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ALMAVIVA S.P.A. AND SUBSIDIARIES
Unaudited Interim Condensed Consolidated Financial
Statements for the six months ended June 30th, 2023
and 2022

Board of Directors August 2nd, 2023

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ALMAVIVA S.P.A. AND SUBSIDIARIES
Unaudited Interim Condensed Consolidated Financial Statements for
the six months ended June 30th, 2023 and 2022

Board of Directors August 2nd, 2023

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

<i>(in thousands of Euro)</i>	Note	At June 30, 2023	Of which with related parties	At December 31, 2022	Of which with related parties
Intangible assets	7	112,737		90,999	
Goodwill	7	62,989		76,470	
Property, plant and equipment	8	85,152		87,563	
Investments accounted for using the equity method	9	5,981		243	
Non-current financial assets	10	1,264		1,256	
Deferred tax assets	11	21,757		21,367	
Other non-current assets	12	1,860		1,091	
Total non-current assets		291,740		278,989	
Inventories	13	18,265		18,811	
Contract assets	14	27,981		19,064	
Trade receivables	15	552,222	185	513,487	183
Current financial assets	16	3,905		14,533	
Other current assets	17	176,985	24,076	142,041	24,495
Cash and cash equivalents	18	142,204		164,660	
Total current assets		921,563		872,596	
Total assets		1,213,303		1,151,586	
Share capital		154,899		154,899	
Share premium reserve		17,788		17,788	
Stock grant reserve		8,103		7,693	
Other reserves		(35,234)		(105,428)	
Profit/(loss) for the period		34,592		72,344	
<i>Total group shareholders' equity</i>		<i>180,149</i>		<i>147,296</i>	
<i>Non-controlling interests</i>		<i>33,450</i>		<i>31,566</i>	
Total shareholders' equity	19	213,599		178,862	
Non-current liabilities for employee benefits	20	37,276		39,672	
Non-current provisions	21	8,767		8,040	
Non-current financial liabilities	22	376,559		380,717	
Deferred tax liabilities	23	84		84	
Other non-current liabilities	24	1,227		635	
Total non-current liabilities		423,913		429,148	
Current provisions	21	4,807		4,933	
Trade payables	25	350,590	29	351,526	140
Current financial liabilities	26	17,015		33,374	
Current tax liabilities	27	34,199		31,890	
Other current liabilities	28	169,181	41,708	121,853	29,900
Total current liabilities		575,792		543,576	
Total liabilities		999,704		972,724	
Total equity and liabilities		1,213,303		1,151,586	

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

For the six months ended June 30,					
<i>(in thousands of Euro)</i>	Note	2023	Of which with related parties	2022	Of which with related parties
Revenues from contracts with customers	29	552,508	0	515,010	0
Other Income	30	11,692	13	13,493	13
Total revenues and other income		564,200		528,503	
Cost of raw materials and services	31	(225,684)	(290)	(207,552)	(207)
Personnel expenses	32	(237,370)	(410)	(232,604)	
Depreciation and amortization	33	(25,017)		(21,555)	
Profit/(Loss) from sale of non-current assets	33	356		203	
Other expenses	34	(7,793)		(4,537)	
Operating profit/(loss)		68,692		62,457	
Financial income	35	2,445		1,756	
Financial expenses	35	(16,554)		(15,228)	
Exchange gains/(losses)	35	(117)		(516)	
Profit/(loss) from investments accounted for using equity method	36	2		6	
Profit/(Loss) before taxes		54,468		48,475	
Income taxes	37	(17,972)		(15,917)	
Profit/(Loss) from continuing operations		36,496		32,558	
Profit/(Loss) for the period		36,496		32,558	
of which:					
Profit/(loss) pertaining to the group		34,592		31,539	
Profit/(loss) pertaining to non-controlling interests		1,903		1,020	
Earning (Loss) per share (EPS) basic and diluted					
Basic, earning (loss) for the year attributable to ordinary equity holders of the parent		€ 0.24		€ 0.21	
Diluted, earning (loss) for the year attributable to ordinary equity holders of the parent		€ 0.24		€ 0.21	

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

<i>(in thousands of Euro)</i>	Note	For the six months ended June 30,	
		2023	2022
Profit/(loss) for the period		36,496	32,558
<i>Other components of comprehensive income that may be subsequently reclassified to profit or loss, after taxes:</i>			
Exchange differences on translation of foreign operations	19	9,904	13,792
Total		9,904	13,792
<i>Other components of comprehensive income that will not be subsequently reclassified to profit or loss, after taxes:</i>			
Actuarial gains/(losses) on valuation of liabilities for employee benefits	20	205	5,063
Total		205	5,063
Comprehensive income/(loss) for the period		46,605	51,413
of which:			
Comprehensive income/(loss) pertaining to the group		44,638	50,294
Comprehensive income/(loss) pertaining to non-controlling interests		1,966	1,120

ALMAVIVA S.P.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Note 19

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

<i>(in thousands of Euro)</i>	Share capital	Share premium reserve	Legal reserve	Other reserve and profit (loss) carried forward					Total other reserve and profit (loss) carried forward	Profit/(loss) for the year	Total Group shareholders' equity	Other reserve and profit (loss) carried forward	Translation reserve	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
				Profit (loss) carried forward reserve	FTA Reserve	Cash Flow Hedge reserve	Actuarial gain (losses) reserve	Translation reserve								
Shareholders' Equity at January 01, 2022	154,899	17,788	12,465	(121,503)	4,493	4,670	2,529	(53,448)	(163,259)	57,908	79,804	19,596	(1,098)	1,990	20,489	100,292
Profit/(loss) for the year										31,538	31,538			1,020	1,020	32,558
Other movements pertaining Other comprehensive income							5,063	13,692	18,755		18,755		100		100	18,855
Comprehensive income/(loss) for the year							5,063	13,692	18,755	31,538	50,293		100	1,020	1,120	51,413
Allocation of prior year's profit/(loss)			2,674	55,234					55,234	(57,908)		1,990		(1,990)		
Almawave increase of Equity due to M&A operations				7,732					7,732		7,732	4,535			4,535	12,267
Dividends paid				(25,000)					(25,000)		(25,000)					(25,000)
Changes in area and other movements				(333)			1,540		1,207		1,207	3,755			3,755	4,962
Stock Grant reserve						1,721			1,721		1,721					1,721
Shareholders' Equity at June 30, 2022	154,899	17,788	15,139	(83,870)	4,493	6,391	9,132	(39,756)	(103,610)	31,538	115,757	29,876	(998)	1,020	29,899	145,656

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

<i>(in thousands of Euro)</i>	Note	For the six months ended June 30,	
		2023	2022
Profit/(loss) for the period		36,496	32,558
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Income Taxes	37	17,972	15,917
Financial income	35	(2,445)	(1,756)
Financial expenses	35	16,554	15,228
Exchange (gains)/losses	35	117	516
Depreciation, amortization and write-downs	33	25,062	21,555
Write-downs/(revaluations) of non-current financial assets and equity investments	36	(2)	(6)
Losses from sale of non-current assets	33	(356)	(203)
Interest received		2,444	1,663
Interest paid		(11,794)	(12,516)
Income taxes paid		(4,700)	(4,773)
<i>Cash flows generated from operating activities before changes in working capital</i>		<i>79,348</i>	<i>68,183</i>
Change in trade receivables excluding of the exchange rate effect and consolidation scope changes	15	(34,919)	(11,060)
Change in inventories excluding of the exchange rate effect and consolidation scope changes	13	546	(2,868)
Change in contract assets excluding of the exchange rate effect and consolidation scope changes	14	(8,917)	(7,110)
Change in trade payables excluding of the exchange rate effect and consolidation scope changes	25	(2,361)	37,590
Change in other assets excluding of the exchange rate effect and consolidation scope changes	12-17	(32,209)	(22,963)
Change in other liabilities excluding of the exchange rate effect and consolidation scope changes	24-28	25,018	(7,396)
Change in liabilities for employee benefits and provisions gross of exchange rate effect	20-21	(3,260)	(6,450)
<i>Cash flows generated from operating activities changes in working capital</i>		<i>(56,102)</i>	<i>(20,257)</i>
Cash-flow generated from/(absorbed by) operating activities (A)		23,246	47,926
Investments in property, plant and equipment	8	(6,316)	(5,786)
Investments in intangible assets	7	(18,968)	(12,546)
Acquisition of investments accounted for using the equity method	9	(1,894)	(0)
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity method	9	1,198	55
Acquisition of subsidiaries net of cash and cash equivalents	6	(410)	(16,156)
Change in non-current financial asset	10	0	2,459
Cash-flow generated from/(absorbed by) investing activities (B)		(26,390)	(31,973)
Dividends paid		(11,336)	(25,000)
Proceeds from borrowings	22	0	2,980
Repayment of medium/long-term loans and non-current financial liabilities	22	(1,216)	(1,353)
Repayment of lease liabilities		(3,992)	(6,397)
Change in current and non-current financial liabilities	26	(16,118)	(3,044)
Change in current financial assets	16	10,627	(1,478)
Cash-flow generated from/(absorbed by) financing activities (C)		(22,035)	(34,292)
NET CASH FLOW BEFORE EXCHANGE RATE DIFFERENCES (A + B + C)		(25,179)	(18,340)
Effect of foreign exchange rates on cash and cash equivalents (D)		2,724	6,172
Cash flow of the year (A+B+C+D)		(22,455)	(12,168)
Opening cash and cash equivalents		164,660	169,622
Closing cash and cash equivalents		142,204	157,455

ALMAVIVA S.P.A. AND SUBSIDIARIES EXPLANATORY NOTES

1. GENERAL INFORMATION

AlmavivA The Italian Innovation Company S.p.A. (hereinafter "AlmavivA" or the "Company") is the parent company of one of the leading Italian groups in the Information & Communication Technology sector, which operates globally with an organisational structure incorporating approximately 44,698 employees and several offices around Italy and abroad.

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

The Unaudited Interim Condensed Consolidated Financial Statements of the Company and its subsidiaries (the "AlmavivA Group") are prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") adopted by the European Union, in particular the international accounting standard applicable for the preparation of interim financial statements (IAS 34 - Interim Financial Reporting) and include the consolidated statement of financial position as at June 30, 2023, the related consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the six months period ended as at June 30, 2023, compared, as regards the income statement part, the cash flow part and the change in shareholders' equity part, with the six months period ended as at June 30, 2022 and as regards the consolidated statement of financial position part, with December 31, 2022, together with the explanatory notes.

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

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

The Unaudited Interim Condensed Consolidated Financial Statements were approved by the Company's Board of Directors on August 2nd, 2023.

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

2. BASIS OF PREPARATION

Standards

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

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

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

Contents of the consolidated financial statements

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

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

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

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

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

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

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

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

The Euro represents the functional currency of the parent company and subsidiaries, and that used for presenting the financial statements.

