Code, includes the estimate of the obligation, determined on the basis of actuarial techniques, relating to the amount to be paid to the employees of Italian companies when their employment is terminated.
The indemnity, provided in the form of capital, is equal to the sum of the allocation amounts calculated on the salaries paid in relation to the employment contract and revalued until the termination of said employment. As a result of the legislative amendments introduced on January 1, 2007, employee severance indemnity accruing will be allocated to pension funds, to the treasury fund set up by INPS (National Social Security Institute) or, in the case of companies with less than 50 employees, may be retained in the company. This means that a significant portion of the employee severance indemnity accruing is classified as a defined contribution plan, given that the company's obligation is represented exclusively by the payment of contributions to the pension fund or to INPS. The liability related to employee severance indemnity prior to January 1, 2007 continues to represent a defined benefit plan to be evaluated according to actuarial techniques.

Liabilities for employee benefits valued on the basis of actuarial techniques are analysed as follows:

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Balance at the beginning of the year	**51,286**	**48,470**	**52,872**
Change of the consolidatement area	0	264	357
Service cost	756	504	238
Interest cost	1,371	1,984	1,612
Payments / Utilizations	(4,611)	(2,869)	(2,743)
Actuarial gains/(losses) recognized in OCI	(271)	2,933	(3,866)
Balance at the end of the year	**48,531**	**51,286**	**48,470**
of which:			
Non-current portion	45,413	49,494	48,304
Current portion	3,118	1,792	166

The main assumptions made for the actuarial estimate process of the employee severance indemnity as at December 31, 2020, 2019 and 2018 are summarised below:

Financial Assumptions	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Discount rate	2.653%	2.675%	4.092%
Inflation rate	1.500%	1.500%	2.000%
Annual rate of TFR increase	2.630%	2.630%	3.000%
Annual rate of salary increase	variable according to seniority	variable according to seniority	variable according to seniority
Annual turnover rate	variable according to seniority	variable according to seniority	variable according to seniority
Annual rate of disbursement of advances	variable according to seniority	variable according to seniority	variable according to seniority

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

(in thousands of Euro)	*Rate +50 bp*	*Rate -50 bp*
Past Service Liability	47,060	50,094
Actuarial Profit/(loss)	(1,743)	1,292

In consideration of the particular phase of the bond markets, for the discounting of the flows of payments, the company used the structure of rates of corporate bonds of issuers with a BB rating and denominated in Euro recorded by Thomson Reuters at the reference date.

Demographic Assumptions	**For the year ended December 31, 2019**
Mortality	Table RG 48 State General Accounting Office
Disability	INPS Table - Commerce Sector
Retirement	General Mandatory Insurance requirements

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

22. PROVISIONS

Provisions as at December 31, 2020, 2019 and 2018 are reported below:

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Non-current portion of provisions for risks and charges	5,836	6,946	5,006
Current portion of provisions for risks and charges	11,249	8,547	5,611
Provisions for risks and charges	**17,085**	**15,493**	**10,617**

Main movements of the periods are summarized below:

Balance as at January 1, 2018	**1,459**	**22**	**134**	**2,116**	**6,821**	**10,552**
Accruals	0	0	0	662	4,616	5,278
Utilizations	(374)	0	0	(229)	(831)	(1,434)
Decreases	0	0	0	(350)	(1,574)	(1,924)
Other changes not recorded through income statement	0	0	0	134	145	279
Balance as at December 31, 2018	**1,085**	**22**	**134**	**2,333**	**9,177**	**12,751**
of which:						
Non-current portion	1,085	22	134	0	4,225	5,466
Current portion	0	0	0	2,333	4,952	7,285
Balance as at January 1, 2019	**585**	**22**	**134**	**2,157**	**7,719**	**10,617**
Accruals	0	2,569	0	598	3,971	7,138
Utilizations	0	0	0	(58)	(1,588)	(1,646)
Decreases	0	0	0	(488)	(176)	(664)
Other changes not recorded through income statement	0	0	0	(8)	56	48
Balance as at December 31, 2019	**585**	**2,591**	**134**	**2,201**	**9,982**	**15,493**
of which:						
Non-current portion	585	22	134	0	6,205	6,946
Current portion	0	2,569	0	2,201	3,777	8,547
Balance as at January 1, 2020	**585**	**2,591**	**134**	**2,201**	**9,982**	**15,493**
Accruals	0	4,365	0	1,336	4,062	9,763
Utilizations	(519)	0	0	0	(3,928)	(4,447)
Decreases	0	(2,513)	0	(684)	(1,128)	(4,325)
Other changes not recorded through income statement	0	0	0	358	243	601
Balance as at December 31, 2020	**66**	**4,443**	**134**	**3,211**	**9,231**	**17,085**
of which:						
Non-current portion	66	22	134	0	5,614	5,836
Current portion	0	4,421	0	3,211	3,617	11,249

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

Information and comments on the various provisions are provided below.

Provisions for taxes
"Non-current tax provision" equal to Euro 66 thousand relates to AlmavivA Contact SpA, set up following the risks associated with the deductions of costs considered non-deductible by the Tax Administration following a tax audit that took place in 2004. It decreases compared to 2019 of Euro 519 thousand due to the absorption in the income statement during the year;

Provisions for redundancy incentives
"Redundancy fund" equal to Euro 4,443 thousand (at December 31, 2019 Euro 2,591 thousand) mainly relating to employees of AlmavivA SpA who have accrued in 2020 the pension requirement through "quota 100", early retirement, woman option (in this last case, the requirements must be completed by 31 December 2020) and that they had voluntarily decided to join the exit from the company.

