



**ALMAVIVA S.P.A. AND SUBSIDIARIES**

**Interim Condensed Consolidated Financial Report for the three  
months period ended March 31st, 2021**

**Board of Directors May 25h, 2021**



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**ALMAVIVA S.P.A. AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL REPORT FOR**  
**THREE MONTHS PERIOD ENDED MARCH 31, 2021**



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

<i>(in thousands of Euro)</i>	Note	At March 31,	At December 31,
		2021	2020
Intangible assets	7	65,298	65,358
Goodwill		39,427	39,461
Property, plant and equipment	8	84,790	81,918
Investments accounted for using the equity method	9	1,106	1,106
Non-current financial assets	10	1,229	1,229
Deferred tax assets	11	14,409	14,770
Other non-current assets	12	1,423	1,491
<b>Total non-current assets</b>		<b>207,682</b>	<b>205,332</b>
Inventories	13	8,964	8,137
Amount due from customers	13	0	0
Contract assets	14	46,102	37,322
Trade receivables	15	350,860	351,030
Current financial assets	16	3,836	4,152
Other current assets	17	153,315	133,147
Cash and cash equivalents	18	119,996	98,569
<b>Total current assets</b>		<b>683,073</b>	<b>632,357</b>
Non-current assets held for sale	19	2,459	2,459
<b>Total assets</b>		<b>893,214</b>	<b>840,148</b>
Share capital		154,899	154,899
Share premium reserve		17,788	17,788
Other reserves		(150,866)	(187,602)
Profit/(loss) for the period		12,942	35,143
<i>Total group shareholders' equity</i>		<i>34,764</i>	<i>20,228</i>
<i>Non-controlling interests</i>		<i>13,768</i>	<i>5,168</i>
<b>Total shareholders' equity</b>	20	<b>48,531</b>	<b>25,396</b>
Non-current liabilities for employee benefits	21	48,888	48,531
Non-current provisions	22	6,021	5,836
Non-current financial liabilities	23	316,663	317,233
Deferred tax liabilities	24	2	2
Other non-current liabilities	25	744	808
<b>Total non-current liabilities</b>		<b>372,318</b>	<b>372,410</b>
Current provisions	22	11,000	11,249
Trade payables	26	293,411	270,844
Current financial liabilities	27	24,631	22,937
Current tax liabilities	28	25,463	27,650
Other current liabilities	29	117,860	109,663
<b>Total current liabilities</b>		<b>472,365</b>	<b>442,342</b>
<b>Total liabilities</b>		<b>844,683</b>	<b>814,752</b>
<b>Total equity and liabilities</b>		<b>893,214</b>	<b>840,148</b>

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

<i>(in thousands of Euro)</i>	Note	For the three months ended March 31,	
		2021	2020
Revenues from contracts with customers	30	227,143	224,023
Other Income	31	4,483	4,634
<b>Total revenues and other income</b>		<b>231,626</b>	<b>228,657</b>
Cost of raw materials and services	32	(85,625)	(81,133)
Personnel expenses	33	(107,190)	(119,288)
Depreciation and amortization	34	(8,493)	(9,906)
Losses from sale of non-current assets	34	119	(74)
Other expenses	35	(3,285)	(1,940)
<b>Operating profit/(loss)</b>		<b>27,153</b>	<b>16,316</b>
Financial income	36	106	209
Financial expenses	36	(7,453)	(8,059)
Exchange gains/(losses)	36	(153)	(703)
Profit/(loss) from investments accounted for using equity method	37	0	0
<b>Profit/(Loss) before taxes</b>		<b>19,653</b>	<b>7,763</b>
Income taxes	38	(6,328)	2,447
<b>Profit/(Loss) from continuing operations</b>		<b>13,325</b>	<b>10,210</b>
<b>Profit/(Loss) for the period</b>		<b>13,325</b>	<b>10,210</b>
of which:			
Profit/(loss) pertaining to the group		12,942	9,829
Profit/(loss) pertaining to non-controlling interests		383	381



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

<i>(in thousands of Euro)</i>	Note	For the three months ended March 31,	
		2021	2020
<b>Profit/(loss) for the period</b>		<b>13,325</b>	<b>10,210</b>
<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	<b>20</b>	(4,902)	(22,018)
Gains/(losses) on cash flow hedging instruments		0	0
<b>Total</b>		<b>(4,902)</b>	<b>(22,018)</b>
<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	<b>21</b>	0	0
<b>Total</b>		<b>0</b>	<b>0</b>
<b>Comprehensive income/(loss) for the period</b>		<b>8,423</b>	<b>(11,808)</b>
of which:			
Comprehensive income/(loss) pertaining to the group		8,099	(11,069)
Comprehensive income/(loss) pertaining to non- controlling interests		324	(739)

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

<i>(in thousands of Euro)</i>	Share capital	Share premium reserve	Other reserves	Profit/(loss) for the year	Total Group shareholders' equity	Reserves pertaining to NCIs	Profit/(loss) for the year	Total non-controlling interests	Total shareholders' equity
<b>Shareholders' Equity at December 31, 2020</b>	<b>154.899</b>	<b>17.788</b>	<b>(187.605)</b>	<b>35.143</b>	<b>20.228</b>	<b>4.162</b>	<b>1.006</b>	<b>5.168</b>	<b>25.396</b>
<b>Profit/(loss) for the year</b>				<b>12.942</b>	<b>12.942</b>		<b>383</b>	<b>383</b>	<b>13.325</b>
Exchange differences on translation of foreign operations			(4.844)		(4.844)	(58)		(58)	(4.902)
Gains/(losses) on cash flow hedging instruments					0			0	0
Actuarial gains/(losses) on valuation of liabilities for employee benefits			0		0			0	0
<b>Comprehensive income/(loss) for the year</b>	<b>0</b>	<b>0</b>	<b>(4.844)</b>	<b>12.942</b>	<b>8.098</b>	<b>(58)</b>	<b>383</b>	<b>325</b>	<b>8.422</b>
Allocation of prior year's profit/(loss)			35.143	(35.143)	0	1.006	(1.006)	0	0
Distribution of Reserves			(10.400)		(10.400)			0	(10.400)
Net effect of Almaxwave listing			16.820		16.820	8.275		8.275	25.095
Other movements			18		18			0	18
<b>Shareholders' Equity at March 31, 2021</b>	<b>154.899</b>	<b>17.788</b>	<b>(150.867)</b>	<b>12.942</b>	<b>34.764</b>	<b>13.385</b>	<b>383</b>	<b>13.768</b>	<b>48.531</b>

Note 20.

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

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

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

<i>(in thousands of Euro)</i>	Note	At March 31,	At March 31,
		2021	2020
<b>Profit/(loss) for the period</b>		<b>13,325</b>	<b>10,210</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Income Taxes	38	6,328	(2,447)
Financial income	36	(106)	(209)
Financial expenses	36	7,453	8,059
Exchange (gains)/losses	36	153	703
Depreciation, amortization and write-downs	34	8,493	9,906
Write-downs/(revaluations) of non-current financial assets and equity investments	37	0	0
Losses from sale of non-current assets	34	(119)	74
Interest received		106	209
Interest paid		(1,251)	(577)
Income taxes paid		(1,195)	(1,663)
<i>Cash flows generated from operating activities before changes in working capital</i>		<i>33,187</i>	<i>24,266</i>
Change in trade receivables gross of the exchange rate effect	15	(2,151)	(3,200)
Change in inventories gross of the exchange rate effect	13	(827)	(461)
Change in contract assets gross of the exchange rate effect	14	(8,780)	(12,449)
Change in trade payables gross of the exchange rate effect	26	22,173	20,250
Change in other assets gross of the exchange rate effect	12-17	(21,966)	(26,323)
Change in other liabilities gross of the exchange rate effect	25-29	(9,091)	(6,187)
Foreign exchange rate effect related to items of working capital	0	392	(3,149)
Change in liabilities for employee benefits and provisions gross of exchange rate effect	22	0	0
Change in deferred tax assets (liabilities) gross of exchange rate effect	11	0	0
<i>Cash flows generated from operating activities changes in working capital</i>		<i>(20,250)</i>	<i>(31,519)</i>
<b>Cash-flow generated from/(absorbed by) operating activities (A)</b>		<b>12,937</b>	<b>(7,253)</b>
Investments in property, plant and equipment		(2,923)	(1,015)
Investments in intangible assets	8	(3,990)	(4,198)
Acquisition of investments accounted for using the equity method	7	0	0
Acquisition of subsidiaries net of cash and cash equivalents	19	6	0
Exchange rate effect and reclassifications on fixed assets	10	0	2
<b>Cash-flow generated from/(absorbed by) investing activities (B)</b>		<b>(6,906)</b>	<b>(5,211)</b>
Dividends		0	0
Granting of medium/long-term loans and non-current financial liabilities		1,816	10,833
Repayment of medium/long-term loans and non-current financial liabilities		(5,520)	(13,031)
Repayment of borrowings		(6,156)	(3,458)
Change in current and non - current financial liabilities		357	2,418
Change in current financial assets	23	317	0
Proceeds deriving from Almwave's share capital quotation		27,300	0
Fees paid for the Almwave listing		(1,127)	0
<b>Cash-flow generated from/(absorbed by) financing activities (C)</b>		<b>16,987</b>	<b>(3,238)</b>
<b>NET CASH FLOW BEFORE EXCHANGE RATE DIFFERENCES (A + B + C)</b>		<b>23,018</b>	<b>(15,702)</b>
<b>Effect of foreign exchange rates on cash and cash equivalents (D)</b>	16	<b>(1,591)</b>	<b>(6,045)</b>
<b>Cash flow of the year (A+B+C+D)</b>		<b>21,427</b>	<b>(21,747)</b>
Opening cash and cash equivalents		98,569	89,446
Closing cash and cash equivalents		119,996	67,699

## **ALMAVIVA S.P.A. AND SUBSIDIARIES EXPLANATORY NOTES**

### **1. GENERAL INFORMATION**

Almaviva The Italian Innovation Company S.p.A. (hereinafter “Almaviva” or the “Company”) is the parent company of one of the leading Italian groups in the Information & Communication Technology sector, which operates globally with an organisational structure incorporating n. 44.123 employees and several offices around Italy and abroad.

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

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

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

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

The Interim Condensed Consolidated Financial Statements were approved by the Company's Board of Directors on May 25, 2021.

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

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

The Covid-19 pandemic spread in Italy from the end of February 2020 and subsequently in Latin America, with a particularly pronounced spread in Brazil. To contain the effects of the disease, Governments adopted numerous containment measures, essentially aimed at restricting the free movement of people (i.e. lock-downs). Due to these measures several businesses were forced to stop operations or suffered significant limitations to ordinary operations. On the other hand, local governments also issued several economic measures to support companies to weather the storm of the financial crisis including resources operating in the CRM sector.