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

The following table indicates the exchange rates adopted:

Exact exchange rates					
Amount of currency for 1 Euro					
Country	Currency	ISO	June 30, 2023	December 31, 2022	June 30, 2022
Saudi Arabia	Riyal	SAR	4.0748	3.9998	3.8951
Brazilian	Real	BRL	5.2788	5.6386	5.4229
China	Yuan	CNY	7.8983	7.3582	6.9624
Colombian	Peso	COP	4546.2400	5172.4700	4279.0700
Dominican Republic	Peso	DOP	60.1306	59.9444	56.9600
Egypt	Lira	EGP	33.5743	26.3990	19.5332
United Arab Emirates	Dirham	AED	3.9905	-	-
Europe	Leu	RON	4.9635	4.9495	4.9464
Russia	Rublo	RUB	97.8000	74.3000	117.2010
United States	Dollaro	USD	1.0866	1.0666	1.0387
Tunisian	Dinaro	TND	3.3577	3.3221	3.2186

Average exchange rates					
Amount of currency for 1 Euro					
Country	Currency	ISO	June 30, 2023	December 31, 2022	June 30, 2022
Saudi Arabia	Riyal	SAR	4.0541	3.9489	4.1024
Brazilian	Real	BRL	5.4833	5.4399	5.5579
China	Yuan	CNY	7.4898	7.0788	7.0827
Colombian	Peso	COP	4962.2683	4473.28	4283.555
Dominican Republic	Peso	DOP	59.7590	57.9251	61.017
Egypt	Lira	EGP	32.9100	20.1636	18.8794
United Arab Emirates	Dirham	AED	3.9809	-	-
Europe	Leu	RON	4.9339	4.9313	4.9457
Russia	Rublo	RUB	97.8000	74.3	87.8415
United States	Dollaro	USD	1.0811	1.053	1.094
Tunisian	Dinaro	TND	3.3394	3.2509	3.2563

2.1 Going Concern

During the first six months of 2023, Almoviva Group consolidated the growth trends in revenues achieved in previous periods (reaching Euro 552.5 million, increased Euro 37.5 million compared to the first six months of previous year). The result as of June 30, 2023, shows a consolidated operating profit growing compared to the previous year and equal to Euro 68,692 thousand (increased Euro 6,235 thousand compared to June 30, 2022). At the level of Net Profit there is a positive result of Euro 36,496 thousand.

As for the conflict situation between Russia and Ukraine, it's confirmed as the Group has not identified any significant impacts until now. From 2022, Almoviva carries out, on behalf of the Ministry of Foreign Affairs and the Italian Embassy, through the subsidiary Almoviva Russia LLC, part of the activities related to the provision of visas for entry into Italy. At present day, there are no signs of issues related to these activities carried out; continuity in the services provided is also expected for 2023. Except for the aforementioned subsidiary, there are currently no significant exposures to the affected markets and there are no supply relationships with Russian suppliers such as to slow down their supply chains. The current crisis could, however, help to emphasize the effects related to the increase in costs of energy and raw materials, as well as

ALMAVIVA S.P.A. AND SUBSIDIARIES

EXPLANATORY NOTES (continued)

rising interest rates on debt. Management verifies the evolution of the situation, sanctions, and restrictions on a daily basis.

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

Temporary agile working methods (so-called smart working) continue to be adopted both in the IT and DRM International (ex CRM International) fields. The adoption of the new working methods in progress at all Group companies, with greater use of temporary agile working methods and new support technological implementations, has also made it possible to aim at achieving significant levels of efficiency and increased productivity.

In the IT segment, market estimates continue to show a growth forecast for the Information Technology sector whose centrality in the country's relaunch strategies confirms the start of a new cycle also supported by large companies' investments.

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

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

The digitization of the Public Administration has long been an important matter of government policies, aimed at bridging the country's digital gap. The digital growth strategy identifies several infrastructural actions aimed at ensuring easier and safer access to public services.

This strategy focuses on the principle of "digital first", through the switch-off of the traditional use of services from citizens thanks to the diffusion of digital culture and the development of digital skills in businesses and citizens (Source: Anitec-Assinform, Il Digitale in Italia 2022).

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

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

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

The ever-increasing importance of activities related to Cybersecurity has finally led to the establishment of a specific business area which, in addition to covering part of the activities related to the concession for the design, implementation and management of the National Telemedicine Platform, will focus on the development of the market and in maximizing the opportunities deriving from the award of the AQ Consip "Remote Security" for the supply of security services for the Central Public Administrations and in general from the relevant Framework Agreements.

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

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

In the digital field for the optimization of water resources, the Almaviva Group is already a leader in Italy with the solutions of the Parent Company and Almaxwave. Now the control of the two companies improves and completes the offer in the sector.

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

The Group's skills range, among others, from the digitization of the network to the creation of the digital model (digital twin), from qualitative/quantitative monitoring through sensor and satellite technologies, to data analysis thanks to AI, from optimization of distribution to search for leaks.

The integration between the Almaviva Group, B.M. e 2f will make it possible to improve the presence on a growing market, that of water utilities, both in Italy and abroad, thanks to the possession of all the components necessary for the transformation of the water network, promoting the sustainable development of the various ecosystems: climate, agriculture, environment, health, smart cities.

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

The reference market confirms strong growth in all three of ReActive's focus industries (banking, insurance and wealth management), with strong attention from the financial services world to digitization and important investments expected on the digital transformation front.

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

In this market environment, ReActive, as part of its commercial diversification strategy, is proceeding with the development of the first projects, negotiations and discussions with new important banking customers and with the main large banks in its pipeline. To support this growth, an activity is underway to reorganize and upgrade the delivery and commercial structures.

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

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

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

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

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

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

In this context of international growth, we highlight the establishment of the subsidiary companies ALMAVIVA USA CORP. and ALMAVIVA UAE LIMITED.

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

Regarding international development, in addition to the aforementioned initiatives in the transport sector, developments in the public administration of the European Union ("EU") continue, developed through the subsidiary AlmovivA de Belgique. In this scenario, it should be

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

noted the recent award of the DIMOS VI contract, a 5-year framework agreement announced by the Directorate General for Budget, for the supply of experts specialized in SAP to all DGs of the European Commission and related Agencies, which include over 50 entities distributed throughout Europe.

During 2023, an improvement of activities related to entry visas, started in 2022 according to the award of the tenders of the Ministry of Foreign Affairs, is expected. Further expansion of activities is planned for 2023, with participation for tenders proposed by the Ministry of Foreign Affairs and the development of a new dedicated IT platform.

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

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

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

As regard Almoviva Contact and Almoviva Services subsidiaries, the first semester of 2023 shows a decrease in terms of revenues compared to the same period of the previous years (less 68%).

The decrease in terms of costs (-48% compared to the same period of the previous year) made it possible to offset the decrease in terms of revenues by confirming, net of extraordinary items, the process of improving the result. Moreover, the first half of 2023 shown a decrease in terms of personnel expenses, due to lower fte compared to the previous semester and external costs due to the efficiency of the logistics structure. The transfer to other companies of the group of employees who were trained during 2022 on IT activities was also successfully completed.

For the second half of 2023, the process of focusing on high-margin customers is expected to continue with the consequent transfer of resources to competitors for further efficiency improvements in the logistics structure.

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

The Brazilian macroeconomic scenario has been more resilient to inflation dynamics than Italian and European scenario. The EUR/BRL exchange rate, in these first six months of 2023, have had an average value equal to 5.48 EUR/BRL, with a flat trend compared to 2022; during the next months of 2023, a flat trend of the exchange rate is expected, with an average value about 5.6 EUR/BRL.

Inflation (HICP) should remain at flat levels. The first semester of 2023 recorded an average inflation of 4.6%, with a flat trend of 5.0% confirmed for the next months of 2023. The Selic, the interest rate for the interbank market, is now at 13.75% per annum. This rate has seen an

ALMAVIVA S.P.A. AND SUBSIDIARIES

EXPLANATORY NOTES (continued)

increase of 4.5% in 2022 from 9.25% to 13.75%. The increases are mainly due to contain the inflation phenomenon. Regarding 2023 a decrease of 1.5% is expected, with a value of 12.25% for the end of the year.

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

In this context AlmagivA do Brasil, continuing with the process started with the acquisition made during 2020 and 2022, aims to improve its position into the reference market and to optimize the customer base, increasing the level of diversification. The dimensional growth, the diversification of the markets served and the continuous process of optimizing costs and operating synergies between the companies of the Group in Brazil make it possible to have one of the more interesting margins of market.

Therefore, the evolution of the DRM International (ex CRM International) segment, according to the guideline defined by 2023 objectives, during the first semester of 2023 shows a growth in terms of revenues equal to 11.9% (also due to the consolidation of CRC - CENTRAL de RECUP. de CREDITOS, acquired in March 2022), based on the diversification of the customers (acquisition of new customers in the finance, multiservice, industry, utilities sectors) and on a focus on market sectors characterized by higher specialization and higher margins.

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

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

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

As regards AlmagivA - New Technology segment, as at June 30, 2023, show a growth in terms of revenues of +29.6% (Euro 27.7 million as at June 30, 2023) and an operating result of Euro 4.3 million (+65.8%, also due to the consolidation of the results of the two subsidiaries acquired in April and June 2022).

In terms of technologies and supply, the Group intends to continue its growth path, continuing to invest for the increase and strengthening of its solutions useful in various markets, such as Government, Fintech, Tourism, Ecological Transition, Smart Mobility & Transportation and Healthcare. In order to consolidate its position in the Artificial Intelligence sector, new resources will also be invested for the evolution of the core technological product platforms Iride, Audioma, Mastro and the products of the companies acquired during 2022, as well as to support the programs of recruiting new talent.

In the area of Big Data & digital transformation services, confirming the strategic quality and speed of integration of the AlmagivA model, the synergy with The Data Appeal Company and Sistemi Territoriali, the two companies acquired during the previous year, will be further improved.

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

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

A further focus by the segment is represented by the Government market, also due to the important challenges related to PNRR implementation (National Recovery and Resilience Plan) as well as the tenders won and framework agreements already obtained. A virtuous path is also envisaged for the Smart Mobility & Transportation, Tourism and Ecological Transition markets, in order to consolidate and expand the existing customer base, also through qualified partners.

A portion of the investment in business development will be used to improve Almaxwave's positioning on the international market. The LATAM market, in particular, will receive further attention, as will the European market and the African continent, whose potential is growing. In these areas with high potential, in which the company has already achieved good results also through collaboration with partner companies, the intention is to further strengthen the path undertaken.

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

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

From a financial point of view, there is a senior secured bond debt (Senior Secured Notes) for a value of € 350 million, maturity on October 2026 and coupon at 4.875%, reserved exclusively for institutional investors. In 2023, the payment of the two half-yearly coupons (April 30, 2023, already paid, and October 31, 2023) for a total annual amount of €17.1 million, is expected. For 2023, a reduction in Net Financial Debt, is expected.

2.2 Basis of consolidation

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

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

Consolidation Area

The companies consolidated as at June 30, 2023 are listed in the following table. Compared to the Consolidated Financial Statements as at December 31, 2022, consolidation area has changed or has had a dilution of share due to:

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

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

- On 17 May 2023, Almoviva EAU Limited was established, a company under UAE law, with registered office in Abu Dhabi – Masdar City Free Zone, whose share capital is wholly owned by Almoviva S.p.A.. The Company will operate mainly in the IT Services segment, Transportation sector.

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

Compared to the Interim Condensed Consolidated Financial Statements as at June 30, 2022, consolidation area has changed or has had a dilution of share due to:

- On September 14, 2022, Almoviva S.p.A. has completed the acquisition of the entire share capital of TECNAU TRANSPORT DIVISION S.r.l., a company based in Trezzano sul Naviglio (MI) active in the supply and integration of technological systems for rail and underground transport, airports, and industries, as well as for the sector water / purification;
- On February 7, 2023, Almoviva USA Corp. was established, a company under American law located in New York City, whose share capital is fully owned by Almoviva S.p.A., which will operate mainly in the IT Services segment, Transportation sector;
- On 17 May 2023, Almoviva EAU Limited was established, a company under UAE law, with registered office in Abu Dhabi – Masdar City Free Zone, whose share capital is wholly owned by Almoviva S.p.A.. The Company will operate mainly in the IT Services segment, Transportation sector.

Compared to the Interim Condensed Consolidated Financial Statements as at June 30, 2022, the consolidation area has changed due to the following added companies: Tecnaul Transport Division S.r.l., Almoviva USA Corp and Almoviva EAU Limited.