Provisions for guarantees granted
The Provision for guarantees granted of a non-commercial nature is related to provisions recorded by the parent company AlmavivA. The balance of the line item has remained unchanged from 2015.

Provisions for legal disputes
Provision for legal disputes of Euro 3,211 thousand registered by the IT Services Sector for Euro 1,058 thousand, by the CRM Europe Sector for Euro 337 thousand, by the CRM International Sector for Euro 1.806 thousand and Euro 10 thousand by the Almawave Sector - New Technology.

Other provisions
The line items, including non-current and current portion, for a total of Euro 9,231 thousand (Euro 9,982 thousand at 31 December 2019) relating to prudential provisions on commercial risks relating to penalties for Euro 2,186 thousand of AlmavivA SpA, for Euro 65 thousand of AlmavivA Contact for Euro 159 thousand of Lombardia Gestione and Euro 490 thousand of Sadel; the Project Workers stabilization fund for Euro 565 thousand of AlmavivA Contact, provisions for disputes both towards personnel and for other civil disputes for Euro 98 thousand of AlmavivA Contact, commercial guarantee funds for Euro 4,239 thousand of AlmavivA SpA, the liquidation costs provision recorded for Euro 1,429 thousand from Agrisian by virtue of current obligations under the law. The change in other provisions for risks refers to the provision for the emergence of new risks and charges.

23. NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities as at December 31, 2020, 2019 and 2018 are reported below:

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Banks	26,320	28,443	23,899
Bond	242,973	239,492	236,322
Amounts due to other lenders	14,358	14,363	14,681
Financial liabilities associated with leasing	33,582	40,225	0
Non-current financial liabilities	**317,233**	**322,523**	**274,902**

The fair value of the main financing component, relating to the bond issued on the Luxembourg market, was equal to Euro 254,755 thousand as at 31 December 2020.
Followings the tables of proceeds, repayments and reclassifications of borrowings occurred in the period:

(in thousands of Euro)	At January 1, 2020	Proceeds from borrowings	Repayements of borrowings	Reclassification and other adjustments	At December 31, 2020
AlmavivA S.p.A.	257,854	20,727	(15,731)	3,482	266,332
Sadel S.p.A.	1,570	300	(181)	(1,399)	290
AlmavivA do Brasil	11,671	0	0	(5,742)	5,929
SIMEST Operation	11,000	0	0	0	11,000
Wedoo S.r.l.	203	0	0	(103)	100
Financial liabilities associated with leasing	40,225	21,424	(9,771)	(18,296)	33,582
Non-current financial liabilities	**322,523**	**42,451**	**(25,683)**	**(22,058)**	**317,233**

(in thousands of Euro)	At January 1, 2019	Proceeds from borrowings	Repayements of borrowings	Reclassification and other adjustments	At December 31, 2019
AlmavivA S.p.A.	259,705	13,343	(18,364)	3,170	257,854
Sadel S.p.A.	1,338	943	(711)	0	1,570
AlmavivA do Brasil	2,859	11,669	(2,614)	(243)	11,671
SIMEST Operation	11,000	0	0	0	11,000
Wedoo S.r.l.	0	0	0	203	203
Financial liabilities associated with leasing	0	0	0	40,225	40,225
Non-current financial liabilities	**274,902**	**25,955**	**(21,689)**	**43,355**	**322,523**

(in thousands of Euro)	At January 1, 2018	Proceeds from borrowings	Repayements of borrowings	Reclassification and other adjustments	At December 31, 2018
AlmavivA S.p.A.	239,620	22,895	(2,810)	0	259,705
Sadel S.p.A.	0	0	(83)	1,421	1,338
AlmavivA do Brasil	501	2,358	0	0	2,859
SIMEST Operation	11,000	0	0	0	11,000
Non-current financial liabilities	**251,121**	**25,253**	**(2,893)**	**1,421**	**274,902**

As regards the monetary movements of the period, it should be noted that: (i) as at 31 December 2020 the opening of loans amounted to Euro 21,027 thousand and the repayments of loans amounted to Euro 15,912 thousand; (ii) at 31 December 2019, the opening of loans amounted to Euro 21,689 thousand and the repayments of loans amounted to Euro 14,954 thousand; (iii) at 31 December 2018, the opening of loans amounted to Euro 25,253 thousand and the repayments of loans amounted to Euro 994 thousand.