The unprecedented events that have taken place in recent months have obviously also affected the activities of the Almaviva Group, which - thanks also to the high degree of digitization of its structures and processes - was immediately able to activate the necessary tools for " application of smart working - where applicable - for its employees.

These characteristics, together with the growing demand for IT services from both the public administration and the private sector and the ability, albeit in conditions of objective difficulty, to continue providing its services in the CRM, have made it possible to confirm the strong resilience of the Group in its own reference sectors.

In any case, despite the positive results of the first quarter 2021, certain assumptions underlying the main items of the Group's assets have been reviewed for the sole purpose of analytically assessing the impacts of the pandemic. In the following more specifically.

Evaluation of the recoverability of the non-current assets of the Group - Intangible assets, including goodwill, and Deferred tax assets: the positive results reported by the companies of the Group and deriving from the characteristics described above constituted positive indicators that allowed the Management to be able to believe that there are no elements of discontinuity with respect to the short-term economic and financial objectives that the Group has set itself,

## **ALMAVIVA S.P.A. AND SUBSIDIARIES**

### **EXPLANATORY NOTES**

as illustrated in more detail in paragraph 2.1 to which reference should be made. In fact, there are no elements of uncertainty with respect to the approved plan, which in the context of the listing, the Management proceeded to update for the period 2020-25.

For these reasons, the management's conclusion regarding the full recoverability of the values recorded in the consolidated financial statements for intangible assets and in general for all non-current assets of the Group can be considered valid.

Assessment of the risk of recoverability of trade receivables: with regard to trade receivables, the Group has carried out an analysis on the average collection times from the main customers which shows an improvement compared to the situation prior to the pandemic. Despite the increase in turnover commented above, there is, in fact, no significantly worse evidence on the problem situations and discussed in the explanatory notes.

Payments received or expected from States or Social Security Bodies for measures introduced to support the economy: the Group, where applicable, has adhered to the support measures issued by the Italian Government (i.e. FIS Covid, cancellation or postponement of tax payments etc.). Adhesions to other forms of subsidy (i.e. subsidized loans) provided for by the regulations in force are not envisaged.

Overall, the direct effects produced by the Covid-19 pandemic on the aforementioned items and on the economic result of the recurring 2021 operations of the AlmagivA Group are not to be considered significant. There are no significant impacts on liquidity risk.

## **2. BASIS OF PREPARATION**

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

The Interim Condensed Consolidated Financial Statements of the AlmagivA Group were drawn up in compliance with the IFRS issued by the IASB and adopted by the European Commission pursuant to the procedure as per Art. 6 of the (EC) Regulation no. 1606/2002 of the European Parliament and Council dated July 19, 2002. The Interim Condensed Consolidated Financial Statements are composed of the Consolidated statement of financial position, the Consolidated income statement, the Consolidated statement of other comprehensive income, the Consolidated statement of changes in shareholders' equity, the Consolidated statement of cash flows and the explanatory notes thereto, and are prepared by applying the general historical cost principle, with the exception of certain financial statement items that, based on IFRS, are measured at fair value, as indicated in the relevant accounting policies and measurement criteria for each item.

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

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

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

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

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

The following table indicates the exchange rates adopted:

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

<b>Exact exchange rates</b>					
Amount of currency for 1 Euro					
<b>Country</b>	<b>Currency</b>	<b>ISO</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Saudi Arabia	Riyal	SAR	4.3969	4.6016	-
Brazilian	Real	BRL	6.7409	6.3735	5.7000
China	Yuan	CNY	7.6812	8.0225	7.7780
Colombian	Peso	COP	4372.0500	4202.3400	4451.6400
Indonesia	Rupia	IDR	17030.5600	17240.7600	17869.2400
Europe	Leu	RON	4.9223	4.8683	4.8280
United States	Dollaro	USD	1.1725	1.2271	1.0960
Tunisian	Dinaro	TND	3.2783	3.2943	3.1550

<b>Average exchange rates</b>					
Amount of currency for 1 Euro					
<b>Country</b>	<b>Currency</b>	<b>ISO</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Saudi Arabia	Riyal	SAR	4.5210	4.4602	-
Brazilian	Real	BRL	6.5928	5.8943	4.9110
China	Yuan	CNY	7.8110	7.8747	7.6940
Colombian	Peso	COP	4284.7933	4217.0600	3897.6730
Indonesia	Rupia	IDR	17083.2633	16627.3700	15706.6230
Europe	Leu	RON	4.8789	4.8383	4.7970
United States	Dollaro	USD	1.2056	1.1422	1.1020
Tunisian	Dinaro	TND	3.2805	3.1997	3.1290

## 2.1 Going Concern

During the first quarter of 2021, AlmagivA Group consolidated the growth trends in revenues achieved in previous periods (reaching Euro 227 thousand, increased Euro 3.1 thousand at current exchange rates, increased Euro 17.6 thousand or 7.9% at constant exchange rates, compared to the same period of the previous year). The result as at March 31, 2021 shows a profit at the level of consolidated operating result in sharp growth compared to the previous year and equal to Euro 27,153 thousand (increased Euro 10,837 thousand compared to March 31, 2020 at current exchange rates and by Euro 12,979 thousand at constant exchange rates). At the level of Net Profit there is a positive result of Euro 13,325 thousand with an increase of Euro 3,115 thousand compared to the consolidated profit of the same period of the previous year. It should be noted that growth was strongly influenced, and negatively, by the exchange rate effect, as highlighted above.

With regard to the health emergency relating to Covid-19, the AlmagivA Group highlighted an insignificant impact during 2020. A greater impact, albeit limited, on some customers and business areas cannot be excluded during 2021. The limitation concerns the commercial activity, the slowdown of some projects on some corporate customers who have temporarily postponed them, as well as the reduced promptness of some customers to issue the necessary approvals for the invoicing activity and the cash difficulties they face. some of our suppliers, both of services and of hardware, pushed to request advance payments. The limitations naturally also concern the health need of social distancing with the consequent lockdown which led to the decision to close most of the company offices of the companies belonging to the AlmagivA Group using the new organizational model, still in progress, based on home working.



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

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

In the IT sector, market estimates show a growth forecast for the Information Technology sector; the centrality in the country's relaunching strategies promises a new step, in line not only with extraordinary EU funding and with the forecasts of the Recovery Plan, but also with the pressures of businesses. The drive for growth now comes from digital transformation strategies, in particular applied to process innovation, relationships between customers and suppliers and the evolution of the offer, developments that have already begun in the industry, distribution, banks and utilities sectors. Even in the public administration sector, despite various uncertainties and difficulties, growth is expected. The areas that will drive this positive trend are located in the sectors related to the production of ICT Software and Solutions and ICT Services. At the level of all the segments in which the Group carries out its business activities, in particular on CRM Europe, actions aimed at improving productivity and tempering inefficiencies are being studied by the management.

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

Despite the emerging investments for the enhancement of the technological support infrastructure and for the adaptation of the offices and logistics structures to the new regulations, no significant economic impacts are expected. From a financial point of view, to date, there is a limited impact related to the slowdown of the testing procedures by the customers, for reasons related to logistical limitations; it is also foreseeable that some minor suppliers may need financial support in this emergency phase, with a consequent limited impact in the management of payments. The forecast for 2021 estimates a development in revenues based especially in the areas relating to the Central and Local Public Administration (PA) (thanks also to the development of the SPC Lot 3 and Lot 4 contracts, awarded in 2017, and in 2020 and March 2021 subject to extension of value), in the Finance sector (expected growth of + 12% on an annual basis) on various banking, insurance and fiduciary groups (with a particular focus on the sale of new products developed internally), as well as in the Utilities and Industry (+ 18% growth expected on an annual basis).

As regards the Transportation sector, in 2021 the publication of all tenders for the renewal of the framework contracts by the Ferrovie dello Stato Group is expected (expired in January 2020 and currently entrusted to the RTI led by AlmavivA). To cover the period between the expiry of the current outsourcing contract and the departure of the new contracts and in order to guarantee the stability of the services provided, an extension of the current outsourcing contract has been signed (value € 700 million and expires in December 2021) entrusted to the RTI led by AlmavivA. The Transportation sector, one of the business sectors most affected by the pandemic emergency, will on the other hand be one of the most involved in the digital transformation plans indicated, among other things, in the recovery plan and it is therefore essential to be ready to seize all the new opportunities. In this sense, the growth of activities and new contracts / customers is expected for 2021 based on the commercial development of new products (Moova platform and Sadel products, also thanks to the penetration of the LPT market which will be favored by the opportunity offered by the SPC framework contract). Growth is also expected in the activities on the International Market both as regards the activities in the public administration of the European Union ("EU"), developed through the subsidiary AlmavivA de Belgique, and in the Transportation sector, where a process of strengthening of direct and indirect controls on the regions of greatest interest, north-east Europe, middle east, Basile, USA. In this context, we highlight the start-up in the new company AlmavivA Saudi KSA, created for the exercise of the contract acquired with the FLOW consortium, relating to the development and management of IT systems to support the operation of 4 Riyadh metro lines, and which will allow direct supervision of the area. Certain actions continue to be carried out in all Group companies with the utmost attention and intensity of control, concerning, in particular:

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

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

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

As regards CRM Europe, the first quarter of 2021 show a positive result at EBITDA level, constantly improving compared to the previous two quarters.

Even more, the comparison with the corresponding quarter of the previous year shows, despite the reduction in revenues and the persistence of market problems, the positive results of the new production model and the rationalization of the customer base.

These first three months allow us to confirm the efficiency of external costs and the logistics structure as well as the continuous refinement until the complete implementation of the new "Smart Working" model. All this, added to a desirable recovery of activities especially in the Transport sector, allow us to confirm at the moment the forecasts for 2021, which despite a contraction in revenues, aim at a further reduction in the operational loss of CRM Europe compared to 'last year

The Brazilian macroeconomic scenario is also affected by the spread of Covid-19, even if the sectors related to services, especially in the ICT and CRM field, as well as in Italy and other countries around the world, are more resilient than others. The Euro / BRL exchange rate, which in 2020 had a growing trend and in the first quarter has been equal to 6.7409 EUR/BRL, is estimated to continue to be volatile also in 2021.