The following table shows, the ownership percentages as at June 30, 2023 compared to the same figure as at December 31, 2022 and June 30, 2022:

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

<i>Companies and method of consolidation</i>	Currency	Share held	At June 30, 2023	At December 31, 2022	At June 30, 2022
Almaviva S.p.A. (Parent Company)	Euro	100.00%	Parent	Parent	Parent
Rome, Italy					
Lombardia Gestione S.r.l.	Euro	51.00%	Full	Full	Full
Milan, Italy					
Almaviva de Belgique S.A.	Euro	100.00%	Full	Full	Full
Brussels, Belgium					
Almaviva Digitaltec S.r.l.	Euro	100.00%	Full	Full	Full
Naples, Italy					
Wave S.r.l.	Euro	100.00%	Full	Full	Full
Pianoro, Italy					
Sadel S.p.A.	Euro	84.05%	Full	Full	Full
Castel Maggiore, Italy					
Wedoo Holding S.r.l.	Euro	55.00%	Full	Full	Full
Torino, Italy					
Wedoo S.r.l.	Euro	55.00%	Full	Full	Full
Torino, Italy					
Wedoo LLC	US Dollar	55.00%	Full	Full	Full
Michigan, U.S.					
Data Jam (ex Spin Data) S.r.l.	Euro	80.00%	Full	Full	Full
Napoli, Italy					
Almaviva Saudi Arabia LLC	Saudi Riyal	100.00%	Full	Full	Full
Riyad, Saudi Arabia					
Almaviva EAU Limited	UAE Dirham	100.00%	Full	-	-
Riyad, Saudi Arabia					
Almaviva Egypt LLC	Egyptian Pound	100.00%	Full	Full	Full
Cairo, Egypt					
Kline S.r.l.	Euro	70.00%	Full	Full	Full
Milan, Italy					
Reactive S.r.l.	Euro	100.00%	Full	Full	Full
Milan, Italy					
Almaviva Digital Espana *	Euro	100.00%	Full	Full	Full
Madrid, Espana					
Almaviva Republica Dominicana S.r.l.	Dominican Peso	100.00%	Full	Full	Full
Santo Domingo, Dominican Republic					
Almaviva Russia L.L.C.	Ruble	40.00%	Full	Full	Full
Moscow, Russian Federation					
Tecnu Transport Division S.r.l. *	Euro	100.00%	Full	Full	-
Milan, Italy					
Almaviva Finland Oy **	Euro	100.00%	Full	Full	-
Helsinki, Finland					
Almaviva USA Corp. ****	US Dollar	100.00%	Full	-	-
New York City U.S.					
Almaviva Contact S.p.A.	Euro	100.00%	Full	Full	Full
Rome, Italy					
Almaviva do Brasil S.A.	Brazilian Real	99.58%	Full	Full	Full
San Paolo, Brazil					
Aquarius Participações S.A. ***	Brazilian Real	99.58%	Full	Full	Full
San Paolo, Brazil					
Chain Serviços e Contact Center S.A. ****	Brazilian Real	99.58%	Full	Full	Full
San Paolo, Brazil					
CRC Central de Recup de creditos *	Brazilian Real	99.58%	Full	Full	Full
San Paolo, Brazil					
CRC Digital *	Brazilian Real	99.58%	Full	Full	Full
San Paolo, Brazil					
Almacontact S.A.S.	Colombian Peso	99.58%	Full	Full	Full
Bogotá, Colombia					
Italy Call S.r.l.	Euro	100.00%	Full	Full	Full
Rome, Italy					
Almaviva Tunisie S.A.	Tunisian Dinar	56.25%	Full	Full	Full
Ville de Tunisi, Tunisie					
Almaviva Services S.r.l.	Romanian Leu	100.00%	Full	Full	Full
Iasi, Romania					
Almawave S.p.A.	Euro	66.01%	Full	Full	Full
Rome, Italy					
Almawave do Brasil Ltda.	Brazilian Real	66.01%	Full	Full	Full
San Paolo, Brazil					
Pervoice S.r.l.	Euro	66.01%	Full	Full	Full
Trento, Italy					
Almawave USA Inc.	US Dollar	66.01%	Full	Full	Full
San Francisco, U.S.					
OBDA Systems S.r.l.	Euro	39.61%	Full	Full	Full
Rome, Italy					
The Data Appeal S.p.A. *	Euro	66.01%	Full	Full	-
Florence, Italy					
Sistemi Territoriali S.r.l. *	Euro	66.01%	Full	Full	-
Cascina (PD), Italy					
Agrisian S.C.p.A. in liquidazione	Euro	50.86%	Full	Full	Full
Rome, Italy					

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

<i>Companies and method of consolidation (continued)</i>	Currency	Share held	At June 30, 2023	At December 31, 2022	At June 30, 2022
CCID – Almaviva Inform. Technol. Co. Ltd	Chinese Yuan	50.00%	Equity	Equity	Equity
Shangai, People's Republic of China					
Consorzio Hypertix	Euro	49.99%	Equity	Equity	Equity
Rome, Italy					
TVeyes L.T. S.r.l.	Euro	20.00%	Equity	Equity	Equity
Trento, Italy					
PNT Italia S.r.l.	Euro	40.00%	Equity	-	-
Rome, Italy					

****Established in 2023

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

2.3 Effects of seasonality

The turnover and economic results of the Group are not significantly impacted by factors relating to the seasonality of the activities carried out in the Group's different operating sectors. The Group's performances actually tend to be generally uniform over the year, also thanks to the distribution to the operating activities in the two hemispheres, which makes it possible to mutually offset the periods of reduced operations of the Brazilian and European subsidiaries in the summer and winter periods. Therefore, taking into account the low economic impact of these trends, no additional financial disclosure is provided (required by IAS 34.21) relating to the trend in the last six months period ended as of June 30, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting policies and measurement criteria

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

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

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

3.2 New standards, interpretations and amendments adopted by the Group

IFRS 17 Insurance Contracts

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

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

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

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

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

Disclosure of Accounting Policies Amendments to IAS1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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

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

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

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

4. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT

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

Management judgement mainly refers to aspects such as:

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

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

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

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

Capitalization of development costs

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

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

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

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

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

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

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

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

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

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

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

are recognized as a direct adjustment to the non-current assets (or disposal groups) classified as held for sale and expensed in the income statement.

The corresponding values for the previous period are not reclassified.

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

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

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

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

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

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

Identification of cash-generating units (CGUs)

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

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

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

Recognition of government grants and other activities

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

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

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

criterion, thus also ensuring full correlation of the same with the costs incurred in the year against which itself is recognized.

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

Use of estimates and assumptions

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

Revenue from contracts with customers

The Group concluded that revenues related to services rendered in IT business have to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group. The same conclusion has been reached for main contract in DRM 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 DRM services provide for penalties to the Group for failure to reach contractually indicated KPIs. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration. Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

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

Provision for expected credit losses of trade receivables and contract assets

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking

ALMAVIVA S.P.A. AND SUBSIDIARIES

EXPLANATORY NOTES (continued)

information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

Recoverability of non-current assets

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

Provisions for risks

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

Pension plans

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

Determination of the fair value of financial instruments

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

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

Recovery of deferred-tax assets

As at June 30, 2023, the Interim Condensed Consolidated Financial Statements include deferred taxes, connected to the recognition of tax losses that can be used in future years and income components subject to deferred deductibility of taxes, for an amount whose recovery in future years is considered highly likely by the directors. The recoverability of the aforementioned prepaid taxes is subject to the achievement of sufficient future taxable income to absorb the aforementioned tax losses and for the use of the benefits of other deferred tax assets. Significant management judgments are required in order to determine the amount of prepaid taxes that can be recognised in the financial statements, based on the timing and amount of the future taxable income as well as the future tax planning strategies and tax rates in force at the moment of their reversal. However, at the moment the Group should ascertain that it is unable to recover, in future years, all or part of the prepaid taxes recognised, the consequent adjustment will be booked to the income statement in the year in which said circumstance is verified.

Please refer to paragraph 3.1 "Accounting policy and measurement criteria" above, for more details on each relevant financial item included in each category of estimates. Verification of the recoverability of deferred tax assets in the Interim Condensed Consolidated Financial Statements as at June 30, 2023 was carried out on the current 2021-2025 Business Plan approved by the Board of Directors.

5. OPERATING AND REPORTABLE SEGMENTS

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

The operating segments identification process is made:

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

As already highlighted in the consolidated financial statement as at December 31, 2022, due to the decrease in volumes and considering qualitative elements, the management does not believe that CRM Europe segment can be identified as an operating segment subject to disclosure. Therefore, preparing the interim condensed consolidated financial statements as at June 30, 2023, the comparative data as at June 30, 2022 were presented on a "restated" basis as required by the standard. There were no sector aggregations in order to determine the operating segments subject to disclosure; however, information relating to operating areas that are not subject to disclosure have been aggregated and presented in the "Others" category.

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

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

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

- a. IT Services, provide ICT and Cloud Computing solutions, includes the following companies: Almoviva, Lombardia Gestione, Almoviva de Belgique, Agrisian, Almoviva Digitaltec, Sadel, Wave, Wedoo Holding, Wedoo Srl, Wedoo LLC, Data Jam S.r.l. (already Spin Data S.r.l.), Almoviva Saudi Arabia for information Technology LLC, Almoviva Egypt L.L.C., Kline S.r.l., Almoviva Republica Dominicana S.r.l., Reactive S.r.l., Almoviva Russia L.L.C.; Almoviva Digital España S.L. (previously Tilbranhill S.L.U.); Almoviva Finland Oy and Tecнау Transport Division S.r.l., Almoviva USA Corp., Almoviva EAU Limited;
- b. DRM International (ex CRM International), provides Contact Center and others services in South America and in Africa, includes the following companies: Almoviva do Brasil, Almacontact, Almoviva Tunisie, Central De Recuperacao De Créditos Ltda and CRC Digital Ltda..
- c. Almovave – New Technology, segment operating in the supply of innovative solutions geared towards the best interaction with work instruments, aimed at improving the people experience, includes the following companies: Almovave, Pervoice, Almovave do Brasil, Almovave USA Inc, OBDA Systems S.r.l., The Data Appeal Company S.p.A. e Sistemi territoriali S.r.l.

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

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

OPERATING SEGMENTS

For the six months ended June 30, 2023

<i>(in thousands of Euro)</i>	IT Services	DRM International (ex CRM International)	Almovave New Technology	Adjustments, eliminations and other	Total Segments	Others	Adjustments, eliminations and other	Consolidated
Revenue								
Revenues from contracts with customers	379,646	146,155	23,397	0	549,197	3,311	0	552,508
Inter-segment	1,317	71	4,280	(5,425)	243	1,422	(1,665)	0
Total revenues from contracts with customers	380,963	146,226	27,677	(5,425)	549,440	4,733	(1,665)	552,508
Income/(Expenses)								
Cost of raw materials and services	(179,988)	(39,600)	(11,717)	6,238	(225,067)	(2,683)	2,065	(225,684)
Personnel expenses	(140,426)	(80,515)	(10,575)	96	(231,420)	(6,024)	74	(237,370)
Other operating income	10,693	154	1,320	(734)	11,434	810	(552)	11,692
Other operating expenses	(7,409)	0	(139)	117	(7,430)	(440)	78	(7,793)
Earning before interests, taxes, depreciation and amortization (EBITDA)	63,833	26,265	6,566	293	96,957	(3,604)	(0)	93,353
% Revenue	16.8%	18.0%	23.7%	n.d.	17.6%	n.d.	n.d.	16.9%
Depreciation and amortization and write-downs	(12,789)	(9,353)	(2,296)	0	(24,439)	(578)	0	(25,017)
Losses from sale of non-current assets	231	0	25	0	256	100	0	356
Operating Profit	51,274	16,911	4,295	293	72,773	(4,081)	(0)	68,692
% Revenue	13.5%	11.6%	15.5%	n.d.	13.2%	n.d.	n.d.	12.4%
At June 30, 2023								
Total assets	1,051,623	262,159	109,083	(60,573)	1,362,292	154,097	(330,012)	1,186,377
Total liabilities	476,841	68,971	44,137	(19,955)	569,994	33,771	(31,917)	571,848