Long-term financial liabilities of Euro 317,233 thousand refer primarily to the bond of Euro 250,000 thousand issued on October 5, 2017, 7.25% coupon with half-yearly payment on October 15 and April 15 of each year and final maturity on October 15, 2022. The bond was listed on the Luxembourg stock exchange on the Euro MTF Market (unregulated market). The issue and placement were performed by the merchant bank Goldman Sachs as Sole Book Runner and banca UBI in the role of co-Manager.
The issue was also supported by a Revolving Facility for an original amount of Euro 20,000 thousand, increased to Euro 40,000 thousand on October 5, 2017 (The line is fully committed for Euro 40,000 thousand and without any clean-down condition). The Revolving line expires on February 5, 2022 and can be used for general purposes relating to company business.
With the bond issue first and the increase of the Revolving line from Euro 20,000 thousand to Euro 40,000 thousand thereafter, AlmavivA made the Group's debt structure more stable, extending the average life of the loans that provide for medium-term repayments in a single maturity and reducing the total cost of debt between liabilities in Italy and Brazil.
The obligation is treated in the financial statements with the amortized cost method and has a value as of December 31, 2020 of Euro 242,973 thousand.
Liabilities to banks equal to Euro 26,320 thousand relate to AlmavivA SpA (Euro 20,001 thousand) for the drawing of the Revolving line, to AlmavivA do Brasil (Euro 5,929 thousand), Wedoo Srl (Euro 100 thousand), and to Sadel (Euro 290 thousand). With regard to the Revolving Facility line, compliance with a covenant defined as "Net Consolidated Leverage Ratio" is assessed on a quarterly basis. The evaluation takes place only if this line is used above 40%. At the date of the last measurement, the covenant appeared to be respected.
Liabilities to other lenders equal to Euro 14,358 thousand mainly refer to subsidized loans received on projects financed by AlmavivA SpA (Euro 3,158 thousand) and for Euro 11,000 thousand relating to the debt to Simest
In particular, non-current financial liabilities to Simest, in the amount of Euro 11,000 thousand, relate to the portion of share capital and the share premium of AlmavivA do Brasil subscribed by SIMEST. This transaction makes provision,

inter alia, for the irrevocable obligation of the subsidiary AlmavivA Contact to acquire from SIMEST (which has committed to sell) the shares subscribed by the latter by June 30, 2023. There are several conditions that can anticipate the date of exercise of the options, which in any case cannot fall before June 30, 2019. As the conditions laid out in IAS 32 “Financial instruments: presentation” were met, the entire amount subscribed by Simest was classified under financial liabilities and measured in accordance with the requirements laid out in IAS 39 “Financial instruments: recognition and measurement”.

Non-current financial liabilities deriving from the adoption of IFRS 16 are equal to Euro 33,582 thousand, the reclassifications for Euro 18,296 thousand refer to the change in the consolidation area due to the entry of the Chain in particular, to the exchange difference of the companies with functional other than the Euro, and the reclassification from non-current portions to current portions of the debt

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

(in thousands of Euro)	> 12 months	< 5 years	> 5 years
Banks	26,320	26,320	0
Bond	242,973	242,973	0
Amounts due to other lenders	14,358	14,203	155
Financial liabilities associated with leasing	33,582	33,582	0
	317,233	**317,078**	**155**

24. DEFERRED TAX LIABILITIES

The tables below show the amount of AlmavivA Group’s Deferred tax liabilities as at December 31, 2020, 2019 and 2018 and the related changes occurred in each of the three years.

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Deferred tax liabilities	**2**	**1,394**	**1,534**

	For the twelve months ended December 31, 2020	**At December 31, 2019**	**For the twelve months ended December 31, 2018**
Balance at the beginning of the year	**1,394**	**1,534**	**1,794**
Increases	0	0	0
Decreases	(1,392)	(140)	(260)
Balance at the end of the year	**2**	**1,394**	**1,534**

The decreases in the year 2020 refer to the application of the option relating to the tax realignment of the value of capital goods owned pursuant to Legislative Decree 104/2020.

25. OTHER NON-CURRENT LIABILITES

Other non-current liabilities amount to Euro 808 thousand as at December 31, 2020 compared to an amount of Euro 1,018 thousand as at December 31, 2019 and to an amount of Euro 754 thousand as at December 31, 2018, as illustrated in the table below:

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Deferred income on capital grants	808	1,018	754
Other non-current liabilities	**808**	**1,018**	**754**

Deferred income relates to the portion of capital grants pertaining to future years relating mainly to research and development activities in the Almawave New Technology sector.

26. TRADE PAYABLES

Trade payables amounts to Euro 270,844 thousand as at December 31, 2030 compared to an amount of Euro 262,426 thousand as at December 31, 2019 and to an amount of Euro 222,162 thousand as at December 31, 2018, as illustrated in the table below:

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Trade payables	**270,844**	**262,426**	**222,162**

They increased compared to the previous year for Euro 8,418 thousand. The increase in debt is mainly attributable to the increased activities of the IT Services segment. They mainly include payables for the supply of services, as well as those relating to various services for activities carried out during the year. Specifically, overdue trade payables amount to Euro 69,093 thousand (Euro 62,775 thousand as of December 31, 2019) while those not due and due within 12 months amount to Euro 201,751 thousand (Euro 199,651 thousand as of December 31, 2019).

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

27. CURRENT FINANCIAL LIABILITIES

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

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Payables due to banks	6,719	10,297	6,499
Current portion bonds	3,834	3,813	3,834
Payables due to other	725	734	3,222
Financial lease payabl	2	64	315
Accrued liabilities fron	251	269	459
Other financial payabl	0	1	1
Financial liabilities for	11,406	19,089	0
Current financial liabilities	**22,937**	**34,267**	**14,330**

Short-term financial liabilities for Euro 22,947 thousand refer to payables for short-term loans contracted with credit institutions, to the portion of payables for interest accrued to bondholders whose payment is expected on April 15, 2021.