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

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

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

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

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

In December 2020 AlmagivA do Brasil, in order to increase its equity position to better address market opportunities also through participation in tenders, approved a share capital increase reserved only for the company's shareholders. The aforementioned capital increase was partially underwritten by AlmagivA Contact and the unopted share by the other shareholders, including the shareholder Simest, was underwritten by AlmagivA SpA, which in the meantime became a shareholder of the company through the purchase of the share held by AlmagivA. Following this transaction, the equity investment of AlmagivA Contact was diluted to 20.537% and the 79.018% stake held by AlmagivA SpA. The capital increase was carried out by AlmagivA SpA through the waiver of financial receivables from AlmagivA do Brasil. Similarly, AlmagivA SpA, with a view to improving the intercompany positions between the parent company and its

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

subsidiaries, also increased the equity of AlmagivA Contact by renouncing the financial and trade receivables due from AlmagivA Contact.

The AlmagivA Group in the first quarter of 2021 had a growth in revenues of + 21% compared to the same period of the previous year, thanks also to the positive impact of the acquisition of SPC contracts. During 2021, further development is expected both on the Italian and international markets.

In particular, on the Italian market, further strengthening of the On-Premise and Software As-A-Service offer of the products of the IRIDE® Customer Centric Suite is expected (also thanks to the growth, in the company's offer, of products based on conversational platform ), the consolidation of the offer of IT products (not IRIDE® based) thanks to the definition of innovative technological solutions in the Business Intelligence, Big Data and Open Data areas, the confirmation of leadership in the Speech Analytics sector and growth of self-automated solutions (conversational IVR & chatbot), the growth of penetration with direct customers on the private market and the parallel growth of activities on the Public Administration Market, also linked to the development of contracts based on the framework agreements SPC Lot 3 and Lot 4 awarded in 2017 and extended in 2020 and 2021 and to the synergies with the commercial forces of the AlmagivA Group in the offer of AlmagivA products and services towards Public Administration and Private customers.

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

On January 11, 2021 AlmagivA concluded the entry into the share capital of the innovative startup of Sapienza University of Rome OBDA Systems, with a 60% share. Obda Systems offers state-of-the-art solutions based on the latest innovations in the field of semantic technologies to provide its customers with a direct and effective method to extract key information from complex and large datasets. The basis of these solutions is representation and reasoning through ontological modeling. On the international market, the development of the Brazilian market and in the Latin America area continues, with an offer characterized by solutions that include the integration of AlmagivA products of the offer called "IRIDE® Customer Centric Suite" and commercial synergy with AlmagivA do Brasil and Almacontact Colombia. As part of the market expansion process, also through non-organic, vertical and transversal growth, the AlmagivA Group is considering investment projects to accelerate growth both in the IT sector (and in the field of products and integrated solutions for transport and in the area of market development, products and services for the industry, public administration and finance sectors, both in Italy and abroad) and in the Foreign CRM sector (focused on expanding and differentiating the current positioning). In order to accelerate the development of innovative solutions and services with high technological value, evaluations are also underway relating to the possible activation of further investments in university spin-offs.

On March 9, 2021 AlmagivA completed the IPO process at AIM Italia of its subsidiary AlmagivA SpA. The operation, for a total of € 30 million (including the greenshoe option adopted on April 2021), entirely in capital increases and completed against an overall demand exceeding € 41 million, equal to 1.5 times the offer, was underwritten by leading investors Italian and foreign institutions with a wide geographical diversification. At the start date of the negotiations on AIM Italia, the share capital of AlmagivA S.p.A. is represented by a total of no of n. 26,423,529 ordinary shares (which will become 27,058,823 ordinary shares with the inclusion of the full exercise of the greenshoe option, which took place in April 2021, with a free float of 26.09% for a capitalization of Euro 115 million).

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

From a financial point of view, there is a senior secured bond debt (Senior Secured Notes) for a value of € 250 million, maturing in five years (October 2022) and coupon at 7.25%. In 2020 the relative half-yearly coupons were paid regularly;

## ALMAVIVA S.P.A. AND SUBSIDIARIES

### EXPLANATORY NOTES (continued)

In 2021 the payment of the two half-yearly coupons (15.04.2021 and 15.10.2021) is expected; each for an amount equal to € 9.063 million, for a total annual amount of € 18.1 million.

In December 2020, a corporate reorganization was carried out which involved AlmagivA do Brasil; as a result, the debt was concentrated on the parent company AlmagivA SpA with the consequent zeroing of the Intercompany credit items and an increase in the NFP of the parent company itself.

For 2021, financial management is expected to lead to a reduction in the Group's NFP.

## 2.2 Basis of consolidation

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

### Determination of the existence of control over a subsidiary

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

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

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

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

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

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

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

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

### Consolidation criteria adopted for subsidiaries

The main consolidation criteria are the following:

- items of assets, liabilities, income and expenses of entities consolidated line by line are fully included in the Consolidated Financial Statements;
- the carrying amount of the parent's investment in the subsidiary is netted against the parent's portion of equity of investees. Any difference existing at the date when control is acquired is allocated to items of assets and/or liabilities;
- whenever required, the financial statements of subsidiaries are adjusted to align them to the accounting criteria adopted by the Group;

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

- minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's ownership interests in them;
- unrealised profit and loss for the Group as resulting from intragroup transactions are fully eliminated, as well as significant amounts that originate intercompany payables and receivables, costs and revenue among consolidated companies;
- consolidation adjustments take into account, when applicable, their deferred tax effect;
- dividends received over the year by a parent from a consolidated subsidiary and recognised in the parent's income statement as gains on equity investments, are eliminated and classified under "retained earnings".
- unrealised profit and loss for the Group as resulting from intragroup transactions are fully eliminated, as well as significant amounts that originate intercompany payables and receivables, costs and revenue among consolidated companies;
- consolidation adjustments take into account, when applicable, their deferred tax effect;
- dividends received over the year by a parent from a consolidated subsidiary and recognised in the parent's income statement as gains on equity investments, are eliminated and classified under "retained earnings".

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

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

*Business combinations and goodwill*

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

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

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

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

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

## ALMAVIVA S.P.A. AND SUBSIDIARIES

### EXPLANATORY NOTES (continued)

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

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

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

#### Changes in the investment held in subsidiaries without loss of control

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

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

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

#### Consolidation Area

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

- due to the entry, in January, of Almaxwave S.p.A. in the share capital of OBDA Systems S.r.l. with a 60% share. OBDA Systems S.r.l. is an innovative startup born within the La Sapienza University of Rome that offers products and solutions with high technological value to extract key information from complex and large datasets.
- On January 11, 2021, the Shareholders' Meeting of Almaxwave S.p.A. has taken resolutions aimed at implementing the Listing, including the transformation of the company from a limited liability company into a joint stock company. On March 9, 2021 Almaxwave S.p.A. received the admission of its ordinary shares to trading

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

on AIM Italia, a multilateral trading system organized and managed by Borsa Italiana S.p.A. On March 11, 2021, trading of Almaxwave shares began on AIM Italia. The shares placed on the market, as of March 31, 2021, were n. 6,423,235 (which will become 7,058,823 including the shares relating to the total exercise of the greenshoe which took place in April 2021). Following this transaction, the share of Almaxviva S.p.A. in the capital of Almaxwave S.p.A. it changes from 100% to 75.69% at March 31, 2021 to become 73.91% in April after the full exercise of the greenshoe option.

Compared to the Consolidated financial statements as of December 31, 2020, the consolidation area has changed due to the entry of OBDA Systems S.r.l. and due to the change in the percentage of ownership of Almaxwave S.p.A.

Compared to the Consolidated financial statements as of March 31, 2020, the consolidation area has changed:

- Due to the entry of OBDA Systems S.r.l., as mentioned above;
- Due to the Listing of Almaxwave, as mentioned above;
- Due to the establishment, in September 2020, of Spin Data S.r.l. ex ARTificial intelligence for Enterprise systems S.r.l., an academic spin off of the University of Naples Federico II (Department of Electrical Engineering and Information Technologies), owned by Almaxviva Digitaltec S.r.l. and Almaxwave S.p.A. who hold, respectively, an equity interest equal to 55% and 25% of the share capital;
- Due to the establishment, in September 2020, of Almaxviva Saudi Arabia For Information Technology L.L.C., a company incorporated under Saudi law whose sole shareholder, owner of 100% of the relative share capital, is Almaxviva S.p.A.;
- Due to the completion of the merger by acquisition of Almaxviva Participações and Serviços Ltda. ("AvPart") into Almaxviva do Brasil Telemarketing and Informática S.A.
- Due to the exit of the PT. Almaxviva Indonesia Kontakt.

Compared to the Consolidated financial statements as of March 31, 2020, the consolidation area has changed due to the entry of OBDA Systems S.r.l., Spin Data S.r.l. and Almaxviva Saudi Arabia L.L.C., due to the change in the percentage of ownership of Almaxwave S.p.A. and due to the exit of the PT. Almaxviva Indonesia Kontakt, as well as for the incorporation of Almaxviva Participações into Almaxviva do Brasil.

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

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

<i>Companies and method of consolidation</i>	<b>Currency</b>	<b>Share held</b>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>	<b>At March 31, 2020</b>
Almaviva S.p.A. (Parent Company) Rome, Italy	Euro	100,00%	Parent	Parent	Parent
Lombardia Gestione S.r.l. Milan, Italy	Euro	51,00%	Full	Full	Full
Almaviva de Belgique S.A. Brussels, Belgium	Euro	100,00%	Full	Full	Full
Almaviva Digitaltec S.r.l. Naples, Italy	Euro	100,00%	Full	Full	Full
Wave S.r.l. Pianoro, Italy	Euro	100,00%	Full	Full	Full
Sadel S.p.A. Castel Maggiore, Italy	Euro	84,05%	Full	Full	Full
Wedoo Holding S.r.l. Torino, Italy	Euro	55,00%	Full	Full	Full
Wedoo S.r.l. Torino, Italy	Euro	55,00%	Full	Full	Full
Wedoo LLC Michigan, U.S.	US Dollar	55,00%	Full	Full	Full
Spin Data (ex Arte) S.r.l. * Napoli, Italy	Euro	80,00%	Full	-	-
Almaviva Saudi Arabia LLC * Riyad, Saudi Arabia	Saudi Riyal	100,00%	Full	-	-
Almaviva Contact S.p.A. Rome, Italy	Euro	100,00%	Full	Full	Full
Almaviva do Brasil S.A. San Paolo, Brazil	Brazilian Real	99,58%	Full	Full	Full
Almaviva Participações Ltda.** Belo Horizonte, Brazil	Brazilian Real	-	-	Full	Full
Aquarius Participações S.A. San Paolo, Brazil	Brazilian Real	99,58%	Full	Full	Full
Chain Serviços e Contact Center S.A. San Paolo, Brazil	Brazilian Real	99,58%	Full	Full	Full
Almacontact Bogotá, Colombia	Colombian Peso	99,58%	Full	Full	Full
Italy Call S.r.l. Rome, Italy	Euro	100,00%	Full	Full	Full
Almaviva Tunisie S.A. Ville de Tunisi, Tunisie	Tunisian Dinar	56,25%	Full	Full	Full
Almaviva Services S.r.l. Iasi, Romania	Romanian Leu	100,00%	Full	Full	Full
Almawave S.r.l. Rome, Italy	Euro	75,69%	Full	Full	Full
Almawave do Brasil Ltda. San Paolo, Brazil	Brazilian Real	75,69%	Full	Full	Full
Pervoice S.r.l. Trento, Italy	Euro	75,69%	Full	Full	Full
Almawave USA Inc. San Francisco, U.S.	US Dollar	75,69%	Full	Full	Full
OBDA Systems S.r.l. *** Rome, Italy	Euro	45,41%	Full	-	-
Agrisian S.C.p.A. in liquidazione Rome, Italy	Euro	50,86%	Full	Full	Full