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

For the six months ended June 30, 2022

<i>(in thousands of Euro)</i>	IT Services	DRM International (ex CRM International)	Almawave New Technology	Adjustments, eliminations and other	Total Segments	Others	Adjustments, eliminations and other	Consolidated
Revenue								
Revenues from contracts with customers	339,002	130,556	18,416	0	487,973	27,037	0	515,010
Inter-segment	1,900	45	2,933	(4,040)	838	3,372	(4,210)	0
Total revenues from contracts with customers	340,902	130,601	21,349	(4,040)	488,811	30,409	(4,210)	515,010
Income/(Expenses)								
Cost of raw materials and services	(166,018)	(35,114)	(9,553)	4,869	(205,817)	(6,679)	4,943	(207,552)
Personnel expenses	(127,865)	(72,840)	(8,099)	148	(208,657)	(24,266)	319	(232,604)
Other operating income	13,069	897	776	(888)	13,854	831	(1,192)	13,493
Other operating expenses	(4,456)	(94)	(90)	189	(4,451)	(227)	140	(4,537)
Earning before interests, taxes, depreciation and amortization (EBITDA)	55,632	23,449	4,382	278	83,740	69	(0)	83,809
% Revenue	16.3%	18.0%	20.5% [*]	n.d.	17.1%	n.d.	n.d.	16.3%
Depreciation and amortization and write-downs	(11,443)	(7,522)	(1,792)	209	(20,548)	(1,007)	(0)	(21,555)
Losses from sale of non-current assets	242	0	0	0	242	(39)	0	203
Operating Profit	44,430	15,927	2,590	487	63,434	(977)	(0)	62,457
% Revenue	13.0%	12.2%	12.1%	n.d.	13.0%	n.d.	n.d.	12.1%
At December 31, 2022								
Total assets	1,015,901	228,617	99,013	(62,616)	1,280,915	167,593	(334,079)	1,114,429
Total liabilities	444,257	63,032	37,787	(23,739)	521,336	41,671	(36,349)	526,659

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

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

	For the six months ended June 30,	
<i>(in thousands of Euro)</i>	2023	2022
Segment profit	68,692	62,457
Finance income	2,445	1,756
Finance costs	(16,554)	(15,228)
Exchange gains/(losses)	(117)	(516)
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	2	6
Profit/(loss) before taxes	54,468	48,475

Reconciliation of Total assets

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Segment operating assets	1,186,377	1,114,429
Deferred tax assets	21,757	21,367
Current financial assets	3,905	14,533
Non-current financial assets	1,264	1,256
Total assets	1,213,303	1,151,586

Reconciliation of Total liabilities

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Segment operating liabilities	571,848	526,659
Non-current financial liabilities	376,559	380,717
Current financial liabilities	17,015	33,374
Current tax liabilities	34,199	31,890
Deferred tax liabilities	84	84
Total liabilities	999,704	972,724

The following table shows the revenues by geographical area of AlmagivA Group as at June 30, 2023 compared with June 30, 2022:

	For the six months ended June 30,	
<i>(in thousands of Euro)</i>	2023	2022
<i>Revenues from external customer</i>		
Italy	385,813	379,218
Foreign countries	166,695	135,792
	552,508	515,010

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

6. SIGNIFICANT TRANSACTIONS IN THE PERIOD

There are no significant transaction in the six months period as at June 30, 2023.

Moreover, the purchase price allocation (PPA) process related the business combinations, which as at December 31, 2022 had been presented using the provisional method, was also completed.

Regarding to the M&A transactions of The Data Appeal Company S.p.A., Sistemi Territoriali S.r.l. and Tecnav Transport Division S.r.l., no adjustments emerged compared to the provisional allocation to goodwill already presented as at December 31, 2022. Furthermore, regarding to the M&A transaction of the brazilian subsidiaries Central de Recuperação de Créditos Ltda and CRC Digital Ltda, the PPA process, concluded during the first months of 2023, resulted in a reclassification of the initially recognized Goodwill equal to Euro 14,229 thousand.

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

7. INTANGIBLE ASSETS

The intangible assets of the Group amount to Euro 175,726 thousand (Euro 167,469 thousand as at December 31, 2022) and are broken down as follows:

<i>(in thousands of Euro)</i>	Goodwill	Industrial patent and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets	Assets under construction	Total
At January 1, 2023	76,470	36,305	2,308	30,594	21,793	167,469
Investments and new acquisition	410	5,864	622	141	596	7,633
Capitalisation for internal projects	0	1,253	0	422	10,069	11,744
Amortization	0	(4,930)	(1,322)	(5,947)	0	(12,199)
Disposals	0	0	0	0	(272)	(272)
Reclassifications and other	(14,229)	10,988	10,670	6,237	(14,321)	(655)
Foreign exchange differences	338	1,118	543	(1)	7	2,005
At June 30, 2023	62,989	50,598	12,821	31,446	17,872	175,726

The Group's investments as at June 30, 2023 amounted to Euro 7,633 thousand and mainly refer to (i) goodwill recognized on a non-definitive basis following business combinations completed over the period and (ii) "Industrial patent rights and use of intellectual property" and concessions, licenses and trademarks; these increases relate to costs for the acquisition of user and property licenses and costs for software development carried out mainly by the DRM International (ex CRM International), IT Services and Almaxwave - New Technology segments.

The Group also made further investments in the reference period, through capitalization for internal work, for a total of Euro 11,744 thousand referring to costs incurred mainly in the context of the creation and internal development of assets (software, IT applications) also used in the creation and management of the services offered in the operating segments in which the Group operates. The aforementioned capitalizations refer to the IT Services and Almaxwave - New Technology segments.

During the period, part of the investments made in previous years was completed and was therefore reclassified, in the respective categories of reference, under the item "Industrial patent rights and use of works by 'ingenuity' which at the end of the period was equal to a total of Euro 50,598 thousand and which highlights the Group's endowment of software tools and IT applications developed internally and for evolutionary maintenance carried out on them. The Group, in relation to these assets, periodically carries out an analysis in correspondence with the closing of the financial statements aimed at finding their recoverable value with respect to that of recognition in the financial statements on the basis of the expected future economic benefits associated with them (active contracts of planned acquisition). Moreover, the economic performance as of June 30, 2023, did not highlight any impairment indicators such as to formulate specific reflections on the recoverability of the aforementioned values.

The amortization of the period on intangible assets amounts to Euro 12,199 thousand. The main depreciation ratios adopted as at June 30, 2023 are included in the following ranges:

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

The exchange rate differences equal to Euro 2,005 thousand are due to the translation of the financial statements of companies operating in areas other than the Euro and mainly concern companies that prepare financial statements in Brazilian reais.

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

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

<i>(in thousands of Euro)</i>	Business Area	At January 1, 2023	Exchange differences	Additions	Disposals, reclassifications and other	At June 30, 2023
Alicos	CRM and other	2,007				2,007
Almaviva Contact	CRM and other	26,533				26,533
Almaviva do Brasil	CRM and other	1,748				1,748
Almaviva Finance	Finance	745				745
Gempliss	New Technology	198				198
Pervoice	New Technology	314				314
Wave	Transportation	5,121				5,121
Wedoo	IT	630				630
Kline	Finance	784				784
CRC Central de Recup de creditos	CRM and other	16,128	319		(14,229)	2,218
The Data Appeal Company	New Technology	16,037				16,037
Sistemi Territoriali	New Technology	2,677				2,677
Tecnav	Transportation	2,410		410		2,820
Third	CRM and other	1,138	19			1,157
Total		76,470	338	410	(14,229)	62,989

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.

As previously highlighted, the Purchase Price Allocation (PPA) process related the M&A transaction of the brazilian subsidiaries Central de Recuperação de Créditos Ltda and CRC Digital Ltda was completed in the first months of 2023 and resulted in a reclassification of the Goodwill initially recognized for Euro 14,229 thousand, assessments of the tax effects which could lead to an increase in the value are still in progress.

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

Regarding to the recoverability of the value of the Intangible Assets recognized as at June 30, 2023, as better indicated in the previous Note 1.1, in these first six months of the current financial year, as there are no impairment indicators, the Directors did not consider necessary to proceed with the preparation of specific impairment tests. Moreover, due the existing headroom, based on the assessments made referring to Group Plan 2021-2025, it is believed that there is no impact on the recoverable value of the Intangible Assets.

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

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

8. PROPERTY, PLANT AND EQUIPMENT

The tangible assets of the AlmagivA Group, owned and leased, amount to Euro 85,152 thousand (Euro 87,563 thousand as at December 31, 2022) and are broken down as follows:

<i>(in thousands of Euro)</i>	Land and buildings	Plant and machinery owned and leased	Industrial and commercial equipment owned and leased	Other assets owned and leased	ROU Asset	Assets under construction and payments on account	Total
At January 01, 2023	6,090	16,137	380	26,355	38,422	180	87,563
Additions	0	3,499	58	2,521	6,214	239	12,531
Depreciation	(395)	(2,078)	(71)	(3,952)	(6,367)	0	(12,863)
Disposals	0	0	(2)	(63)	(5,093)	0	(5,158)
Reclassifications and other	0	31	(11)	159	(4)	(180)	(5)
Foreign exchange differences	0	1,130	0	822	1,132	0	3,084
Historical cost	19,381	231,561	3,992	174,982	63,756	239	493,911
Accumulated amortization	(13,686)	(212,842)	(3,638)	(149,140)	(29,452)	0	(408,758)
At June 30, 2023	5,695	18,719	354	25,842	34,304	239	85,152

Investments are equal to Euro 12,531 thousand at June 30, 2023, of which those not relating to the application of IFRS 16 amounted to Euro 6,317 thousand; they mainly refer to the items "other assets" and "plant and machinery" for the acquisition of hardware, network and plant upgrades of the IT Services, DRM International (ex CRM International) operating segments and, to a lesser extent, the other sectors.

Depreciation amounts to Euros 12,863 thousand, the main depreciation coefficients adopted at June 30, 2023, in line with those already adopted in the previous year since they are still considered representative of the technical-economic life of Tangible Assets, with the exclusion of the rights of use deriving from the application of IFRS 16, are included in the following ranges:

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

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

The disposals of Euros 5,158 thousand mainly refer to the early termination of some rental contracts held by IT Services segment, AlmagivA Contact, AlmagivA Services, and AlmagivA Do Brasil falling within the application of IFRS 16.

The exchange differences from the translation of the financial statements of companies operating with functional currencies other than the Euro of positive Euro 3,084 thousand mainly concern companies that prepare financial statements in Brazilian reais.

The Group presents a balance of the item "Land and buildings" equal to Euro 5,695 thousand relating to the building located in Rome, in via dello Scalo Prenestino, owned by IT Services Sector.

The item of Rights of use on assets, i.e. the ROU (Right Of Use) recorded in application of IFRS 16 and whose value as at June 30, 2023 amounts to Euro 34,304 thousand, includes the rights of use on assets pursuant to contracts subject to the application of the IFRS 16 "Leasing" standard.

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EXPLANATORY NOTES (continued)

Fixed assets in progress show an increase equal to Euro 59 thousand, mainly referring to the IT Services segment.

Regarding the risk of recoverability of the value of Tangible Assets as at June 30, 2023, as better indicated in the previous Paragraph 1.1, during this period, as there were no impairment indicators, the Directors did not consider necessary to proceed with the preparation of specific impairment tests.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
CCID – Almaviva Inform. Technol. Co. Ltd	117	117
Consorzio Hypertix in liquidation	99	99
TVEyes L.T. S.r.l.	29	27
PNT Italia S.r.l.	5,736	0
Total	5,981	243

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

The 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 changes applying Equity Method are shown below:

<i>(in thousands of Euro)</i>	At December 31, 2022	Income Statement effect	Increases (Decreases)	At June 30, 2023
CCID – Almaviva Inform. Technol. Co. Ltd	117	0	0	117
Consorzio Hypertix in liquidation	99	0	0	99
TVEyes L.T. S.r.l.	27	2	0	29
PNT Italia S.r.l.	0	0	5,736	5,736
Total	243	2	5,736	5,981

The main data relating to both the joint venture and associated companies are summarized below, based on the latest available financial statements and prepared in accordance with International Accounting Standards IAS/IFRS.