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 31 December 2020 they generated a cash absorption equal to Euro 2,536 thousand; (ii) at 31 December 2019 they generated cash for Euro 958 thousand; (iii) at 31 December 2018 they generated a positive cash flow of € 3,011 thousand

28. TAX PAYABLES

Tax payables as at December 31, 2020, 2019 and 2018 are reported below:

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Income taxes	1,422	2,514	3,258
Other taxes	26,228	35,215	32,885
Tax payables	**27,650**	**37,729**	**36,143**

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

29. OTHER CURRENT LIABILITIES

Other current liabilities as at December 31, 2020, 2019 and 2018 are reported below:

(in thousands of Euro)	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Payables due to social security institutions	18,700	18,417	19,980
Payables due to personnel	34,850	37,193	34,230
Miscellaneous payables	38,474	28,329	17,231
Deferred income	17,639	14,839	11,516
Other current liabilities	**109,663**	**98,778**	**82,957**

The payables to social security institutions equal to Euro 18,700 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 mainly refer to the provision for holidays and leave accrued by the staff and not yet paid, as well as for the subsidiaries AlmavivA Contact S.p.A. and AlmavivA Services, to the monthly payment for the month of December, the payment of which took place in the first days of January 2021, as per the ordinary management of salary payments;
Miscellaneous payables equal to Euro 38,474 thousand mainly include payables to project workers, payables to insurance companies, payables for collections to be paid to partners, payables to the parent company AlmavivA Technologies for tax consolidation and payables to corporate bodies.
Deferred income for Euro 17,639 thousand relates to economic components pertaining to future years.

30. REVENUE

Revenue from contracts with customers, for each of the three years ended December 31, 2020, 2019 and 2018 are reported in the following table.
Please consider that label “Revenue” has to be read as “Revenues from contracts with customers” as defined in IFRS 15.

	For the twelve months ended December 31,		
(in thousands of Euro)	**2020**	**2019**	**2018**
Revenues from sales and services	856,543	851,451	789,225
Revenues from sale of goods	20,076	14,416	3,695
Revenues from contract work in progress	(5,323)	848	6,784
Revenues from contracts with customers	**871,296**	**866,715**	**799,704**

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

Timing of revenue recognition	**2020**
Goods transferred at a point in time	20,076
Services transferred over time	851,220
Total revenue from contracts with customers	**871,296**

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

The table below shows a breakdown of revenues by Operating and reportable segments for years ended December 31, 2020, 2019 and 2018, Inter-segment elimination has not been considered and eliminated.

(in thousands of Euro)	**2020**	**2019**	**2018**
Type of goods or service			
ICT Services rendered	559,598	501,568	429,598
CRM Services rendered	291,621	350,730	366,412
Goods transferred in Transportation business	20,076	14,416	3,695
Total revenue from contracts with customers	**871,296**	**866,715**	**799,704**

Revenues in the IT Services segment on 31 December 2020 increased by Euro 57,903 thousand, equal to 11.6% compared to the previous period. This increase is mainly due to the growth in demand for services from customers in the Health, Treasury and Public Finance, Utilities, Homeland Security, Interior, Justice, Ministries, Agriculture, Welfare, International, banking and Other business areas. This growth was partially offset by a reduction in revenues attributable to the Transport and Local Government area.

The revenues of the CRM Europe segment recorded a decrease of Euro 31,221 thousand (26.3%) compared to the previous period. The decrease concerned all business areas, mainly the Telco, Government and Utilities areas and to a lesser extent the Transport and Other area.

Revenues from contracts with customers in the CRM International segment at 31 December 2020 show a decrease of Euro 27,888 thousand, equal to 12.0% compared to the previous period. The decrease is attributable to the Telco / Media, Government and Other business areas, offset in part by the growth of the Finance business area.

Revenues from contracts with customers in the Almawave-New Technology segment increased by Euro 5,786 thousand, up 38.3% compared to the previous period. This increase is mainly due to the increase in revenues from the sale of software technologies to customers in the Government, Finance and Transport areas, partially offset by the slight decrease in revenues from customers in the Telco / Media, Utilities and Other areas.

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

The fees for services to be provided at 31 December 2020, based on the contracts already acquired by the Group, amount to Euros 1,495,884 thousand, of which Euros 650,182 thousand to be absorbed within the following year.

31. OTHER INCOME

Other income, for each of the three years ended December 31, 2020, 2019 and 2018 are reported in the following table:

(in thousands of Euro)	For the twelve months ended December 31,		
	2020	**2019**	**2018**
Recovery of personnel costs	905	852	1,198
Recovery of costs of service provision	4,274	3,956	3,483
Recovery of costs of use of assets	49	70	27
Reversal of provisions	5,329	1,646	2,582
Other income	5,198	3,893	2,939
Operating grants	2,563	9,208	11,301
Reversal of over-accruals of trade payables	1,047	481	1,440
Other income	**19,365**	**20,106**	**22,970**

Other income amount to Euro 19,365 thousand (Euro 20.106 thousand as at 31.12.2019) and the most significant items relate to the absorption of other ordinary funds for guarantees, the recovery of personnel costs, provision of services and use of third party assets (equal to Euro 5,329 thousand, Euro 905 thousand, Euro 4,323 thousand respectively) connected to personnel seconded to third parties and to the set of activities and services rendered to third parties, as well as to other income from adjustments to items allocated in previous years.