\*Established in 2020

\*\* Merged in Almaviva do Brasil in september 30, 2020

\*\*\*Acquired in 2021

<i>Companies and method of consolidation (continued)</i>	<b>Currency</b>	<b>Share held</b>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>	<b>At March 31, 2020</b>
Sin S.p.A. **** Rome, Italy	Euro	20,02%	-	-	-
CCID – Almaviva Inform. Technol. Co. Ltd Shangai, People's Republic of China	Chinese Yuan	50,00%	Equity	Equity	Equity
Consorzio Hypertix Rome, Italy	Euro	49,99%	Equity	Equity	Equity
PT: Almaviva Indonesia Kontak	Indonesian Rupiah	-	-	-	Equity
TVEyes L.T. S.r.l. Trento, Italy	Euro	20,00%	Equity	Equity	Equity

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



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

Note 9 includes more details related to investments at equity method.

### **2.3 Effects of seasonality**

The turnover and economic results of the Group are not significantly impacted by factors relating to the seasonality of the activities carried out in the Group's different operating sectors. The Group's performances actually tend to be generally uniform over the year, also thanks to the distribution to the operating activities in the two hemispheres, which makes it possible to mutually offset the periods of reduced operations of the Brazilian and European subsidiaries in the summer and winter periods. Therefore, taking into account the low economic impact of these trends, no additional financial disclosure is provided (required by IAS 34.21) relating to the trend in the last 12-months period ended as at March 31, 2021.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Accounting policies and measurement criteria**

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as of January 1, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### **3.2 New standards, interpretations and amendments adopted by the Group**

#### **New standards, interpretations and amendments adopted by the Group**

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

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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

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

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

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

## **4. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT**

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

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

Management judgement mainly refers to aspects such as:

- The assessment of the impacts deriving from the Covid-19 pandemic;
- the evaluation of existence of control, joint control or significant influence over group entities, as further described in paragraph 2.2 above;
- the evaluation of the useful lives of Intangible assets and Property, plant and equipment, as further described in paragraph 3.1 above;
- evaluation of the capitalization of development costs;
- the determination of the lease term for contracts that contain extension options and in which the Group operates as lessee;
- the analysis about whether the conditions to qualify assets or operations as Non-current assets held for sale in accordance with IFRS 5 are met and if those assets or operations also represent discontinued operations or not;
- the definition of the Group's Operating and reportable segments that are relevant to the business and reflect the regular review process in terms of operating results performed by the entity's chief operating decision maker to make decisions about resources to be allocated to segments and assess their performance, as further described in Note 5 below;
- the Group has identified the AlmavivA CGU to which the goodwill called AlmavivA Finance is specifically associated; the AlmavivA Contact CGU to which the following goodwill refer: Atesia, Alicos, AlmavivA Contact and InAction; the Sadel CGU to which the goodwill called Wave refers; the Almaxwave CGU to which the goodwill referred to as Gempliss refers; the Pervoice CGU to which the goodwill referred to as PerVoice refers. On the part relating to the International CRM sector, the AlmavivA do Brasil CGU was identified to which the homonymous goodwill refers;
- the recognition of public grants and other activities.

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.

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

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

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

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

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

The corresponding values for the previous period are not reclassified.

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

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

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

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

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

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

*Identification of cash-generating units (CGUs)*

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

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

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

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

*Recognition of government grants and other activities*

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

The recognition in the financial statements of these public grants is subject to reasonable certainty as to its reliable determination and recognition. These requirements are considered satisfied upon the release of specific technical reports commissioned by the companies of the group to specifically appointed professional firms with specific expertise in the matter. Where these reports are issued within the terms of preparation of the financial statements, the contribution is recorded in the closing financial statements in compliance with the accrual criterion, thus also ensuring full correlation of the same with the costs incurred in the year against which the itself is recognized.

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

*Use of estimates and assumptions*

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

*Revenue from contracts with customers*

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

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

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

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

*Provision for expected credit losses of trade receivables and contract assets*

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic

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

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.

*Recovery of prepaid taxes*

As at March 31, 2021, the Interim Condensed Consolidated Financial Statements include prepaid taxes, connected to the recognition of tax losses that can be used in future years and income components subject to deferred deductibility of taxes, for an amount whose recovery in future years is considered highly likely by the directors. The recoverability of the aforementioned prepaid taxes is subject to the achievement of sufficient future taxable income to absorb the aforementioned tax losses and for the use of the benefits of other deferred tax assets. Significant management judgments are required in order to determine the amount of prepaid taxes that can be recognised in the financial statements, based on the timing and amount of the future taxable income as well as the future tax planning strategies and tax rates in force at the moment of their reversal. However, at the moment the Group should ascertain that it is unable to recover, in future years, all or part of the prepaid taxes recognised, the consequent adjustment will be booked to the income statement in the year in which said circumstance is verified.

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

## 5. OPERATING AND REPORTABLE SEGMENTS

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

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

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

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

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

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

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

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

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

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

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

**For the three months ended March 31, 2021**

<i>(in thousands of Euro)</i>	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
<b>Revenue</b>							
Revenues from contracts with customers	154,704	21,406	45,216	5,817	227,143	(0)	227,143
Inter-segment	834	1,073	31	1,128	3,066	(3,066)	0
<b>Total revenues from contracts with customers</b>	<b>155,538</b>	<b>22,479</b>	<b>45,247</b>	<b>6,945</b>	<b>230,209</b>	<b>(3,066)</b>	<b>227,143</b>
<b>Income/(Expenses)</b>							
Cost of raw materials and services	(70,054)	(4,472)	(11,527)	(3,248)	(89,301)	3,676	(85,625)
Personnel expenses	(62,007)	(17,701)	(25,175)	(2,422)	(107,305)	116	(107,190)
Depreciation and amortization and write-downs	(5,165)	(493)	(2,182)	(757)	(8,597)	104	(8,493)
Losses from sale of non-current assets	125	(12)	0	6	119	0	119
Other operating income	4,639	303	113	99	5,153	(671)	4,483
Other operating expenses	(3,223)	(145)	0	(8)	(3,376)	91	(3,285)
<b>Operating Profit</b>	<b>19,853</b>	<b>(41)</b>	<b>6,476</b>	<b>615</b>	<b>26,903</b>	<b>250</b>	<b>27,153</b>
% Revenue	12.8%	n.d.	14.3%	8.9%			12.0%
<b>At March 31, 2021</b>							
<b>Total assets</b>	<b>575,385</b>	<b>131,853</b>	<b>145,598</b>	<b>60,942</b>	<b>913,777</b>	<b>(42,496)</b>	<b>871,281</b>
<b>Total liabilities</b>	<b>409,992</b>	<b>52,746</b>	<b>29,486</b>	<b>24,889</b>	<b>517,113</b>	<b>(39,189)</b>	<b>477,924</b>

**For the three months ended March 31, 2020**

<i>(in thousands of Euro)</i>	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
<b>Revenue</b>							
Revenues from contracts with customers	130,226	22,776	66,584	4,438	224,024	(0)	224,023
Inter-segment	772	1,808	27	1,293	3,900	(13,103)	0
<b>Total revenues from contracts with customers</b>	<b>130,998</b>	<b>24,584</b>	<b>66,611</b>	<b>5,731</b>	<b>227,924</b>	<b>(13,103)</b>	<b>224,023</b>
<b>Income/(Expenses)</b>							
Cost of raw materials and services	(58,509)	(5,626)	(18,899)	(2,680)	(85,715)	4,582	(81,133)
Personnel expenses	(56,789)	(22,115)	(38,275)	(2,204)	(119,383)	95	(119,288)
Depreciation and amortization and write-downs	(5,427)	(757)	(3,176)	(650)	(10,010)	104	(9,906)
Losses from sale of non-current assets	0	(74)	0	0	(74)	0	(74)
Other operating income	5,058	151	49	113	5,372	(737)	4,634
Other operating expenses	(1,810)	(187)	0	(65)	(2,063)	123	(1,940)
<b>Operating Profit</b>	<b>13,520</b>	<b>(4,025)</b>	<b>6,310</b>	<b>245</b>	<b>16,050</b>	<b>266</b>	<b>16,316</b>
% Revenue	10.3%	-16.4%	9.5%	4.3%			7.3%
<b>At December 31, 2020</b>							
<b>Total assets</b>	<b>528,460</b>	<b>133,042</b>	<b>149,541</b>	<b>47,942</b>	<b>858,985</b>	<b>(41,447)</b>	<b>817,538</b>
<b>Total liabilities</b>	<b>377,040</b>	<b>54,712</b>	<b>30,657</b>	<b>23,124</b>	<b>485,533</b>	<b>(38,602)</b>	<b>446,930</b>

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

**Reconciliation of Operating profit/(loss)**

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

	<b>For the three months ended March 31,</b>	
<i>(in thousands of Euro)</i>	<b>2021</b>	<b>2020</b>
<b>Segment profit</b>	<b>27,153</b>	<b>16,316</b>
Finance income	106	209
Finance costs	(7,453)	(8,059)
Exchange gains/(losses)	(153)	(703)
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	0	0
Inter-segment income/expenses (elimination)	0	0
<b>Profit/(loss) before taxes</b>	<b>19,653</b>	<b>7,763</b>

**Reconciliation of Total assets**

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
<b>Segment operating assets</b>	<b>871,281</b>	<b>817,538</b>
Deferred tax assets	14,409	14,770
Current financial assets	3,836	4,152
Non-current financial assets	1,229	1,229
Non-current assets held for sale	2,459	2,459
<b>Total assets</b>	<b>893,214</b>	<b>840,148</b>

**Reconciliation of Total liabilities**

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
<b>Segment operating liabilities</b>	<b>477,924</b>	<b>446,930</b>
Non-current financial liabilities	316,663	317,233
Current financial liabilities	24,631	22,937
Current tax liabilities	25,463	27,650
Deferred tax liabilities	2	2
<b>Total liabilities</b>	<b>844,682</b>	<b>814,752</b>