	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.
Consorzio Hypertix in liquidazione	Rome, Italy	€ 198,000.00	20.00	Almaviva S.p.A.
PNT Italia S.r.l.	Rome, Italy	€ 14,339,200.00	40.00	Almaviva S.p.A.

As of June 30, 2023, there are no impairment indicators regarding the risk of recoverability of the investment.

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

10. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets of the Almagiva Group amount to Euro 1,264 thousand (Euro 1,256 thousand as at December 31, 2022) and are broken down as follows:

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Long-term loans	1,188	1,188
Others Equity investments	76	68
Non-current financial assets	1,264	1,256

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Amount falling due within 12 months	0	0
Amount falling due between 1-5 years	1,188	1,188
Non-current financial receivables	1,188	1,188

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

The investments on equity instruments are equal to Euro 76 thousand (Euro 68 as at December 31, 2022), are classified in accordance with IAS 32, and are broken down as follows:

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Conai	1	1
Calpark	5	5
Banca Brutia	5	5
Uimet	5	5
Consorzio Namex	3	3
Other	57	49
Total	76	68

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

At June 30, 2023, no impairment losses were recorded on the item in question. In this case, the impairment was determined following the analytical model described in the preparation criteria.

11. DEFERRED TAX ASSETS

Deferred tax assets amount to Euro 21,757 thousand (Euro 21,367 thousand as at December 31, 2022) and are shown net of deferred tax liabilities, if they can be offset under the Italian and / or foreign reference regime, and have been allocated, within the limits of the values that it is expected to recover in future years based on the capacity of the expected taxable income, mainly in relation to temporary deductible differences (provisions for risks and other deferred charges) and in part residual in relation to previous tax losses.

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

At the end of the period, the Group generally assesses the presence of impairment indicators for prepaid taxes; in this sense, the recoverability of the same is carried out by considering the estimates of future taxable income based on the forecasts of the latest business plan approved by the Board of Directors.

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Deferred Tax Assets	21,757	21,367

Divided in:

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Italian subsidiaries	17,564	16,842
Foreign subsidiaries	4,193	4,525
Total Deferred Tax Assets	21,757	21,367

As at June 30, 2023, Management believes that there are no impairment indicators of deferred tax assets. In fact, as already illustrated in these explanatory notes, the forecasts included in the business plans appear reliable in light of the final results of the Group and reinforce the forecast of future taxable income sufficiently large to guarantee the recoverability of the amounts recorded, in continuity with the already recorded as at December 31, 2022.

12. OTHER NON-CURRENT ASSETS

Other non-current assets amount to Euro 1,860 thousand as at June 30, 2023 compared to an amount of Euro 1,091 thousand as at December 31, 2022, as illustrated in the table below:

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Security deposits	995	1,056
Prepaid expenses	31	31
Other receivables	834	4
Other non-current assets	1,860	1,091

"Other receivables" mainly refers to non-current portion of receivables due from R&D projects equal to Euro 834 thousand.

13. INVENTORIES

Inventories of the Group are equal to Euro 18,265 thousand (Euro 18,811 thousand as at December 31, 2022) and are composed as follows:

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

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Raw materials (at cost)	6,242	5,334
Work in progress (at cost)	4,180	4,254
Finished goods (at lower of cost and net realizable value)	7,843	9,223
Total inventories at the lower of cost and net realizable value	18,265	18,811

During 2023 have not been accounted any expenses for inventories to carry them at net realizable value. The total amount is related to Sadel S.p.A. for Euro 13,612 thousand, to AlmovivA S.p.A. for Euro 4,406 thousand and to Tecnav for Euro 247 thousand.

14. CONTRACT ASSETS

As at June 30, 2023, contract assets are equal to Euro 27,981 thousand (Euro 19,064 thousand as at December 31, 2022).

They increase overall by Euros 8,917 thousand and refer essentially to the activities generated by the IT Services sector not yet completed or not yet subjected to testing by the customers.

15. TRADE RECEIVABLES

As at June 30, 2023, trade receivables are equal to Euro 552,222 thousand (Euro 513,487 thousand as at December 31, 2022) with an increase of the year equal to Euro 38,735 thousand:

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Trade receivables, gross amount	574,838	533,735
Trade receivables, amount retained as a guarantee	3,593	3,534
Bad debt provision	(26,209)	(23,782)
Trade receivables	552,222	513,487

Trade receivables are exposed net of bad debt provision equal to Euro 26,209 thousand (Euro 23,782 thousand as at December 31, 2022). The increase of the period is mainly related to a balance sheet reclassification for Euro 2,415 thousand without any effect on Income Statement.

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Balance at the beginning of the year	23,782	22,966
Provisions	0	624
Uses	0	(49)
Change in consolidation area	0	0
Other	2,427	241
Balance at the end of the year	26,209	23,782

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

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

The following table show the ageing of the gross amount of trade receivables, excluding the portion retained by customers as a guarantee, as at June 30, 2023 and at December 31, 2022:

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Amount not yet due	480,612	455,157
Amount due by less than 30 days	12,342	16,422
Amount due between 30-60 days	7,043	5,212
Amount due between 61-90 days	11,613	2,754
Amount due between 91-120 days	6,623	5,676
Amount due by more than 120 days	56,605	48,514
Trade receivables, gross amount	574,838	533,735

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

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

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

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

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

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

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

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

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

16. CURRENT FINANCIAL ASSETS

As at June 30, 2023, current financial assets amounted to Euro 3,905 thousand (Euro 14,533 thousand as at December 31, 2022). The decrease of the period mainly refers to a collection of AlmagivA SpA.

The amount mainly refers (i) to AlmagivA SpA for Euro 3,567 thousand relating to financial receivables from one of the main customers linked to deferred payments with respect to the Company's services that have been granted to the aforementioned customer, and (ii) for Euro 338 thousand to ReActive Srl and to Wedoo Srl.

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

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Current financial assets	3,905	14,533

17. OTHER CURRENT ASSETS

Other current assets amount to Euro 176,985 thousand as at June 30, 2023, compared to Euro 142,041 thousand as at December 31, 2022. The amount is composed as follow:

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Receivables due from personnel	4,545	4,224
Receivables due from social security institutions	3,612	5,636
Receivables due from tax authorities	46,244	35,481
Receivables related to tax consolidation	23,915	24,540
Prepaid expenses	30,778	15,041
Advances to suppliers	5,703	3,424
Sundry items	62,188	53,695
Other current assets	176,985	142,041

In particular, it should be noted that the item Receivables from social security institutions, equal to Euro 3,612 thousand, includes almost all receivables from INPS not yet collected relating mainly to):

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

Tax consolidation credits for Euro 23,915 thousand derive from the transfer to the parent company AlmagivA Technologies S.r.l. of the tax positions of the companies adhering to the

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

aforementioned institution. Offsetting this credit, there is also a debt position for Euro 37,273 thousand, as reported in Note 28.

Prepayments for Euro 30,778 thousand include future costs mainly of AlmagivA SpA (Euro 27,622 thousand), ReActive (Euro 1,232 thousand), AlmagivA Contact (Euro 534 thousand), AlmagivAve (Euro 331 thousand), The Data Appeal Company (Euro 231 thousand), Kline (Euro 219 thousand), Sistemi Territoriali (Euro 184 thousand) and to a lesser extent of the other Group companies.

Receivables from the tax authorities are divided into (i) credits for direct taxes Euro 5,475 thousand relating to AlmagivA SpA for Euro 4,157 thousand, AlmagivA Contact for Euro 273 thousand, Agrisian for Euro 379 thousand, AlmagivAve for Euro 250 thousand, Sistemi Territoriali for Euro 124 thousand and to a lesser extent to the other companies of the Group; (ii) receivables for indirect taxes equal to Euro 40,769 thousand relating mainly to AlmagivA S.p.A., AlmagivAcontact and the Brazilian companies. Regarding to the receivables of AlmagivA S.p.A. for indirect taxes they refer mainly to the credit for the Group VAT for Euro 28,153 thousand. During these first six months of 2023, it should be noted that Euro 15,110 thousand, related Group VAT, was collected.

Advances to suppliers increased by Euro 2,279 thousand, from Euro 3,424 thousand as at December 31, 2022 to Euro 5,703 thousand as at June 30, 2023.

Sundry items equal to Euro 62,188 thousand are mainly included:

- DRM International (ex CRM International) receivables for judicial deposits on disputes pending with employees;
- Receivables due from the State and Public Authorities for projects financed and R&D projects equal to Euro 8,983 thousand;
- Receivables for reimbursements which refer:
 - the credit for the request for reimbursement, submitted to a well-known insurance company, of the legal costs incurred in the context of a dispute initiated in the United States by an American company (the "US Litigation") against some of the companies of the AlmagivA Group (collectively the "AlmagivA Companies"), as well as third parties. The US litigation ended - both at first and second instance - with the rejection, also confirmed by the Supreme Court of the United States of America, of all the claims made by the American company, with compensation of the expenses. In order to obtain reimbursement of the legal expenses incurred in the US Litigation, the AlmagivA Companies, by virtue of a policy called "Directors' Civil Liability Insurance" signed with a well-known insurance company, took action against the contracting insurance company. Currently, the terms for lodge an appeal, against the rejection of the circuit court, at Supreme Court is pending. The AlmagivA Companies currently believe - also on the basis of the assessments made by their defense board - that they have valid arguments to be able to support their position and, consequently, to be able to subvert the outcome sentence. In consideration of these aspects, the receivable from the insurance company continues to be considered deriving from a contractual right and, at present, fully recoverable.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 142,204 thousand (Euro 164,660 thousand as at December 31, 2022) refers to credit balances at banks in existence as at June 30, 2023 and the amounts held at the Group treasuries. These voices are not subject to any restriction and are not foresee disinvestment costs.

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

19. SHAREHOLDERS' EQUITY

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Share capital	154,899	154,899
Share premium reserve	17,788	17,788
Legal reserve	19,104	15,139
Other reserves:		
<i>FTA reserve</i>	4,493	4,493
<i>OCI reserve</i>	5,132	4,927
<i>stock grant reserve</i>	8,103	7,693
<i>Translation reserve</i>	(36,416)	(46,257)
<i>Other reserves</i>	(27,550)	(83,733)
	<u>(46,238)</u>	<u>(112,877)</u>
Profit/(loss) for the year	34,592	72,344
Total group shareholders' equity	180,149	147,296
Reserves pertaining to NCIs:		
<i>Translation reserve</i>	(928)	(991)
<i>Other reserves</i>	32,474	29,799
	<u>31,547</u>	<u>28,809</u>
Profit/(loss) for the year pertaining to NCIs	1,903	2,756
Total non-controlling interests	33,450	31,565
Total Shareholders' equity	213,599	178,862

The total Shareholders' equity as at June 30, 2023 is equal to Euro 213,599 thousand (Euro 178,862 thousand as at December 31, 2022) showing an increase of Euro 34,738 thousand. This change in Equity of the Almoviva Group was affected by (i) the results for the period equal to Euro 36,496 thousand, (ii) the positive impact of about Euro 9,839 thousand relating to the improvement of the Euro / Reais exchange rate on the Translation Reserve, (iii) the dividends paid in the period for an amount equal to 11,900 thousand.

Share Capital

The Share capital as at June 30, 2023 amounted to Euro 154,899 thousand and due to the collateral agreements signed concurrently with the conclusion of the loan agreement, in previous years, the amount was fully paid-in and consisted of:

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

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

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

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

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

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

Legal reserve

The Legal reserve amounted to Euro 19,104 thousand as at June 30, 2023 and is increased by the prior year's profit allocation.

Share premium reserve

The Share premium reserve amounted to Euro 17,788 thousand as at June 30, 2023 and remained unchanged compared to December 31, 2022.