32. COST OF RAW MATERIALS AND SERVICES

Cost of raw materials and services, for each of the three years ended December 31, 2020, 2019 and 2018 are reported in the following table:

(in thousands of Euro)	For the twelve months ended December 31,		
	2020	**2019**	**2018**
Raw materials, consumables, supplies and goods	33,195	26,757	19,075
Costs for services	282,623	272,358	239,889
Costs of use of third party assets	5,606	6,368	24,847
Costs for services capitalised for assets created internally	(3,545)	(2,733)	(3,577)
Changes in inventories	(732)	(1,076)	(897)
Cost of raw materials and services	**317,148**	**301,674**	**279,337**

The item increased during the period by Euro 15,474 thousand. The increase is generally attributable to higher revenues in the IT Services sector, with a consequent increase in service costs (Euro 23.103 thousand), as well as in the Almawave-New Technology segment (increase in costs of Euro 3.458 thousand) in addition to the change in inter-sector matches. This effect was partially offset in the CRM Europe segment where service costs decreased by Euro 4,976 thousand and by the CRM International segment (decrease in costs by Euro 7,413 thousand).

The table below shows, in more details, the disaggregation of cost of services for all three years' period:

(in thousands of Euro)	For the twelve months ended December 31,		
	2020	**2019**	**2018**
Maintenance	29,594	25,698	24,999
Insurance	2,620	2,605	2,070
Consultancy and professional services	141,163	129,350	106,946
Advertising, promotion and entertainment	543	964	789
Telephone expenses	4,573	5,122	6,308
Travel and stays	1,916	5,855	5,278
Energy and fluids	8,559	9,655	8,167
Distribution and warehousing	2,534	4,189	6,464
Other costs for services	91,121	88,920	78,868
Costs for services	**282,623**	**272,358**	**239,889**

The item other costs for services includes operating expenses and various services such as canteen expenses and meal vouchers reserved for employees, legal and notary fees, commissions and expenses for banking services, expenses for training courses, costs for cleaning and costs incurred towards third parties essentially referring to expenses for insurance policies and expenses for travel and business trips, in the present half year the item in question also includes the expenses for corporate protection related to Covid 19 (costs for sanitization, cleaning, purchase of masks and gloves). The increase in costs is related to the increase in turnover volumes. Furthermore, the remuneration due to the Directors equal to Euros 3,956 thousand, the remuneration due to the Board of Statutory Auditors for Euro 262 thousand and to the Independent Auditors for Euro 572 thousand are also included.

33. PERSONNEL EXPENSES

Personnel expenses, for each of the three years ended December 31, 2020, 2019 and 2018 are broken down as follows:

(in thousands of Euro)	For the twelve months ended December 31,		
	2020	**2019**	**2018**
Salaries and wages	359,248	386,500	375,351
Social security contributions	70,261	72,676	68,603
Employee benefit expenses	15,788	15,205	11,631
Other costs	6,554	6,309	4,116
Agency work	3,267	4,260	7,963
Personnel expenses capitalised for assets created internally	(11,686)	(11,030)	(10,246)
Personnel expenses	**443,452**	**474,007**	**457,489**

Personnel expenses decreased by Euro 30,555 thousand, or 6.45%.

The average number of employees of companies included in the consolidation area, broken down by category, for each of the three years ended December 31, 2020, 2019 and 2018 is as follows:

	At December 31, 2020	**At December 31, 2019**	**At December 31, 2019**
Executives	246.9	241.4	206.7
Middle managers	889.5	849.8	763.8
White-collar employees	44,750.4	42,818.8	42,677.8
Total Group average employees	***45,886.8***	***43,910.0***	***43,648.3***
Agency workers	102.8	179.8	352.4
Total workforce	***45,989.7***	***44,089.8***	***44,000.7***

34. DEPRECIATION AND AMORTIZATION

Depreciation and amortization, for each of the three years ended December 31, 2020, 2019 and 2018 are broken down as follows:

(in thousands of Euro)	For the twelve months ended December 31,		
	2020	**2019**	**2018**
Industrial patent and intellectual property rights	7,454	7,183	7,961
Concession, licence and trademarks	472	293	(558)
Other	6,357	5,929	6,237
Total Amortisation	***14,284***	***13,406***	***13,639***
Civil and industrial buildings	782	781	807
Industrial and commercial equipment	124	138	151
Plants and machinery owned	2,678	3,348	4,514
Other assets owned and leased	6,798	7,688	7,761
ROU Asset - Civil and industrial buildings IFRS16	13,478	15,179	0
ROU Asset - Other assets owned and leased IFRS16	1,021	971	0
Total Depreciation	***24,881***	***28,105***	***13,233***
Total Depreciation and Amortisation	**39,165**	**41,510**	**26,872**

35. OTHER EXPENSES

Other operating expenses, for each of the three years ended December 31, 2020, 2019 and 2018 are broken down as follows:

(in thousands of Euro)	For the twelve months ended December 31,		
	2020	**2019**	**2018**
Write-down of receivables	85	514	234
Provisions for risks	4,669	3,971	1,937
Taxes and duties	373	502	417
Membership fees	687	668	628
Other expenses	3,299	2,964	3,573
Accruals to provisions	0	0	0
Reversal of over-accruals of trade receivables	4,287	701	1,012
Other operating expenses	**13,890**	**9,320**	**7,801**

Net provisions for risks and charges are recorded for Euro 3,548 thousand by the IT Services sector and for Euro 1,121 thousand by the CRM International sector. Information relating to provisions for risks and charges is indicated in Note no. 22 to which reference is made. The other non-recurring operating costs include almost exclusively the economic effect found for the closure of previous items.