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

**Reconciliation of EBITDA**

For the three months ended March 31, 2021

<i>(in thousands of Euro)</i>	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
<b>Operating profit</b>	<b>19,853</b>	<b>(41)</b>	<b>6,476</b>	<b>615</b>	<b>26,903</b>	<b>250</b>	<b>27,153</b>
(+) Depreciation and amortization	5,165	493	2,182	757	8,597	(104)	8,493
(+) Losses from sale of non-current assets	(125)	12	0	(6)	(119)	0	(119)
<b>Earning before intersts, taxes, depreciation and amortization (EBITDA)</b>	<b>24,893</b>	<b>464</b>	<b>8,658</b>	<b>1,366</b>	<b>35,381</b>	<b>146</b>	<b>35,527</b>
% Revenue	16.0%	n.d.	19.1%	19.7%	15.4%		15.6%

For the three months ended March 31, 2020

<i>(in thousands of Euro)</i>	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
<b>Operating profit</b>	<b>13,520</b>	<b>(4,025)</b>	<b>6,310</b>	<b>245</b>	<b>16,050</b>	<b>266</b>	<b>16,316</b>
(+) Depreciation and amortization	5,427	757	3,176	650	10,010	(104)	9,906
(+) Losses from sale of non-current assets	0	74	0	0	74	0	74
<b>Earning before intersts, taxes, depreciation and amortization (EBITDA)</b>	<b>18,947</b>	<b>(3,194)</b>	<b>9,486</b>	<b>895</b>	<b>26,135</b>	<b>162</b>	<b>26,297</b>
% Revenue	14.5%	n.d.	14.2%	15.6%	11.5%		11.7%

**Geographic information**

<i>(in thousands of Euro)</i>	At March 31, 2021	At March 31, 2020
<i>Revenues from external customers</i>		
Italy	179,362	155,654
Brazil	40,910	62,866
Tunisia	556	567
Colombia	3,774	3,195
Europe	1,700	1,494
Other	841	247
<b>Total</b>	<b>227,143</b>	<b>223,776</b>
<b>Of which:</b>		
<i>Revenues recognized over the time</i>	<b>215,124</b>	<b>208,156</b>
<i>Revenues detected at a point in time</i>	<b>2,349</b>	<b>2,969</b>

**6. SIGNIFICANT TRANSACTIONS IN THE PERIOD**

During the period ended March 31, 2021, there are significant corporate transactions relating to business combinations, which involved Almawave S.p.A. and of which a brief description is provided below. On 11 January 2021, the transaction relating to the agreement that led to the purchase by Almawave S.p.A. was concluded 60% of the share capital of Obda Systems S.r.l.

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

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

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

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

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

From the date of acquisition, Obda Systems has contributed Euro 37 thousand to Group revenues and a positive value of Euro 6 thousand to the Group's pre-tax profit.

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

## 7. INTANGIBLE ASSETS AND GOODWILL

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

<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
<b>At December 31, 2020</b>	<b>39,461</b>	<b>26,402</b>	<b>732</b>	<b>19,888</b>	<b>18,336</b>	<b>104,818</b>
Additions	0	130	602	0	268	1,000
Capitalisation for internal projects	0	124	0	75	2,791	2,990
Amortization	0	(1,698)	(72)	(1,913)	0	(3,683)
Disposals	0	0	0	0	0	0
Reclassifications and other	0	2,943	0	4,892	(7,835)	0
Change in consolidation area	0	0	0	0	0	0
Foreign exchange differences	(34)	(310)	(49)	0	(7)	(400)
<b>At March 31, 2021</b>	<b>39,427</b>	<b>27,591</b>	<b>1,213</b>	<b>22,942</b>	<b>13,553</b>	<b>104,725</b>

Group investments as at March 31, 2021 amounted to Euro 1,000 thousand and essentially relate to the “industrial patent and intellectual property rights”.

The Group also carried out additional investments in the reference period, through capitalisations for own work, totalling Euro 2,990 thousand relating to costs incurred primarily as part of the creation and internal development of assets (software, IT applications and research activities) also employed in the implementation and management of the services offered in the operating segments in which said Group operates.

On completion of the aforementioned activities, the investments are incorporated primarily in the item “Industrial patent and intellectual property rights” which, at the close of the period, totalled Euro 27,591 thousand and, therefore, highlights the Group’s software and IT applications developed internally and the developmental maintenance carried out them. In relation to these assets, the Group periodically conducts an analysis targeted at verifying their recoverable value with respect to the book value based on the expected future economic benefits related to said assets (active contracts in the portfolio and planned acquisitions). At the close of the financial year, following the analyses conducted, the values booked are fully recoverable.

Amortisation on the intangible assets for the year totalled Euro 3,683 thousand. The main amortisation rates adopted as at March 31, 2021 are included in the following intervals:

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

The exchange differences from the translation to Euro of the financial statements of companies operating in non-Euro areas, amounting to Euro 400 thousand, mainly regarding companies that draft their financial statements in Brazilian Real.

### Goodwill and Impairment testing

Detailed information about the movements affecting the Goodwill during the periods is provided below. The majority of the goodwill recorded in the Interim Condensed Consolidated Financial Statements arose from business combinations that took place before the Group first applied IFRS on October 1, 2012. We remind that at first time application, the Group opted for the exemption for business combinations provided for by IFRS 1 that allowed the adopter to use the net book

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

value resulting from the Interim Condensed Consolidated Financial Statements prepared under Italian accounting standards on the date of transition as the entry value under IFRS.

<i>(in thousands of Euro)</i>	<b>At December 31, 2020</b>	<b>Exchange differences</b>	<b>Disposals</b>	<b>At March 31, 2021</b>
Alicos	2.007			2.007
Almaviva Contact	26.533			26.533
Almaviva do Brasil	1.748			1.748
Almaviva Finance	745			745
Atesia	44			44
Gempliss	198			198
In Action	1.017			1.017
Pervoice	314			314
Wave	5.121			5.121
Wedoo	630			630
Third	1.104	(34)		1.070
<b>Total</b>	<b>39.461</b>	<b>(34)</b>		<b>39.427</b>

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

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

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

The plans taken as a reference, for the impairment illustrated below, refer to the period 2020-2025. Impairments are based on assumptions consistent with the company's business model. All the companies included in the plan are respecting the aforementioned assumptions without significant deviations.

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

## **8. PROPERTY, PLANT AND EQUIPMENT**

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

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

<i>(in thousands of Euro)</i>	Land and buildings	Plant and machinery owned and leased	Industrial and commercial equipment owned and leased	Other assets owned and leased	ROU Asset	Assets under construction and payments on account	Total
<b>At December 31, 2020</b>	<b>7.428</b>	<b>9.206</b>	<b>383</b>	<b>26.006</b>	<b>38.844</b>	<b>52</b>	<b>81.918</b>
Additions	0	1.027	21	1.619	8.326	223	11.216
Capitalisation for internal projects	0	0	0	10	0	22	32
Depreciation	(196)	(591)	(32)	(1.656)	(2.335)	0	(4.810)
Disposals	0	0	0	(55)	(1.852)	0	(1.907)
Reclassifications and other	0	0	0	12	0	(12)	0
Change in consolidation area	0	0	0	0	0	0	0
Foreign exchange differences	0	(452)	0	(724)	(483)	0	(1.659)
Historical cost	19.145	209.045	3.688	161.529	58.414	285	452.106
Accumulated amortization	(11.913)	(199.855)	(3.316)	(136.317)	(15.914)	0	(367.315)
<b>At March 31, 2021</b>	<b>7.232</b>	<b>9.190</b>	<b>372</b>	<b>25.212</b>	<b>42.500</b>	<b>285</b>	<b>84.790</b>

Property, plant and equipment amount to Euro 84,790 thousand as at March 31, 2021 compared to an amount of Euro 81,918 thousand as at December 31, 2020.

In the period, the line item increased by Euro 11,216 thousand due to the investments of the period and Euro 8,326 thousand due to the adoption of IFRS 16.

Depreciation in 2021 amounts to Euro 4,810 thousand.

The main depreciation rates adopted as at March 31, 2021, excluding the right of use related to IFRS 16, are included in the following intervals:

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

There were no write-downs or write-backs during the period.

The disposals amount to Euro 1,907 thousand and concern divestments in ROU asset.

The reclassifications and other are Euro 12 thousand.

In 2021 the exchange differences from the translation to Euro of the financial statements of companies operating in non-Euro areas, is negative for an amount of Euro 1,659 thousand, mainly regard companies that draft their financial statements in the Brazilian Real.

The Group presented a balance of the item “land and buildings” of Euro 7,232 thousand related to the building located in Rome at Via dello Scalo Prenestino, owned by the IT Services.

## **9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

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

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

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

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

Equity investments measured with the equity method as at March 31, 2021 are listed below:

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

## 10. NON-CURRENT FINANCIAL ASSETS

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

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

### *Non-current financial receivables*

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

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

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

### *Investments on equity instruments*

The investments on equity instruments classified as available for sale are investments held in other entities over which the Group has neither control nor joint control or significant influence.

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

Such equity investments are classified as available-for-sale financial instruments in accordance with IAS 32, and - as such - are accounted for at the cost recognised at the payment date provided that the fair value cannot be reliably determined, as such companies have not shares listed in stock exchange market.

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

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

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

At March 31, 2021, 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.

Equity investments available for sale of Euro 41 thousand (Euro 41 thousand at December 31, 2020), refer to equity investments in other companies.

## 11. DEFERRED TAX ASSETS

The tables below show the amount of AlmagivA Group's Deferred tax assets as at March 31, 2021 and December 31, 2020:

(in thousands of Euro)	At March 31, 2021	At December 31, 2020
<b>Deferred Tax Assets</b>	<b>14,409</b>	<b>14,770</b>

The table below shows a breakdown of deferred tax assets by Italian and foreign subsidiaries for years ended March 31, 2021 and December 31, 2020:

(in thousands of Euro)	At March 31, 2021	At December 31, 2020
Italian subsidiaries	8,388	8,225
Foreign subsidiaries	6,021	6,545
<b>Total Deferred Tax Assets</b>	<b>14,409</b>	<b>14,770</b>

The Deferred tax assets related to Italian subsidiaries do not include tax losses due to inclusion in tax consolidation of parent company AlmagivA Technologies. The nature of deferred tax assets related to Italian and foreign subsidiaries are mainly related to tax increases (i.e. provisions, remuneration to the BoD members).