Stock Grant reserve

The stock grant reserve equal to Euro 8,103 thousand as at June 30, 2023, includes the fair value valuation at the same date regarding the Stock Grant Plan introduced by Almawave SpA and AlmagivA SpA during 2021. Please to refer to Note 32 for more details.

FTA reserve

The FTA reserve amounted to Euro 4,493 thousand as at June 30, 2023, as detailed below:

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

OCI reserve

The OCI reserve is equal to Euro 5,132 thousand as at June 30, 2023 (Euro 4,927 thousand as at December 31, 2022).

Translation reserve

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

As at June 30, 2023, it is negative for Euro 36,416 thousand.

Other reserves

The Other reserves is equal to negative Euro 27,550 and are represented by consolidation reserves and by undistributed profits or losses carried forward.

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EXPLANATORY NOTES (continued)

Non-controlling interests

The non-controlling interests are equal to Euro 33,450 thousand and refer to share capital, reserves, profit/loss of the year attributable to non-controlling interests, net of translation reserve.

Capital management

The Group's objectives in terms of capital management are the protection of business continuity, the creation of value for stakeholders and support for Group development. In particular, the Group aims to maintain an adequate level of capitalisation which makes it possible to achieve an economic return for shareholders, guarantee access to external sources of financing and satisfy investors. In this context, the Group manages its capital structure and makes adjustments to it, if rendered necessary by changes to economic conditions. Due to this, the Group constantly monitors the evolution of the level of indebtedness in relation to shareholders' equity, whose situation as at June 30, 2023 is summarised in the following table.

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Non current Net Financial Position	(376,559)	(380,717)
Current Net Financial Position	129,095	145,819
Non current financial receivables	1,264	1,256
Financial indebtness ("Debt")	(246,199)	(233,642)
Total Group Shareholder Equity	180,149	147,296
Non Controlling Interests	33,450	31,566
Total Shareholders' Equity ("Equity")	213,599	178,862
Debt/Equity ratio	(1.15)	(1.31)

Financial indebtness as at June 30, 2023, equal to Euro 246,199 thousand, includes the values deriving from the application of IFRS 16 for an amount equal to Euro 34,247 thousand (Euro 42,368 thousand as at December 31, 2022) of which Euro 28,670 thousand (Euro 31,619 thousand as at December 31, 2022) relating to non-current financial liabilities and Euro 9,260 thousand (Euro 10,749 as at December 31, 2022) relating to current financial liabilities. The value before application of IFRS 16 would have been equal to Euro 207,668 thousand (Euro 191,275 as at December 31, 2022).

20. LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits equal to Euro 37,276 as at June 30, 2023 are reported below:

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Liabilities for employee benefits	37,276	39,672

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

The indemnity, provided in the form of capital, is equal to the sum of the allocation amounts calculated on the salaries paid in relation to the employment contract and revalued until the termination of said employment. As a result of the legislative amendments introduced on January 1, 2007, employee severance indemnity accruing will be allocated to pension funds, to the treasury fund set up by INPS (National Social Security Institute) or, in the case of companies

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EXPLANATORY NOTES (continued)

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:

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Balance at the beginning of the year	39,672	45,409
Change of the consolidatament area	0	6,869
Service cost	551	1,057
Interest cost	1,230	1,478
Payments / Utilizations	(3,972)	(13,834)
Actuarial gains/(losses) recognized in OCI	(205)	(1,307)
Balance at the end of the year	37,276	39,672
of which:		
Non-current portion	36,538	38,732
Current portion	738	940

21. PROVISIONS

Provisions are equal to Euro 13,574 as at June 30, 2023 (Euro 12,973 as at December 31, 2022) and are reported below:

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Non-current portion of provisions for risks and charges	8,767	8,040
Current portion of provisions for risks and charges	4,807	4,933
Provisions for risks and charges	13,574	12,973

<i>(in thousands of Euro)</i>	Provision for taxes	Provision for redundancy incentives	Provision for guarantees granted	Provisions for contractual and commercial risks	Provisions for legal disputes	Provisions for mobility	Other provisions for risks and charges	Total
Balance as at January 1, 2023	66	356	134	180	1,393	0	10,844	12,973
Accruals	0	0	0	0	316	0	2,766	3,082
Utilizations	0	0	0	0	0	0	(2,093)	(2,093)
Decreases	0	(193)	0	0	(860)	0	(36)	(1,089)
Other changes not recorded through income statement	0	0	0	0	809	0	(108)	701
Balance as at June 30, 2023	66	163	134	180	1,658	0	11,373	13,574
of which:								
Non-current portion	66	22	134	0	0	0	8,545	8,767
Current portion	0	141	0	180	1,658	0	2,828	4,807

Information and comments on the various provisions are provided below.

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

"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.

"Redundancy fund" equal to Euro 163 thousand (Euro 356 thousand as at December 31, 2022) mainly relating to employees of Almaviva S.p.A..

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

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

Provision for legal disputes of Euro 1,658 thousand is related to IT Services segment for Euro 1,065 thousand and to DRM International (ex CRM International) segment for Euro 593 thousand.

The line items, including non-current and current portion, for a total of Euro 11,373 thousand (Euro 10,884 thousand at December 31, 2022) mainly refers to prudential provisions on commercial risks relating to penalties for Euro 2,339 thousand of Almaviva SpA; provisions for disputes both towards personnel and for other civil disputes for Euro 5 thousand of Almaviva Contact, commercial guarantee funds for Euro 3,962 thousand of Almaviva SpA and for Euro 490 of Sadel and the liquidation costs provision recorded for Euro 1,301 thousand from Agrisian by virtue of current obligations under the law. The change in other provisions for risks refers to the provision for the emergence of new risks and charges.

22. NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities, equal to Euro 376,559 thousand (Euros 380,717 thousand as at December 31, 2022), refer to long-term payables as detailed below and include the non-current portion of financial liabilities for leasing deriving from the application of IFRS 16.

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Banks	1,244	2,521
Bond	341,279	340,131
Amounts due to other lenders	5,366	6,446
Financial liabilities associated with leasing	28,670	31,619
Non-current financial liabilities	376,559	380,717

<i>(in thousands of Euro)</i>	> 12 months	< 5 years	> 5 years
Banks	1,244	1,244	0
Bond	341,279	341,279	0
Amounts due to other lenders	5,366	5,366	0
Financial liabilities associated with leasing	28,670	24,485	4,185
	376,559	372,374	4,185

The fair value of the main financing component, relating to the bond issued on the Luxembourg market, was equal to Euro 338,947 thousand as at June 30, 2023. This assessment is affected by this period characterized by strong worldwide disturbance due to the Russian-Ukrainian conflict, with a consequent impact in terms of the performance of the stock and bond markets.

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

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

<i>(in thousands of Euro)</i>	At January 1, 2023	Proceeds from borrowings	Repayments of borrowings	Reclassification and other adjustments	At June 30, 2023
Almaviva S.p.A.	346,128	0	(944)	1,148	346,332
Sadel S.p.A.	1,959	0	(240)	(634)	1,085
Almaviva do Brasil	151	0	0	(151)	0
CRC - Central de Recup. de Creditos	295	0	0	(237)	58
Obda Systems S.r.l.	4	0	(1)	0	3
The Data Appeal Company S.p.A.	292	0	0	(31)	261
Sistemi Territoriali S.r.l.	269	0	(31)	(88)	150
Financial liabilities associated with leasing	31,619	943	(3,502)	(390)	28,670
Non-current financial liabilities	380,717	943	(4,718)	(383)	376,559

As regards the monetary movements of the period, it should be noted that as at June 30, 2023 the repayments of loans amounted to Euro 1,216 thousand.

Long-term financial liabilities of Euro 376,559 thousand refer primarily to the bond of Euro 350,000 thousand issued on November 3, 2021, 4.875% coupon with half-yearly payment on April 30 and October 30 of each year and maturity of 5 years. The bond was listed on the Luxembourg stock exchange on the Euro MTF Market (unregulated market).

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

The Bond is treated in the financial statements with the amortized cost method and has a value as of June 30, 2023, of Euro 341,279 thousand.

Liabilities to banks equal to Euro 1,244 thousand relate to The Data Appeal Company (Euro 100 thousand), Sadel (Euro 1,085 thousand), CRC (Euro 58 thousand) and Almaviva S.p.A. (Euro 1 thousand).

Liabilities to other lenders equal to Euro 5,366 thousand mainly refer to subsidized loans received on projects financed by Almaviva SpA (Euro 5,052 thousand), to OBDA System for Euro 3 thousand, to The Data Appeal Company (Euro 161 thousand) and to Sistemi Territoriali (Euro 150 thousand).

Non-current financial liabilities deriving from the adoption of IFRS 16 are equal to Euro 28,670 thousand, the reclassifications for Euro 390 thousand refer to the exchange difference of the companies with functional other than the Euro and the reclassification from non-current portions to current portions of the debt.

23. DEFERRED TAX LIABILITIES

Deferred tax liabilities are equal to Euro 84 thousand as at June 30, 2023 and remained unchanged compared to December 31, 2022:

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Deferred tax liabilities	84	84

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

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Balance at the beginning of the year	84	2
Increases	0	82
Decreases	0	0
Balance at the end of the year	84	84

24. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities equal to Euro 1,227 thousand as at June 30, 2023 (Euro 635 thousand as at December 31, 2022) are reported below:

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Other non-current liabilities	228	304
Deferred income on capital grants	999	331
Other non-current liabilities	1,227	635

The fully amount refers to deferred income on capital grants.

25. TRADE PAYABLES

Trade payables are equal to Euro 350,590 thousand as at June 30, 2023 and decreased for Euro 936 thousand compared to the previous year. They mainly include payables for the supply of services, as well as those relating to various services for activities carried out during the year. Specifically, overdue trade payables amount to Euro 70,386 thousand (Euro 59,975 thousand as of December 31, 2022) while those not due and due within 12 months amount to Euro 280,204 thousand (Euro 291,551 thousand as of December 31, 2022).

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Trade payables	350,590	351,526

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

26. CURRENT FINANCIAL LIABILITIES

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

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

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Payables due to banks	3,776	7,780
Current portion bonds	2,844	2,859
Payables due to other lenders	120	11,389
Accrued liabilities from financial expenses	148	163
Other financial payables	266	434
Financial liabilities for leasing IFRS 16	9,861	10,749
Current financial liabilities	17,015	33,374

Short-term financial liabilities for Euro 17,015 thousand refer to payables for short-term loans contracted with credit institutions and to the portion of payables for interest accrued to bondholders whose payment is expected on October 30, 2023. Finally, the item includes current financial liabilities for leasing, financial accruals and short-term payables of a different nature.

Payables due to other lenders show, during the period, a decrease refers to the payment of the financial liability to Simest for an amount of Euro 11,000 thousand, related to the portion of share capital and the share premium of AlmagivA do Brasil subscribed by SIMEST. This transaction entailed the irrevocable obligation to purchase from SIMEST (obliged to sell) the aforementioned shares subscribed by the latter, by June 30, 2023.

As regards the monetary movements of the period, it should be noted that: (i) at June 30, 2023, they generated a cash decrease equal to Euro 16,118 thousand; (ii) at June 30, 2022 they generated a cash decrease equal to Euro 3,044 thousand.

27. TAX PAYABLES

Tax payables as at June 30, 2023, equal to Euro 34,199 thousand (Euro 31,890 thousand as at December 31, 2022) are reported below:

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Income taxes	4,670	1,961
Other taxes	29,529	29,929
Tax payables	34,199	31,890

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

28. OTHER CURRENT LIABILITIES

Other current liabilities as at June 30, 2023, equal to Euro 169,181 thousand (Euro 121,853 thousand as at December 31, 2022) are reported below:

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

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
Payables due to social security institutions	13,701	18,095
Payables due to personnel	64,966	39,851
Miscellaneous payables	68,103	40,642
Deferred income	22,411	23,265
Other current liabilities	169,181	121,853

The payables to social security institutions equal to Euro 13,701 thousand refer to compulsory contributions accrued and to be paid to the social security institutions in relation to the salaries and fees paid.