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

Financial income, Financial expenses and Exchange gains/(losses), for each of the three years ended December 31, 2020, 2019 and 2018 are reported below:

(in thousands of Euro)	For the twelve months ended December 31,		
	2020	**2019**	**2018**
Financial income	1,040	642	600
Financial expenses	(28,675)	(28,945)	(29,900)
Exchange gains/(losses)	(622)	(3,748)	(335)
Financial expenses for leasing IFRS 16	(4,293)	(5,877)	0
Net financial result	**(32,549)**	**(37,928)**	**(29,636)**

As shown in the previous table, the result of financial income and charges is negative as at 31 December 2020 for Euro 32,549 thousand, against a negative result of Euro 37,928 thousand as at 31 December 2019, with an improvement of Euro 5,378 thousand.

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

Gains/(losses) on equity investments and loss from investments accounted for using equity method shows a balance of 0 as at 31 December 2020. At 31 December 2019 it had a positive balance of Euro 7 thousand and was related to the acquisition of the positive result of TVEyes L.T. S.r.l.

(in thousands of Euro)	For the twelve months ended December 31,		
	2020	**2019**	**2018**
Other gains on equity investments	0	0	0
Share of lossesa from investments accounted for using equity method	0	7	6
Net result from equity investments	**0**	**7**	**6**

38. INCOME TAXES

Income taxes for each of the three years ended December 31, 2020, 2019 and 2018 are broken down as follows:

(in thousands of Euro)	For the twelve months ended December 31,		
	2020	**2019**	**2018**
Italian Companies			
IRAP (Regional business tax)	2,305	2,124	1,668
IRES (Corporate income tax)	13,290	7,881	5,737
(Income) expenses from compliance with tax consolidation	(5,027)	(6,042)	(3,079)
	10,568	**3,963**	**4,326**
Foreign companies			
Other current taxes	3,631	3,375	2,475
	3,631	**3,375**	**2,475**
Current Taxes	**14,199**	**7,338**	**6,801**
Italian Companies			
IRAP (Regional business tax)	(183)	130	(73)
IRES (Corporate income tax)	(1,154)	(780)	(1,276)
	(1,337)	**(650)**	**(1,349)**
Foreign companies			
Other deferred taxes	(3,667)	1,106	(1,320)
	(3,667)	**1,106**	**(1,320)**
Deferred taxes	**(5,004)**	**456**	**(2,669)**
Income taxes for the year - Non recurring portion	**(199)**	**871**	**(679)**
Total Income taxes	**8,997**	**8,665**	**3,453**

39. INCOME TAXES RECONCILIATION

Reconciliation of tax expense and the accounting profit multiplied by Group Almaviva's domestic tax rate for 2018, 2019 and 2020:

(in thousands of Euro)		For the twelve months ended December 31,			
		2020		**2019**	
Income before taxes		**45.145**	**100,0%**	**22.346**	**100,0%**
Theoretical taxes (*)		***10.835***	***24,0%***	***5.363***	***24,0%***
Effective tax charge		**8.997**	**19,9%**	**8.665**	**38,8%**
differences between theoretical and effective tax charge		**(1.838)**	**-4,1%**	**3.302**	**14,8%**
1) different foreign tax rates		2.274	5,0%	3.010	13,5%
		0	0,0%		
2) permanent differences:					
	2a) IRAP and other italian regional taxes	2.305	5,1%	2.124	9,5%
	2b) taxes of prior periods	(199)	-0,4%	871	3,9%
	2c) tax credit R&D	(393)	-0,9%	(2.086)	-9,3%
	2d) consolidation adjustments	(4.886)	-10,8%	400	1,8%
	2e) IAS 19	125	0,3%	0	0,0%
	2f) other differences (**)	(1.064)	-2,4%	(1.017)	-4,6%
Total differences		**(1.838)**	**-4,1%**	**3.302**	**14,8%**

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

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

40. GUARANTEES AND COMMITTMENTS

The Group granted the following guarantees as at December 31, 2020:

- personal guarantees of Euro 218,697 thousand (Euro 227,548 thousand as at December 31, 2019), which are "in favour of subsidiaries" recorded by AlmavivA S.p.A. for co-obligations issued to various insurance companies in the interest of Agrisian S.C.p.A. in Liquidation amounting to Euro 206,583 thousand and relative to the contract with the Ministry of Agricultural and Forest Resources; "in favour of other parties" in the amount of Euro 12,114 thousand, guarantees recorded by Lombardia Gestione of Euro 89 thousand for the execution of the service agreement and AlmavivA Contact S.p.A. in the amount of Euro 11,741 thousand; Sadel S.p.A.in the amount of Euro 284 thousand.
- collateral given of Euro 88,385 thousand refers to 100% pledges of shares held by AlmavivA S.p.A. in AlmavivA Contact S.p.A. (Euro 3,000 thousand); Euro 67,771 thousand pledges on the shares held by AlmavivA S.p.a. in AlmavivA do Brasil Telemarketing Informatica S.A .; Euro 17,614 thousand pledges on the shares held by AlmavivA Contact S.p.A. in AlmavivA do Brasil. In order to guarantee the fulfillment of the secured credits, the following have been established: a pledge agreement on the Commercial Credits and intra-group items of AlmavivA SpA and any other credit that AlmavivA SpA owns towards AlmavivA Technologies; a pledge agreement on trade receivables and intragroup items of AlmavivA Contact S.p.A., of Almawave S.r.l. and AlmavivA do Brasil; a pledge agreement for some bank accounts of AlmavivA S.p.A, AlmavivA Contact S.p.A. and AlmavivA do Brasil. As a further guarantee of this loan, the shares held by AlmavivA Technologies S.r.l. have also been pledged. equal to 95.11% of the share capital in AlmavivA S.p.A.