The table below shows the changes occurred in deferred tax assets in each of the periods:

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

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
<b>Balance at the beginning of the year</b>	<b>14,770</b>	<b>12,833</b>
Increases	72	3,612
Decreases	0	0
Effect of currency translation	(433)	(1,885)
Other changes	0	210
<b>Balance at the end of the year</b>	<b>14,409</b>	<b>14,770</b>

Deferred tax assets amounted to Euro 14,409 thousand (Euro 14,770 thousand as at December 31, 2020) and are stated net of deferred tax liabilities that can be offset, and were allocated, up to the limits of the amounts that are expected to be recovered in future years based on the availability of expected taxable income, mainly in relation to the deductible temporary differences (allocations to provisions for risks and other deferred expenses) and, for a residual part, to previous tax losses.

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

## 12. OTHER NON-CURRENT ASSETS

Other non-current assets amount to Euro 1,423 thousand as at March 31, 2021 compared to an amount of Euro 1,491 thousand as at December 31, 2020, as illustrated in the table below:

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
Security deposits	812	805
Prepaid expenses	607	682
Other receivables	4	4
<b>Other non-current assets</b>	<b>1,423</b>	<b>1,491</b>

Prepaid expenses mainly refer to the training of AlmagivA Contact (Euro 260 thousand), AlmagivA Services (Euro 342 thousand) and AlmagivA Digitaltec (Euro 4 thousand) and Sadel (Euro 1 thousand).

## 13. INVENTORIES

Inventories of the Group are equal to Euro 8,964 thousand and are composed as follows:

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
Raw materials (at cost)	2,320	2,382
Work in progress (at cost)	2,327	2,055
Finished goods (at lower of cost and net realizable value)	4,317	3,700
<b>Total inventories at the lower of cost and net realizable value</b>	<b>8,964</b>	<b>8,137</b>



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

During 2021, have not been accounted any expenses for inventories to carry them at net realizable value. The total amount related to Sadel S.p.A. is Euro 7,179 thousand, to AlmagivA S.p.A. is Euro 1,780 thousand and Pervoice Euro 5 thousand.

#### 14. CONTRACT ASSETS

At March 31, 2021, the Group had contract assets totalling Euro 46,102 thousand (Amount due from customers were Euro 37,322 thousand at December 31, 2020).

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
Amount due from customers (gross)	35,381	26,408
Amount due from customers due to IFRS 15	10,721	10,914
<b>Inventories and Amount due from customers</b>	<b>46,102</b>	<b>37,322</b>

The overall increase of Euro 8,780 thousand, refers essentially to the increase in IT Services activities which generated further contractual activities, not yet completed or not yet tested by the client.

#### 15. TRADE RECEIVABLES

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

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
Trade receivables, gross amount	368,672	368,303
Trade receivables, amount retained as a guarantee	3,296	3,833
Bad debt provision	(21,108)	(21,106)
<b>Trade receivables</b>	<b>350,860</b>	<b>351,030</b>

Trade receivables decremented by Euro 170 thousand in 2021, from an amount of Euro 351,030 thousand as at December 31, 2020 to an amount of Euro 350,860 thousand as at March 31, 2021.

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

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

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
Amount not yet due	289,572	308,966
Amount due by less than 30 days	19,359	9,292
Amount due between 30-60 days	10,637	3,687
Amount due between 61-90 days	3,301	1,235
Amount due between 91-120 days	1,814	943
Amount due by more than 120 days	43,989	44,180
<b>Trade receivables, gross amount</b>	<b>368,672</b>	<b>368,303</b>

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

Further, as mentioned in 2017 Financial Statements, on May 2, 2017 the Italian Ministry of Economic Development made an order that put into special administration under Decree-Law “Marzano”, the company Alitalia – Società Aerea Italiana S.p.A. With the same order a College of Commissioners has been appointed, The College consist of Luigi Gubitosi, Enrico Laghi and Stefano Paleari. On December 6, 2019 the College of Commissioners left the charge and instead of them it was appointed the Lawyer Giuseppe Leogrande, as sole commissioner.

The entity – supported by an internal and external legal opinion further substantiated by recent case-law – considers pre-deductible the net receivables from Alitalia Società Aerea Italiana S.p.A. (for an amount equal to Euro 5,999 thousand). For these reasons, mentioned receivables have been considered fully recoverable; on the other hand, considering that the collection period could depends on the development of the special administration, the entity calculated the present value of abovementioned receivables and accrued € 404 thousand as financial expenses, Next steps of special administration will be closely monitored to evaluate any changes in conditions on the basis of actual decision taken by representatives as well as the accounting effects.

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

The following table shows the changes in the bad debt provision for each period ended March 31, 2021 and December 31, 2020:

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
<b>Balance at the beginning of the year</b>	<b>21,106</b>	<b>21,037</b>
Provisions	0	85
Uses	0	(22)
Other	2	6
<b>Balance at the end of the year</b>	<b>21,108</b>	<b>21,106</b>

## 16. CURRENT FINANCIAL ASSETS

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

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
<b>Current financial assets</b>	<b>3,836</b>	<b>4,152</b>

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

## 17. OTHER CURRENT ASSETS

Other current assets amount to Euro 153,315 thousand as at March 31, 2021 compared to Euro 133,147 thousand as at December 31, 2020.

The amount is composed as follow:

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

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
Receivables due from personnel	3,604	3,578
Receivables due from social security institutions	2,386	1,987
Receivables due from tax authorities	50,419	39,601
Receivables related to tax consolidation	32,296	32,177
Prepaid expenses	20,414	11,468
Advances to suppliers	5,059	3,686
Sundry items	39,137	40,650
<b>Other current assets</b>	<b>153,315</b>	<b>133,147</b>

Other current assets increase by Euro 20,168 thousand in 2021, corresponding to a 15,1% growth rate.

In particular, note that almost all receivables from INPS not yet collected and regarding mainly the following fall under the item Receivables due from social security institutions, which amounted to Euro 2,386 thousand (Euro 2,390 thousand as at December 31, 2020):

- the contribution reduction arising from the adoption of the industry sector “solidarity contract”
- recovery of the solidarity cheque paid in advance to the AlmagivA Contact employees.

Tax consolidation credits for Euro 32,296 thousand derive from the transfer to the parent company AlmagivA Technologies S.r.l. of the tax positions of the companies adhering to the institution in question.

Prepayments for Euro 20,414 thousand include future costs mainly of AlmagivA SpA (Euro 19,354 thousand), AlmagivA Services (Euro 236 thousand), AlmagivA Contact (Euro 442 thousand), AlmagivA (Euro 130 thousand) and to a lesser extent of the other Group companies.

Receivables from the tax authorities are divided into credits for direct taxes Euro 4,620 thousand relating to AlmagivA SpA for Euro 3,707 thousand, AlmagivA Contact for Euro 272 thousand, Agrisian for Euro 335 thousand, AlmagivA Euro 187 thousand and to a lesser extent to the other companies of the Group; receivables for indirect taxes of Euro 45,799 thousand relating mainly to AlmagivA SpA and the Brazilian companies.

Advances to suppliers increased by Euro 1,373 thousand, passing from Euro 3,686 thousand as at December 31, 2020 to Euro 5,059 thousand as at March 31, 2021.

Sundry items also included the receivables of:

- receivables due from the State and Public Authorities for projects financed
- receivables for reimbursements which refer:
  - to the amounts paid in advance by AlmagivA Contact to former employees in respect of a reinstatement judgment readily contested through an appeal in the process of being settled;
  - the credit for the request for reimbursement, submitted to a well-known insurance company, of the legal costs incurred in the context of a dispute initiated in the United States by an American company (the “US Litigation”) against some of the companies of the 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 request for reimbursement of legal costs and damages is pending an appeal judgment proposed by the AlmagivA Companies. The AlmagivA Companies currently believe - also on the basis of the assessments made by their defense board regarding the full traceability of the claim to a contractual right protected in the insurance policy

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

- that they have valid arguments to be able to support their position, the instrumentality of the reserves and exceptions moved by the insurance company and, consequently, to be able to subvert the outcome of the first degree sentence.

In consideration of these aspects, the receivable from the insurance company continues to be considered deriving from a contractual right and, at present, fully recoverable.

**18. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents amounted to Euro 119,996 thousand as at March 31, 2021 compared to Euro 98,569 thousand as at December 31, 2020. The line item refers to credit balances at banks in existence at the end of each period and the amounts held at the Group treasuries. These voices are not subject to any restriction and are not foresee disinvestment costs.

**19. NON-CURRENT ASSETS HELD FOR SALE**

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

**20. SHAREHOLDERS' EQUITY**

The total Shareholders' equity amount to Euro 48,531 thousand as at March 31, 2021 compared to Euro 25,397 thousand as at December 31, 2020.

The composition of the Shareholders' equity is as follows:

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

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
Share capital	154,899	154,899
Share premium reserve	17,788	17,788
Legal reserve	7,619	7,619
Other reserves:		
<i>FTA reserve</i>	4,493	4,493
<i>OCI reserve</i>	3,192	3,192
<i>Translation reserve</i>	(59,192)	(54,348)
<i>Other reserves</i>	(106,980)	(148,561)
	(158,487)	(195,223)
Profit/(loss) for the year	12,942	35,143
<b><i>Total group shareholders' equity</i></b>	<b>34,764</b>	<b>20,228</b>
Reserves pertaining to NCIs:		
<i>Translation reserve</i>	(1,146)	(1,088)
<i>Other reserves</i>	14,531	5,250
	13,385	4,162
Profit/(loss) for the year pertaining to NCIs	383	1,006
<b><i>Total non-controlling interests</i></b>	<b>13,768</b>	<b>5,168</b>
<b>Total Shareholders' equity</b>	<b>48,531</b>	<b>25,397</b>

The increase in Equity of the AlmagivA Group, equal to Euro 23,134 thousand, was affected not only by the final results for the period and the recognition of the comprehensive income statement, but also, (i) by the listing of AlmagivA which resulted in an increase of the share capital of the subsidiary and the recognition of the share premium reserve net of the listing costs incurred (all equal to Euro 25,095 thousand), (ii) by the distribution of reserves approved by AlmagivA SpA in March 2021 (for an amount of Euro 10,400 thousand). As of March 31, 2021, the destination of the net result for the year 2020 has not been recognized yet.

The Share capital as at March 31, 2021 amounted to Euro 154,899 thousand and due to the collateral agreements signed concurrently with the conclusion of the loan agreement, in previous years, the amount was fully paid-in and consisted of:

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

Consider that in August 2017, the parent company AlmagivA Technologies S.r.l. acquired all the shares owned by Interbanca S.p.A., therefore the share of AlmagivA Technologies S.r.l. reached 95.11%.

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

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

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

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

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

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

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

Legal reserve

The Legal reserve amounted to Euro 7,619 thousand as at March 31, 2021.