Payables to personnel equal to Euro 64,996 thousand, mainly refer to the provision for holidays and leave accrued by the staff and not yet paid, as well as for the subsidiaries AlmavivA Contact S.p.A., AlmavivA Services, The Data Appeal Company and Sistemi Territoriali to the monthly payment for the month of June, the payment of which took place in the first days of July 2023, as per the ordinary management of salary payments.

Miscellaneous payables equal to Euro 68,103 thousand mainly include payables to project workers, payables to insurance companies, payables for collections to be paid to partners, payables to the parent company AlmavivA Technologies for tax consolidation (equal to Euro 37,273 thousand which partially offset, as reported in Note 17, the existing credit position for the tax consolidation) and payables to corporate bodies.

Deferred income for Euro 22,411 thousand relates to economic components pertaining to future years.

29. REVENUE

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2023	2022
Revenues from sales and services	527,086	493,094
Revenues from sale of goods	17,834	12,658
Revenues from contract work in progress	7,588	9,258
Revenues from contracts with customers	552,508	515,010

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2023	2022
Goods transferred at a point in time	17,834	12,658
Services transferred over time	534,674	502,352
Total revenue from contracts with customers	552,508	515,010

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.

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

The table below shows a breakdown of revenues by Operating segments for periods ended June 30, 2023, and 2022. Inter-segment elimination has not been considered and eliminated.

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2023	2022
IT Services	379,646	339,002
DRM International (ex CRM International)	146,155	130,556
Almawave – New Technology	23,397	18,416
Others	3,311	27,037
Revenues from contracts with customers	552,508	515,010

Revenues in the IT Services segment as of June 30, 2023, increased by Euro 40,644 thousand, equal to 12% compared to the previous period. This increase is mainly due to the growth in demand for services from customers in the Transport, Health, Treasury and Public Finance, Ministries, Local Government, Welfare, International - UE activities and Other business areas. This growth was partially offset by a reduction in revenues attributable to the Banking Insurance, Agriculture, Utilities and Industry and Homeland Security.

Revenues from contracts with customers in the DRM International (ex CRM International) segment at June 30, 2023, show an increase of Euro 15,599 thousand, equal to 11.9% compared to the previous period. The increase is attributable mainly to the Finance, Transportation, Utility and Industry/Retail business areas, partially offset by a reduction in revenues attributable to the Telco / Media and Other business area. This trend is affected also by the improvement in the Euro/Reais exchange rate.

Revenues from contracts with customers in the Almawave-New Technology segment increased by Euro 4,981 thousand, up 27% compared to the previous period. This increase is mainly due to the increase in revenues from the sale of software technologies to customers in the Finance, Government, Telco/Media, Transport, Utilities e Other business areas.

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

The fees for services to be provided at June 30, 2023, based on the contracts already acquired by the Group, amount to Euro 2,492,570 thousand, of which Euro 374,216 thousand to be absorbed within the current year and Euro 2,118,354 thousand to be absorbed beyond the current year.

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

30. OTHER INCOME

Other income are reported in the following table:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2023	2022
Recovery of personnel costs	218	520
Recovery of costs of service provision	2,369	3,089
Recovery of costs of use of assets	107	46
Reversal of provisions	2,093	5,158
Other income	3,512	3,663
Operating grants	2,237	956
Reversal of over-accruals of trade payables	1,156	61
Other income	11,692	13,493

Other income amount to Euro 11,692 thousand (Euro 13,493 thousand as at June 30, 2022) and the most significant items relate to the absorption of other ordinary funds for guarantees; to the recovery of personnel costs, provision of services and use of third-party assets; to contingencies from adjustments to items allocated in previous years.

31. COST OF RAW MATERIALS AND SERVICES

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2023	2022
Raw materials, consumables, supplies and goods	20,936	18,193
Costs for services	205,538	189,608
Costs of use of third party assets	3,390	2,775
Costs for services capitalised for assets created internally	(3,272)	(2,107)
Changes in inventories	(908)	(917)
Cost of raw materials and services	225,684	207,552

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2023	2022
IT Services	179,988	166,018
DRM International (ex CRM International)	39,600	35,114
Almawave New Technology	11,717	9,553
Others	2,683	6,679
Adjustments eliminations and other	(8,303)	(9,812)
	225,684	207,552

The item increased during the period by Euro 18,132 thousand. The increase is generally attributable to higher revenues in the IT Services sector, with a consequent increase in costs (Euro 13,970 thousand), as well as in the Almawave-New Technology segment (increase in costs of Euro 2,164 thousand) and in the DRM International (ex CRM International) segment (increase in costs by Euro 4,486 thousand). This effect was partially offset by the trend of the Euro/Reais exchange rate and by the M&A transactions carried out in comparison to the previous period.

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

The table below shows, in more details, the disaggregation of cost of services as at June 30, 2023 and 2022:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2023	2022
Maintenance	19,838	20,202
Insurance	2,413	1,650
Consultancy and professional services	110,127	103,948
Advertising, promotion and entertainment	765	406
Telephone expenses	2,277	2,756
Travel and stays	2,142	1,513
Energy and fluids	7,410	4,390
Distribution and warehousing	288	207
Other costs for services	60,278	54,536
Costs for services	205,538	189,608

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.

32. PERSONNEL EXPENSES

Personnel expenses are broken down as follows:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2023	2022
Salaries and wages	200,292	192,709
Social security contributions	34,690	34,725
Employee benefit expenses	7,448	7,916
Other costs	2,045	1,286
Agency work	958	1,257
Personnel expenses capitalised for assets created internally	(8,472)	(7,008)
Personnel expenses	237,370	232,604

Personnel expenses increased of Euro 4,766 thousand, or 2.0%.

The cost of employee with share-based payment, during this first six months of 2023, is equal to Euro 410 thousand and is related to the third and last tranche of the mentioned Stock Grant Plan; the costs just mentioned derive from the best estimate of the achievement of the objectives contained in the Stock Grant Plan. There are no cancellations or changes to the plan during the period.

The number of employees as at June 30, 2023 is equal to 44,698 and the average number of employees of companies included in the consolidation area, broken down by category, is as follows:

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

	At June 30, 2023	At June 30, 2022
Executives	330.0	287.8
Middle managers	1,104.8	1,000.8
White-collar employees	43,349.5	44,369.2
Total Group average employees	44,784.3	45,657.8
Agency workers	48.5	70.3
Total workforce	44,832.8	45,728.2

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

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2023	2022
Industrial patent and intellectual property rights	4,930	4,481
Concession, licence and trademarks	1,322	133
Other	5,947	4,612
Total Intangible Depreciation and Amortization	12,199	9,226
Civil and industrial buildings	395	393
Industrial and commercial equipment	71	80
Plants and machinery owned	2,078	1,657
Other assets owned and leased	3,952	3,836
ROU Asset - Civil and industrial buildings IFRS16	4,838	5,006
ROU Asset - Other assets owned and leased IFRS16	1,529	1,358
Total Tangible Depreciation and Amortization	12,863	12,330
<i>Impairment Loss of Intangible asset</i>	<i>0</i>	<i>0</i>
<i>Impairment Gain of Intangible asset</i>	<i>(45)</i>	<i>0</i>
Total Depreciation and Amortization	25,017	21,555

LOSSES FROM SALE ON NON-CURRENT ASSETS

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2023	2022
<i>Disposals of Intangible Assets</i>	<i>0</i>	<i>2</i>
<i>Disposals of Tangible Assets</i>	<i>274</i>	<i>201</i>
<i>Disposals of FinancialAssets</i>	<i>82</i>	<i>0</i>
Total profit (losses) from sale on non-current assets	356	203

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

34. OTHER EXPENSES

Other operating expenses are broken down as follows:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2023	2022
Provisions for risks	2,766	2,595
Taxes and duties	445	489
Membership fees	634	475
Other expenses	3,228	838
Reversal of over-accruals of trade receivables	720	46
Other operating expenses	7,793	4,537

Net provisions for risks and charges are recorded for Euro 2,766 thousand by the IT Services sector. Information relating to provisions for risks and charges is indicated in Note 21 to which reference is made. The other non-recurring operating costs include almost exclusively the economic effect found for the closure of previous items.

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

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2023	2022
Financial income	2,445	1,756
Financial expenses	(14,208)	(12,712)
Exchange gains/(losses)	(117)	(516)
Financial expenses for leasing IFRS 16	(2,346)	(2,516)
Net financial result	(14,226)	(13,988)

As shown in the previous table, the result is negative as at June 30, 2023, for Euro 14,226 thousand, against a negative result of Euro 13,988 thousand as at June 30, 2022, with an increase of Euro 238 thousand.

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2023	2022
Profit/(loss) from investments accounted for using equity method	2	6
Net result from equity investments	2	6

Gains/(losses) on equity investments and loss from investments accounted for using equity method shows a positive amount of Euro 2 thousand as at June 30, 2023 compared to a positive amount of 6 as at June 30, 2022.

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

37. INCOME TAXES

Income taxes are broken down as follows:

<i>(in thousands of Euro)</i>	For the six months ended June 30,	
	2023	2022
Italian Companies		
<i>IRAP (Regional business tax)</i>	2,802	2,584
<i>IRES (Corporate income tax)</i>	10,605	9,927
<i>(Income) expenses from compliance with tax consolidation</i>	(711)	(129)
	12,696	12,382
Foreign companies		
<i>Other current taxes</i>	5,198	4,833
	5,198	4,833
Current Taxes	17,894	17,215
Italian Companies		
<i>IRAP (Regional business tax)</i>	(37)	(86)
<i>IRES (Corporate income tax)</i>	(683)	(1,232)
	(720)	(1,318)
Foreign companies		
<i>Other deferred taxes</i>	798	18
	798	18
Deferred taxes	78	(1,300)
Income taxes for the year - Non recurring portion	0	1
Total Income taxes	17,972	15,917

38. INCOME TAXES RECONCILIATION

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

<i>(in thousands of Euro)</i>	For the six months ended June 30,			
	2023	100.0%	2022	100.0%
Income before taxes	54,468	100.0%	48,475	100.0%
Theoretical taxes (*)	13,072	24.0%	11,634	24.0%
Effective tax charge	17,972	29.22%	15,917	32.83%
differences between theoretical and effective tax charge	4,900	5.22%	4,283	8.83%
1) different foreign tax rates				
1a) Exchange rate differences	120	-0.22%	2,677	5.52%
2) permanent differences:				
2a) IRAP and other italian regional taxes	2,802	5.14%	2,584	5.33%
2b) taxes of prior periods	0	0.00%	1	0.00%
2c) tax credit R&D	(114)	(0.21%)	0	0.00%
2d) consolidation adjustments	0	0.00%	57	0.12%
2f) other differences (**)	2,092	0.51%	(1,036)	(2.14%)
Total differences	4,900	5.22%	4,283	8.83%

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

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

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

39. GUARANTEES AND COMMITMENTS

The Group granted the following guarantees as at June 30, 2023:

- personal guarantees of Euro 215,316 thousand (Euro 215,537 thousand as at December 31, 2022), which are "in favour of subsidiaries" recorded by AlmavivA S.p.A. for co-obligations issued to various insurance companies in the interest of Agrisian S.C.p.A. in Liquidation amounting to Euro 206,583 thousand and relative to the contract with the Ministry of Agricultural and Forest Resources; "in favour of other parties" in the amount of Euro 8,733 thousand, by AlmavivA Contact S.p.A. in the amount of Euro 7,220 thousand, by Sadel S.p.A. in the amount of Euro 284 thousand and by AlmavivA Digitaltec in the amount of Euro 1,229 thousand.
- real guarantees provided as part of the new High Yield bond issue of November 3, 2021 and the new Revolving credit line for Euro 128,625 thousand relate to: Euro 69,543 thousand pledges on the shares held by AlmavivA S.p.A. in AlmavivA do Brasil S.A.; Euro 59,082 thousand pledges on the shares held by AlmavivA Contact S.p.a. in AlmavivA do Brasil S.A. As a further guarantee of this loan, the shares held by AlmavivA Technologies S.r.l. have also been pledged. equal to 95.11% of the share capital in AlmavivA S.p.A.
- guarantees provided through pledges on the shares held by by AlmavivA Contact in Simest S.p.A for Euro 1,545 thousand.