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

Other guarantees, commitments and risks

These amounted to Euro 8,478 thousand (Euro 8,546 thousand as at December 31, 2019) and refer to third party assets held by AlmavivA S.p.A.

41. RISKS AND OTHER INFORMATION

Credit risk

The maximum theoretical exposure to credit risk for the AlmavivA Group as at December 31, 2020 is represented by the carrying amount of financial assets reported in the financial statements, in addition to the nominal value of guarantees given on the payables or commitments of third parties.
Trade receivables due from customers represent the greatest exposure to credit risk. In respect of the risk of customer default, an appropriate write-down provision is recorded in the financial statements, the amount of which is periodically reviewed. The write-down process adopted by AlmavivA S.p.A. requires trade positions to be subject to an individual write-down based on the age of the receivable, the reliability of the individual debtor and the progress of debt management and collection procedures. Trade receivables are generated by the Group operations in different regions/countries (predominantly in Italy and Brazil) with diversified customers and counterparties from a geographical and sector point of view (industrial, energy, telephone firms, public administrations, commercial companies, etc.) and in terms of dimensions (large corporate, small and medium enterprises, residential customers).

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

(in thousands of Euro)	For the twelve months ended December 31,		
	2020	**2019**	**2018**
Profit attributable to ordinary equity holders of the parent:			
Continuing operations	36,148	13,681	18,016
Profit attributable to ordinary equity holders of the parent for basic earnings	**36,148**	**13,681**	**18,016**

Liquidity risk

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

Exchange rate risk

Exposure to the risk of exchange rates changing derives from the company's transactions in non-euro currencies (mainly the Brazilian Real) and affects the consolidated financial statements (economic result and shareholders' equity) due to translating assets and liabilities of companies that draft their financial statements with functional currency other than the Euro. The risk arising from translating assets and liabilities of companies that draft their financial statements with non-euro functional currency is not usually subject to hedging, barring another specific assessment. The consolidated financial statements at 31 December 2020 were significantly impacted by the worsening of the EUR / R $ exchange rates.

42. INFORMATION ON FAIR VALUE MEASUREMENT

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

43. LEGAL ISSUES AND LITIGATIONS

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

Contingent liabilities

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

Shown below are the main contingent liabilities as at December 31, 2020 not recorded in the financial statements owing to the absence of the necessary requirements set out in reference standard IAS 37.

AlmavivA S.p.A.

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

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

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

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

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

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

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

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

RTI Enterprise Services Italia S.r.l. (Agent of RTI with KPMG Advsory S.p.A, Dedagroup Public Service S.r.l, Eustema S.p.A; Exprivia S.p.A)/ Consip S.p.A/ Anti-corruption National Authority/AlmavivA S.p.A (Agent of RTI formed with Consorzio Reply Public Sector, Business Integration Partners S.p.A)/ Accenture S.p.A (Agent of RTI with Accenture Technology Solution S.r.l; Pricewaterhouse Coopers Advisory S.p.A; GPI S.p.A)/ Leonardo S.p.A (Agent of RTI with Dedalus Italia S.p.A, Deloitte Consulting S.r.l, NTT Data Italia S.p.A)/Capgemini Italia S.p.A (Agent of RTI with Fincons S.p.A, Tbridge S.p.A., Indra Italia S.p.A, Progesi S.p.A).

The AlmavivA RTI appealed to the Lazio TAR for the cancellation, after the adoption of precautionary measures, of the tender documents for the assignment of support services, development and management of the education information system (SIDI) ID 1975 - lot 2 (“Gara MIUR”) and of the awarding measure towards the RTI Enterprise. RTI Engineering also requested, with an independent appeal, the cancellation of the acts of the MIUR tender. With a provision of 9 November 2020, Consip canceled the MIUR tender. The RTI Enterprise requested, with an appeal before the Lazio TAR, the cancellation of the provision with which Consip canceled the MIUR tender. The Lazio TAR has set the hearing on the merits of March 31, 2021.

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

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

AlmavivA Contact S.p.A.

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

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

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

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

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

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

Labour Disputes

During 2016, AlmavivA Contact started a collective dismissal procedure with a declaration of 2,511 redundant staff including no. 1,666 people working at the headquarters of Rome (1,063 full time equivalent positions) and 845 people working at the headquarters of Naples (560 full time equivalent positions). This procedure was concluded, at the Ministry of Economic Development, in the presence of the Ministry of Labour and Social Policy, on December 22, 2016, by signing a Statement of Agreement. This Agreement made provision, as regards the headquarters of Rome, for the company's right to proceed with the dismissal of surplus workers and, as regards the Naples headquarters, the continuation of meetings, following which, it was possible to stipulate an agreement to reduce the cost of labour and to apply the call centre "cassa integrazione guadagni" (wages guarantee fund) on February 28, 2017.

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

In this regard, we must point out that, in April 2017 the Civil Court of Rome, labour division (by means of decree of April 22, 2017, GR no. 2342/2017), rejected an appeal lodged by CGIL - Rome and Lazio region – with which the trade-union organisation requested the sentencing of the company for anti-union behaviour, deducing the unlawfulness of the dismissal procedure. The Court of Rome widely argued pointing out the correctness of the company's behaviour and the lawfulness of the procedure.