Share premium reserve

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

FTA reserve

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

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

OCI reserve

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

Translation reserve

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

As at March 31, 2021, it totalled negative Euro 60,338 thousand (of which the Group's share was a negative Euro 59,192 thousand and the portion pertaining to non-controlling interests amounted to negative Euro 1,146 thousand).

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

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

Other reserves

The Other reserves equalled to a negative Euro 106,980 thousand as at March 31, 2021 (negative Euro 148,561 thousand as at December 31, 2020) the portion pertaining to non-controlling interests amounted Euro 14,531 thousand (Euro 5,250 thousand as at December 31, 2020).

**Capital management**

The Group's objectives in terms of capital management are the protection of business continuity, the creation of value for stakeholders and support for Group development. In particular, the Group aims to maintain an adequate level of capitalisation which makes it possible to achieve an economic return for shareholders, guarantee access to external sources of financing and satisfy investors. In this context, the Group manages its capital structure and makes adjustments to it, if rendered necessary by changes to economic conditions. To this end, the Group constantly monitors the evolution of the level of indebtedness in relation to shareholders' equity, whose situation as at March 31, 2021 is summarised in the following table.

<i>(in thousands of Euro)</i>	<i>Note</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
Non current Net Financial Position	23	(316,663)	(317,233)
Current Net Financial Position	16-18-27	99,201	79,784
Non current financial receivables	10	1,229	1,229
<b>Financial indebtness ("Debt")</b>	0	(216,233)	(236,220)
Total Group Shareholder Equity	20	34,764	20,228
Non Controlling Interests	20	13,768	5,168
<b>Total Shareholders' Equity ("Equity")</b>	20	48,531	25,397
<b>Debt/Equity ratio</b>		<b>(4.5)</b>	<b>(9.3)</b>

**21. LIABILITIES FOR EMPLOYEE BENEFITS**

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

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
<b>Liabilities for employee benefits</b>	<b>48,888</b>	<b>48,531</b>

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

The indemnity, provided in the form of capital, is equal to the sum of the allocation amounts calculated on the salaries paid in relation to the employment contract and revalued until the termination of said employment. As a result of the legislative amendments introduced on January 1, 2007, employee severance indemnity accruing will be allocated to pension funds, to the treasury fund set up by INPS (National Social Security Institute) or, in the case of companies with less than 50 employees, may be retained in the company. This means that a significant portion of the employee severance

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

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.

According to "Accounting policies and measurement criteria", in the Interim Condensed Consolidated Financial Statement as of March 31, 2021 actuarial valuation has not been calculated.

## 22. PROVISIONS

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

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
Non-current portion of provisions for risks and charges	6,021	5,836
Current portion of provisions for risks and charges	11,000	11,249
<b>Provisions for risks and charges</b>	<b>17,021</b>	<b>17,085</b>

The line item decreased by Euro 64 thousand in 2021, from Euro 17,085 thousand as at December 31, 2020 to Euro 17,021 thousand as at March 31, 2021.

<i>(in thousands of Euro)</i>	Provision for taxes	Provision for redundancy incentives	Provision for guarantees granted	Provisions for legal disputes	Other provisions for risks and charges	Total
<b>Balance as at January 1, 2021</b>	66	4,443	134	3,211	9,231	17,085
Accruals	0	0	0	69	1,596	1,665
Utilizations	0	0	0	0	(1,349)	(1,349)
Decreases	0	0	0	(149)	(133)	(282)
Other changes not recorded through income statement	0	0	0	(98)	0	(98)
<b>Balance as at March 31, 2021</b>	<b>66</b>	<b>4,443</b>	<b>134</b>	<b>3,033</b>	<b>9,345</b>	<b>17,021</b>
of which:						
Non-current portion	66	22	134	0	5,799	6,021
Current portion	0	4,421	0	3,033	3,546	11,000

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

Information and comments on the various provisions are provided below.

### Provisions for taxes

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



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

Provisions for redundancy incentives

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

Provisions for guarantees granted

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

Provisions for legal disputes

Provision for legal disputes of Euro 3,033 thousand registered by the IT Services Sector for Euro 1,071 thousand, by the CRM Europe Sector for Euro 244 thousand, by the CRM International Sector for Euro 1.708 thousand and Euro 10 thousand by the AlmagivA Sector - New Technology.

Other provisions

The line items, including non-current and current portion, for a total of Euro 9,345 thousand (Euro 9,231 thousand at 31 December 2020) relating to prudential provisions on commercial risks relating to penalties for Euro 2,339 thousand of AlmagivA SpA, for Euro 65 thousand of AlmagivA Contact for Euro 89 thousand of Lombardia Gestione; the Project Workers stabilization fund for Euro 565 thousand of AlmagivA Contact, provisions for disputes both towards personnel and for other civil disputes for Euro 98 thousand of AlmagivA Contact, commercial guarantee funds for Euro 4,334 thousand of AlmagivA SpA and Euro 490 thousand of Sade, the liquidation costs provision recorded for Euro 1,367 thousand from Agrisian by virtue of current obligations under the law. The change in other provisions for risks refers to the provision for the emergence of new risks and charges.

## 23. NON-CURRENT FINANCIAL LIABILITIES

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

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
Banks	21,609	26,320
Bond	243,891	242,973
Amounts due to other lenders	14,884	14,358
Financial liabilities associated with leasing	36,279	33,582
<b>Non-current financial liabilities</b>	<b>316,663</b>	<b>317,233</b>

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

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

<i>(in thousands of Euro)</i>	At January 1, 2021	Proceeds from borrowings	Repayments of borrowings	Reclassification and other adjustments	At March 31, 2021
AlmavivA S.p.A.	266,332	516	(5,000)	918	262,766
Sadel S.p.A.	290	1,300	(55)	(152)	1,383
AlmavivA do Brasil	5,929	0	(465)	(312)	5,152
SIMEST Operation	11,000	0	0	0	11,000
Wedoo S.r.l.	100	0	0	(26)	74
Obda Systems S.r.l.	0	0	0	9	9
Financial liabilities associated with leasing	33,582	7,005	(1,336)	(2,972)	36,279
<b>Non-current financial liabilities</b>	<b>317,233</b>	<b>8,821</b>	<b>(6,856)</b>	<b>(2,535)</b>	<b>316,663</b>

  

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

As regards the monetary movements of the period, it should be noted that: (i) as at March 31, 2021 the opening of loans amounted to Euro 1,816 thousand and the repayments of loans amounted to Euro 5,520 thousand; (ii) at December 31, 2020, the opening of loans amounted to Euro 21,027 thousand and the repayments of loans amounted to Euro 15,912 thousand.

Long-term financial liabilities of Euro 316,663 thousand refer primarily to the bond of Euro 250,000 thousand issued on October 5, 2017, 7.25% coupon with half-yearly payment on October 15 and April 15 of each year and final maturity on October 15, 2022. The bond was listed on the Luxembourg stock exchange on the Euro MTF Market (unregulated market). The issue and placement were performed by the merchant bank Goldman Sachs as Sole Book Runner and banca UBI in the role of co-Manager.

The issue was also supported by a Revolving Facility for an original amount of Euro 20,000 thousand, increased to Euro 40,000 thousand on October 5, 2017 (The line is fully committed for Euro 40,000 thousand and without any clean-down condition). The Revolving line expires on February 5, 2022 and can be used for general purposes relating to company business.

With the bond issue first and the increase of the Revolving line from Euro 20,000 thousand to Euro 40,000 thousand thereafter, AlmavivA made the Group's debt structure more stable, extending the average life of the loans that provide for medium-term repayments in a single maturity and reducing the total cost of debt between liabilities in Italy and Brazil.

The obligation is treated in the financial statements with the amortized cost method and has a value as of March 31, 2021 of Euro 243,891 thousand.

Liabilities to banks equal to Euro 21,609 thousand relate to AlmavivA SpA (Euro 15,001 thousand) for the drawing of the Revolving line, to AlmavivA do Brasil (Euro 5,151 thousand), Wedoo Srl (Euro 74 thousand), and to Sadel (Euro 1,383 thousand). With regard to the Revolving Facility line, compliance with a covenant defined as "Net Consolidated Leverage Ratio" is assessed on a quarterly basis. The evaluation takes place only if this line is used above 40%. At the date of the last measurement, the covenant appeared to be respected.

Liabilities to other lenders equal to Euro 14,884 thousand mainly refer to subsidized loans received on projects financed by AlmavivA SpA (Euro 3,158 thousand) and for Euro 11,000 thousand relating to the debt to Simest.

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

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

liabilities and measured in accordance with the requirements laid out in IAS 39 “Financial instruments: recognition and measurement”.

Non-current financial liabilities deriving from the adoption of IFRS 16 are equal to Euro 36,279 thousand, the reclassifications for Euro 2,972 thousand to the exchange difference of the companies with functional other than the Euro, and the reclassification from non-current portions to current portions of the debt.

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

<i>(in thousands of Euro)</i>	> 12 months	< 5 years	> 5 years
Banks	21,609	21,609	0
Bond	243,891	243,891	0
Amounts due to other lenders	14,884	0	0
Financial liabilities associated with leasing	36,279	0	0
	<b>316,663</b>	<b>265,500</b>	<b>0</b>

#### 24. DEFERRED TAX LIABILITIES

The tables below show the amount of AlmagivA Group’s Deferred tax liabilities as at March 31, 2021 and the related changes occurred in each of these periods.

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

  

	For the three months ended March 31, 2021	At December 31, 2020
<b>Balance at the beginning of the year</b>	<b>2</b>	<b>1,394</b>
Increases	0	0
Decreases	0	(1,392)
<b>Balance at the end of the year</b>	<b>2</b>	<b>2</b>

Deferred tax liabilities refer exclusively to AlmagivA S.p.A., and mainly concern fiscal impact of fair value as deemed cost applied (as defined in and allowed by IFRS 1) to land and buildings owned by abovementioned entity.

#### 25. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities amount to Euro 744 thousand as at March 31, 2021 compared to an amount of Euro 808 thousand as at December 31, 2020, as illustrated in the table below:

<i>(in thousands of Euro)</i>	At March 31, 2021	At December 31, 2020
Deferred income on capital grants	744	808
<b>Other non-current liabilities</b>	<b>744</b>	<b>808</b>

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

The fully amount refers to deferred income on capital grants.

**26. TRADE PAYABLES**

Trade payables amounts to Euro 293,411 thousand as at March 31, 2021 compared to an amount of Euro 270,844 thousand as at December 31, 2020 as illustrated in the table below:

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
<b>Trade payables</b>	<b>293,411</b>	<b>270,844</b>

They mainly include payables for the provision of services, as well as those relating to various services for activities carried out in the year. More specifically, trade-related payables past due amounted to Euro 75,569 thousand (Euro 69,093 thousand in 2020), while those falling due in under 12 months amounted to Euro 217,842 thousand (Euro 201,751 thousand in 2020).