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

Other guarantees, commitments and risks

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

40. RISKS AND OTHER INFORMATION

Credit risk

The maximum theoretical exposure to credit risk for the AlmavivA Group as at June 30, 2023 is represented by the carrying amount of financial assets reported in the financial statements, in addition to the nominal value of guarantees given on the payables or commitments of third parties.

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

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

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

<i>(in thousands of Euro)</i>	At June 30, 2023	At December 31, 2022
- Amount falling due	480,612	455,157
- Past due	68,017	54,796
Trade receivables net of Bad debt provision	548,629	509,953

Liquidity risk

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

Exchange rate risk

Exposure to the risk of exchange rates changing derives from the company's transactions in non-euro currencies (mainly the Brazilian Real) and affects the consolidated financial statements (economic result and shareholders' equity) due to translating assets and liabilities of companies that draft their financial statements with functional currency other than the Euro. The risk arising from translating assets and liabilities of companies that draft their financial statements with non-euro functional currency is not usually subject to hedging, barring another specific assessment. The consolidated financial statements as at June 30, 2023 were impacted by the trend of the EUR / R \$ exchange rates.

41. INFORMATION ON FAIR VALUE MEASUREMENT

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

42. LEGAL ISSUES AND LITIGATIONS

Tax, administrative, civil and labour disputes are handled by the Almagiva Group's competent departments that provided, for the drafting of the financial statements, a comprehensive and exhaustive overview of the different proceedings in progress. In respect of these disputes, the company, also with the help of the opinions provided by the Group's external legal representatives, carried out an accurate assessment of the risk of being the losing party which determined the recognition of the appropriate provisions for disputes likely to have a negative outcome and, which could be reasonably quantified, as represented and commented on in these notes, under "Provisions for risks and charges" - Note 21. For those proceedings whose negative outcome, owing to the different case law positions, was only considered possible, no specific allocations were made in accordance with the regulations governing the drafting of the consolidated financial statements.

Contingent liabilities

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

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

Shown below are the main contingent liabilities as at June 30, 2023 not recorded in the financial statements owing to the absence of the necessary requirements set out in reference standard IAS 37.

AlmavivA S.p.A.

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

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

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

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

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

The RTI AlmavivA has requested, with an appeal before the Lazio Regional Administrative Court, the joint and several condemnation of the MATTM, Consip and the Presidency of the Council of Ministers to pay the compensation and the greater sums due as compensation for damages, as a result of the provision with which the MATTM revoked the tender for the concession of the Waste Traceability Control System (SISTRIS - ID 1642), announced by Consip and awarded to RTI AlmavivA. By judgment of 22 February 2021, the Lazio Regional Administrative Court partially upheld the appeal, ruling positively on the claim for compensation. On 31 March 2021, RTI AlmavivA notified the appeal before the Council of State. The hearing date has been postponed on December 14, 2023.

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

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

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

on the merits was on January 19, 2023. With a sentence on March 6, 2023, the Council of State declared, the appeal for revocation, inadmissible.

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

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

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

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

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

Gerry (third classified) appealed to the Lazio TAR for the cancellation, subject to the adoption of precautionary measures, of the award order in favor of BLS International Services Limited, for the exclusion of the latter (first classified) and Almaviva (second classified) from the tender for the "outsourcing of services relating to the performance of activities related to the issue of entry visas in Italy" and for the annulment of the refusal to access Almaviva's technical offer. By order of 20 April 2022, the Lazio TAR granted the exhibition of the aforementioned technical offer. The hearing on the merits was held on July 19, 2022. With a sentence of August 2, 2022, the Lazio Regional Administrative Court rejected the appeal. On September 30, 2022, Gerry's lodged an appeal to the Council of State. The hearing on the merits was held on March 2, 2023. With a sentence of July 10, 2023, the Council of State rejected the appeal.

RTI Kyndryl Italia S.p.A. (agent of RTI with Vodafone Italia S.p.A., Consorzio Reply Public Sector, Lutech S.p.A., Insirio S.p.A. and Italware S.r.l.)/ Consip S.p.A./ RTI - Almaviva S.p.A. (agent of RTI with Eurolink S.r.l., Leonardo S.p.A., Net Service S.p.A., S.M.I. Technologies and Consulting S.r.l. and Telecom Italia S.p.A.)

The Kyndryl RTI filed an appeal to the Lazio TAR for the cancellation, after the adoption of precautionary measures, of the award provision in favor of the RTI Almaviva of the tender for the award of the Framework Agreement for the supply of System Management services for the Public Administrations - ID 2275. The hearing on the merits was held on September 21, 2022. With a sentence of September 23, 2022, the Lazio TAR rejected the appeal. On December 20,

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

2022, Kyndryl RTI lodged an appeal at Council of State. The hearing on the merits was held on March 2, 2023. With a sentence of May 17, 2023, the Council of State rejected the appeal.

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

IBM lodged an appeal to the Lombardy TAR for the cancellation, after the adoption of precautionary measures, of the awarding measure in favor of the RTI of which Al maviva is part of the procedure relating to the MAAS project in the Milanese metropolitan area. At the end of the precautionary hearing of July 27, 2022, the Lombardy Regional Administrative Court, with a sentence of August 1, 2022, declared the appeal unacceptable due to lack of jurisdiction. On August 13, 2022, IBM lodged an appeal to the Council of State. The precautionary hearing was held on September 15, 2022. The hearing on the merits was held on January 26, 2023. With a sentence of July 12, 2023, the Council of State accepted the appeal, declaring the existence of administrative jurisdiction and referring the case to the first judge for the definition on the merits.

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

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

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

The RTI Tecnositaf lodged an appeal to the Lazio TAR for the annulment, subject to the adoption of precautionary measures, of the provision for the award in favor of the RTI Al maviva of the tender for the assignment of management services and application maintenance of the RAM, DSS and Smart Road in the cloud, under the Framework Agreement - CIG 9040730668, and for the condemnation of Anas to fully display the technical documentation of the RTI Al maviva. With an order of March 28, 2023, the Lazio TAR granted the requested display. The hearing on the merits has been set for September 20, 2023.

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

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

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

Almaviva Digitaltec S.r.l.

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

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

Almaviva Contact S.p.A.

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

Alicos, in data 14 November 2008, has submitted an application for insinuation into the bankruptcy liabilities of Alitalia Linee Aeree Italiane in A.S., requesting the recognition in pre-deduction of the credits claimed for call center activities/services. Alicos, admitted as unsecured, filed an appeal pursuant to art.111 bis L.F., then rejected. Almaviva Contact lodged an appeal against that rejection decision, which was then dismissed. With appeal in opposition pursuant to art. 98 L.F., Almaviva Contact challenged the passive status. This opposition was rejected and Almaviva Contact appealed to the Court of Cassation. The Court dismissed the appeal by order, against which Almaviva Contact appealed. The Court of Cassation, with an order on April 18, 2023, declared the appeal inadmissible. After the risk assessment, it has been considered appropriate to proceed with the provision of a credit write-down fund related to the ongoing litigation.

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

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

Sogei has requested the condemnation of Almaviva Contact to the restitution of sums paid as consideration for certain contracts between parties for the provision of telephone Help Desk services in the years 1998-2002. Almaviva Contact was defended in the judgment. The proceedings were postponed for clarification of the Form of Order Sought at the hearing on 18 October 2023.

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

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

Labour litigation

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

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

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

With reference, on the other hand, to the residual dispute initiated by former collaborators of the company at the Catania and Palermo offices, it is confirmed that both the Court of Catania and the Court of Appeal of Catania and Palermo have continued to confirm the line in favor of Almaviva Contact, rejecting the workers' appeals.

It should be noted that in the first half of the year there was an increase in disputes relating to professional classification brought about by former company employees working as call center workers who claimed salary differences.

43. TRANSACTIONS WITH RELATED PARTIES

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

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

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

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 June 30, 2023" which is considered an integral part of these notes.

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

Trade and other relations

Trade and other relations are analysed as follows:

(in thousands of Euro)	At June 30, 2023		For the six months ended June 30, 2023			
	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
Relationships with the controlling company of Almaviva S.p.A.						
Almaviva Technologies Srl	24,059	37,420	168	0	0	1
Relationships with the controlling companies valued at equity method						
Consorzio Hypertix	68	0	0	0	0	0
TVEyes L.T.	10	14	3	0	0	12
Almaviva CCID	124	0	0	0	0	0
Consorzio Namex	0	0	10	0	0	0
PNT Italia Srl	0	4,302	0	0	0	0
Strategic employees						
Stock Grant Plan	0	0	0	410	0	0
Other						
Elvit Consultoria e Participacoes LTDA	0	1	109	0	0	0
Total	24,261	41,737	290	410	0	13

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

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

(in thousands of Euro)	For the six months ended June 30, 2022			
	Costs of Services	Other Costs	Revenues from Services	Other Income
Relationships with the controlling company of Almagiva S.p.A.				
Almagiva Technologies Srl	168	0	0	1
Relationships with the controlling companies valued at equity method				
Consorzio Hypertix	0	0	0	0
TV Eyes L.T.	0	0	0	12
Almagiva CCID	0	0	0	0
Consorzio Namex	11	0	0	0
Strategic employees				
Stock Grant Plan	0	1,719	0	0
Other				
Elvit Consultoria e Participacoes LTDA	28	0	0	0
Totale	207	1,719	0	13

44. SUBSEQUENT EVENTS

ALMAVIVA DO BRASIL S.A. – CHANGE IN SHAREHOLDING STRUCTURE

On July 19, 2023, in accordance with the agreement finalized in March 2016 when Simest S.p.A. entered into the shareholding structure of Almagiva do Brasil S.A. of, Simest S.p.A. proceeded with the selling to Almagiva S.p.A. of n. 2,432,268 shares acquired at the time.

Following the above, the share capital of Almagiva Do Brasil S.A. appears to be divided as follows:

- Almagiva S.p.A., n. 434,367,566 shares, equal to 79.463%;
- Almagiva Contact S.p.A., n. 112,261,839 shares, equal to 20.537%

ALMAWAVE S.P.A. – CHANGE IN SHARE CAPITAL

On July 4, 2023, the share capital increase for the Second Tranche of the 2021-2023 Stock Grant Plan of Euro 3,512.00 was implemented through the issue of no. 351,200 new ordinary shares, consequently the share capital of Almagwave S.p.A. appears to have been approved for Euro 304,316.42, subscribed and paid for Euro 296,893.95, divided into no. 29,689,395 ordinary shares, with no par value.

ALMAVIVA S.P.A. – CORPORATE ACQUISITION

On July 27, 2023, the double acquisition by Almagiva of the companies B. M. Tecnologie Industriali, an instrumental engineering company supporting water utilities, and 2f Water Venture, a company which in the Integrated Water Service (SII) sector creates innovative solutions for identifying leaks in water networks, were completed. The transaction provides for the transfer to Almagiva of 60% of B. M. Tecnologie Industriali and 60% of 2f Water Venture

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



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

Review report on the interim condensed consolidated
financial statements as of June 30, 2023

(Translation from the original Italian text)

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



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Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

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

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows as of June 30, 2023 and for the six months then ended and the related explanatory notes of AlmavivA The Italian Innovation Company S.p.A. and its subsidiaries (the "AlmavivA Group"). The Directors of AlmavivA The Italian Innovation Company S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of AlmavivA Group as of June 30, 2023 and for the six months then ended are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Roma, August 3, 2023

EY S.p.A.
Signed by:

Paolo Pambuffetti
Statutory Auditor

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

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