In terms of individual disputes, it's confirmed that all five courts of Court of Appeal (second instance judge) in Rome confirmed the absence of procedural defects and the legitimacy of layoffs, the few judgments of a different nature which were handed down in the Court of First Instance are being reformed.

On another front, continuing on with the approach of previous years, the company, in application of the ASSTEL-ASSOCONTACT/OO.SS (trade unions) collective agreement of August 1, 2013 and subsequent amendments and updates - which regulated the call centre collaborations - stipulated the transactions with associates obligated in the previous year in order to guarantee their inclusion in the scope of pre-emption for the stipulation of new contracts and to eliminate the risk of disputes targeted at requalification of collaborations as employment relationships.

In the last year no extrajudicial appeals have been received.

With reference to the residual dispute initiated by former associates of the company of the headquarters of Catania and Palermo, we must point out that the Court of Appeal of Palermo confirmed the line favourable to AlmavivA Contact. The Court of Catania continued to declare the appeals lodged by certain associates to be inadmissible for procedural reasons.

With regard to the temporary employee's subject-matter of a stabilisation offer during 2007-2008 by the company Atesia S.p.A. (then merged into AlmavivA Contact S.p.A.), there were no new court appeals concerning the qualification of the relation during the current year.

In this case, as in the case of further disputes, the risks based on the individual cases were assessed, and where necessary, the appropriate provisions for risks were made in the financial statements.

44. TRANSACTIONS WITH RELATED PARTIES

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

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

Jointly controlled companies, associated companies and subsidiaries excluded from the consolidation area are indicated in the annex "Companies and significant equity investments at 31 December 2020" 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:

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

	At December 31, 2019		For the year ended December 31, 2019			
(in thousands of Euro)	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
Relationships with the controlling company of AlmavivA S.p.A.						
AlmavivA Technologies Srl	27,516	10,485	300	0	0	2
Relationships with the controlling companies valued at equity method						
Consorzio Hypertix	68	0	0	0	0	0
Sin Srl	15,301	167	151	0	28,199	796
Consorzio Namex	0	0	11	0	0	0
TVEyes L.T.	4	62	0	0	0	19
Almaviva CCID	112	2	0	0	0	5
PT Almaviva Indonesia Kontak	6	0	0		9	0
Other						
Elvit Consultoria e Partcipacoes LTDA	0	5	61	0	0	0
Totale	**43,007**	**10,721**	**523**	**0**	**28,208**	**822**

	At December 31, 2018		For the year ended December 31, 2018			
(in thousands of Euro)	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
Relationships with the controlling company of AlmavivA S.p.A.						
AlmavivA Technologies Srl	19,908	2,975	300	0	10	1
Relationships with the controlling companies valued at equity method						
Consorzio Hypertix	218	0	0	44	0	0
Sin Srl	14,387	17	0	0	25,956	1,029
Consorzio Namex	0	0	10	0	0	0
TVEyes L.T.	4	14	33	10	0	12
Almaviva CCID	106	0	0	0	0	0
Other	0	0	0	0	0	0
Elvit Consultoria e Partcipacoes LTDA	0	16	61	0	0	0
Totale	**34,623**	**3,022**	**404**	**54**	**25,966**	**1,042**

45. SUBSEQUENT EVENTS

The use of “smart working”, which involved most of the company's employees, is still ongoing.

ALMAWAVE S.P.A. - LISTING ON THE MULTILATERAL TRADING SYSTEM AIM ITALIA.

On January 14, 2021, the Shareholders' Meeting adopted further resolutions aimed at implementing the Listing, including the transformation of the company into a joint stock company.

The ordinary shares issued by Almawave S.p.A. are admitted to trading on the AIM Italia market with effect from 9 March 2021.
On 11 March 2021 the ALMAWAVE ordinary shares were traded on AIM Italia.
The shares placed on the market were n. 7,058,823 including the actions relating to the total exercise of the greenshoe.

ALMAWAVE SRL – STOCK TRADING ON PERVOICE

On January 31, 2020, Almawave S.r.l. purchased additional n. 51,800 shares of the share capital of the subsidiary Pervoice S.p.A., consequently, now holds a shareholding equal to 58.63%.
La Finanziaria Trentina S.p.A. through this transaction, completely left the shareholder base of Pervoice, and has sold its shares not only to Almawave S.r.l. but also to Clesius S.r.l., Infojuice S.r.l. and Summit S.r.l.

OBDA SYSTEMS S.R.L. - ACQUISITION OF SHAREHOLDING

On 11 January 2021, Almawave S.p.A. has subscribed a share equal to 60% of the share capital of OBDA SYSTEMS S.r.l., a start-up of the La Sapienza University of Rome.

ALMAVIVA S.P.A. - TRANSFER OF THE INVESTMENT HELD IN PT ALMAVIVA INDONESIA KONTAK

On January 18, 2021, the sale of the equity investment held by AlmavivA S.p.A. was completed. in the share capital of PT ALMAVIVA INDONESIA KONTAK which, at the same time, changed the company name.

ARTIFICIAL INTELLIGENCE FOR ENTERPRISE SYSTEMS S.R.L.: CHANGE OF COMPANY NAME

On January 20, 2021, the Shareholders' Meeting resolved to change the company name to SPIN DATA S.r.l..