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

**27. CURRENT FINANCIAL LIABILITIES**

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

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
Payables due to banks	6,295	6,719
Current portion bonds	8,315	3,834
Payables due to other lenders	857	725
Financial lease payables	1	2
Accrued liabilities from financial expenses	274	251
Other financial payables	0	0
Financial liabilities for leasing IFRS 16	8,889	11,406
<b>Current financial liabilities</b>	<b>24,631</b>	<b>22,937</b>

Short-term financial liabilities of Euro 24,631 thousand refer to payables for short-term loans taken out with banks, the portion of payables for interest accrued vis-à-vis bondholders whose payment is set for April 15, 2021.

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

**28. TAX PAYABLES**

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

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

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
Income taxes	2,315	1,422
Other taxes	23,148	26,228
<b>Tax payables</b>	<b>25,463</b>	<b>27,650</b>

Tax payables amount to Euro 25,463 thousand as at March 31, 2021 compared to Euro 27,650 thousand as at December 31, 2020.

## 29. OTHER CURRENT LIABILITIES

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

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
Payables due to social security institutions	10,905	18,700
Payables due to personnel	40,993	34,850
Miscellaneous payables	50,421	38,474
Deferred income	15,541	17,639
<b>Other current liabilities</b>	<b>117,860</b>	<b>109,663</b>

The line item increment by Euro 8,197 thousand in 2021, from an amount of Euro 109,663 thousand at December 31, 2020 to an amount of Euro 117,860 thousand at March 31, 2021. The increment of the period is around 7.5%.

The payables due to social security and welfare institutions amounted to Euro 10,905 thousand and refer to mandatory contributions accrued and payable to social security institutions for wages and salaries and remuneration paid.

The payables due to personnel refer, primarily, to the provision for holidays and leave accrued by personnel and still not utilised, as well as, as regards the subsidiaries appertain to CRM Europe segment, the monthly pay relating to March, which was paid in the first few days of April 2021, as per the ordinary management of the payments of wages and salaries.

Miscellaneous payables of Euro 50,421 thousand mainly include the payables due to corporate bodies, payables to project workers, payables to insurance companies, amounts due for collections to be repaid to partners and payables related to the fiscal consolidation to AlmagivA Technologies S.r.l.

Deferred income of Euro 15,541 thousand related to the economic components pertaining to future years.

## 30. REVENUE

Revenue from contracts with customers for each of the periods ended March 31, 2021, and March 31, 2020 are reported in the following table:

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

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

<i>(in thousands of Euro)</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Revenues from sales and services	215,124	208,156
Revenues from sale of goods	2,349	2,969
Revenues from contract work in progress	9,670	12,898
<b>Revenues from contracts with customers</b>	<b>227,143</b>	<b>224,023</b>

The following is a breakdown of revenues deriving from contracts with customers based on the timing of recognition of the same for the 2018 financial year in which IFRS 15 was applied for the first time.

<i>(in thousands of Euro)</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b><i>Type of goods or service</i></b>		
ICT Services rendered	158,172	131,695
CRM Services rendered	66,622	89,359
Goods transferred in Transportation business	2,349	2,969
<b>Total revenue from contracts with customers</b>	<b>227,143</b>	<b>224,023</b>

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

Revenues increased by Euro 3,120 thousand from Euro 224,023 thousand for the year ended March 31, 2020 to Euro 227,143 thousand for the period ended March 31, 2021.

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

The table below shows a breakdown of revenues by Operating and reportable segments for the periods ended March 31, 2021, and 2020, Inter-segment elimination has not been considered and eliminated.

<i>(in thousands of Euro)</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
IT Services	154,704	130,226
CRM Europe	21,406	22,776
CRM International	45,216	66,584
AlmagivA – New Technology	5,817	4,438
<b>Revenues from contracts with customers</b>	<b>227,143</b>	<b>224,024</b>

The revenues of the IT Services segment as at March 31, 2021 arose by Euro 154,704 thousand, with a growth equal to 18.8% compared to the previous year. This increase is due mainly to the growth in revenues, the increase in demand for services, with respect to customers of Transport, Welfare, Ministries, Health, Treasury and Public Finance, Banking and Insurance, Agriculture-Environment business areas. This growth was partially offset by a reduction in revenues attributable to Utilities area and in Other area.

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**EXPLANATORY NOTES (continued)**

The revenues of the CRM Europe segment recorded a decrease of Euro 1,370 thousand (6 %) in the period ended as at March 31, 2021 compared to the previous period. The decrease mainly concerned the Telco, Transport and Utilities areas, partially offset by an increase in Government and Other areas.

The revenues of the CRM International segment recorded a decrease of Euro 21,367 thousand, 32.1% as at March 31, 2021 when compared to the previous period. The decrease is related to Telco/Media and Finance areas, partially offset by an increase in Other area.

The revenues of the Almaxwave-New Technology segment rose by Euro 1,379 thousand, 31.1% compared to the previous year. Intersegment revenues remained practically unchanged compared to the previous year. The rise is due primarily to the increase in revenues deriving from the sale of software technologies to customers in the Government, Transport and Other areas, partially offset by the fall in revenues from customers in the Telco/Media, Finance and Other areas.

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

The fees for services to be provided at March 31, 2021, based on the contracts already acquired by the Group, amount to Euro 1,479,856 thousand, of which Euro 554,310 thousand to be absorbed within the current year and of which Euro 925,546 thousand to be absorbed beyond the current year.

### 31. OTHER INCOME

Other income for each of the periods ended March 31, 2021 and March 31, 2020 are reported in the following table:

<i>(in thousands of Euro)</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Recovery of personnel costs	309	203
Recovery of costs of service provision	543	703
Recovery of costs of use of assets	35	15
Reversal of provisions	1,411	1,496
Other income	1,846	1,596
Operating grants	199	296
Reversal of over-accruals of trade payables	140	325
<b>Other income</b>	<b>4,483</b>	<b>4,634</b>

Other income are equal to Euro 4,483 thousand (Euro 4,634 thousand at March 31, 2020) and are mainly related to: (i) the absorption of other ordinary provisions for guarantees; (ii) to the recovery of personnel costs, provision of services and cost of use of third-party assets (equal to respectively Euro 1,411 thousand, Euro 309 thousand, Euro 543 thousand) connected to personnel seconded to third parties and to the complex of activities and services rendered to third parties; (iii) to other proceeds for adjustments of items allocated in previous years.

### 32. COST OF RAW MATERIALS AND SERVICES

Cost of raw materials and services for each of the periods ended at March 31, 2021, and 2020 are reported in the following table:

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

<i>(in thousands of Euro)</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Raw materials, consumables, supplies and goods	12,475	10,115
Costs for services	72,180	70,774
Costs of use of third party assets	1,368	1,444
Costs for services capitalised for assets created internally	(460)	(1,141)
Changes in inventories	62	(60)
<b>Cost of raw materials and services</b>	<b>85,625</b>	<b>81,132</b>

The item increased by Euro 4,492 thousand in the period. The increase is, generally speaking, attributable to the higher revenues in the IT Services segment, with a subsequent increase in the costs for services (Euro 11,545 thousand, from an amount of Euro 58,569 thousand in 2020 to Euro 70,054 thousand in 2021), in the CRM Europa segment (in which the costs for services decrease by Euro 1,154 thousand from Euro 5,626 thousand in 2020 to Euro 4,472 thousand in 2021), in Almaxwave-New Technology segment (increase in costs of Euro 568 thousand, up from Euro 2,680 thousand in 2020 to Euro 3,248 thousand in 2021) and in the CRM International segment (due to the decrease of the costs for services for Euro 7,372 thousand from Euro 18,899 thousand in 2020 to Euro 11,527 thousand in 2021). Others changes are related to intersectoral costs of Euro 906 thousand.

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

<i>(in thousands of Euro)</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Maintenance	10,372	7,846
Insurance	875	689
Consultancy and professional services	36,488	28,677
Advertising, promotion and entertainment	331	140
Telephone expenses	1,145	1,383
Travel and stays	352	970
Energy and fluids	1,886	2,574
Distribution and warehousing	1,013	1,156
Other costs for services	19,718	27,339
<b>Costs for services</b>	<b>72,180</b>	<b>70,774</b>

The item Other costs for services includes the operating expenses and various services such as corporate protection expenses, canteen expenses and meal vouchers for employees, legal and notary expenses, commissions and expenses for bank services, training course expenses, cleaning expenses and costs incurred on behalf of group companies that basically refer to charges for insurance policies and travel and transfer expenses.

The increase of the costs is correlated to the revenues increase.

### 33. PERSONNEL EXPENSES

Personnel expenses for each of the periods ended March 31, 2021 and 2020 are broken down as follows:



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

<i>(in thousands of Euro)</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Salaries and wages	86,839	98,503
Social security contributions	16,925	17,855
Employee benefit expenses	4,343	4,325
Other costs	558	596
Agency work	1,086	918
Personnel expenses capitalised for assets created internally	(2,562)	(2,929)
<b>Personnel expenses</b>	<b>107,190</b>	<b>119,288</b>

Personnel expenses decreased by Euro 12,098 thousand, or 10,1%, from Euro 119,288 thousand in the period ended March 31, 2020 to Euro 107,190 thousand in the period ended March 31, 2021.

The average number of employees of companies included in the consolidation area, broken down by category, for each period ended March 31, 2021 and 2020 is as follows:

	<b>At March 31, 2021</b>	<b>At March 31, 2020</b>
Executives	257.0	256.7
Middle managers	939.3	888.3
White-collar employees	42,889.0	47,657.0
<b>Total Group average employees</b>	<b>44,085.3</b>	<b>48,802.0</b>
Agency workers	123.3	122.7
<b>Total workforce</b>	<b>44,208.7</b>	<b>48,924.7</b>

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

Depreciation and amortization for each period ended March 31, 2021 and 2020 are broken down as follows:

<i>(in thousands of Euro)</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Industrial patent and intellectual property rights	1,698	1,681
Concession, licence and trademarks	72	255
Other	1,913	1,297
<b>Total Amortisation</b>	<b>3,683</b>	<b>3,233</b>
Civil and industrial buildings	196	195
Industrial and commercial equipment	32	28
Plants and machinery owned	591	820
Other assets owned and leased	1,656	1,678
ROU Asset - Civil and industrial buildings IFRS16	2,090	3,671
ROU Asset - Other assets owned and leased IFRS16	245	280
<b>Total Depreciation</b>	<b>4,810</b>	<b>6,673</b>
<b>Total Depreciation and Amortisation</b>	<b>8,493</b>	<b>9,906</b>

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

<i>(in thousands of Euro)</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<i>Disposals of Intangible Assets</i>	1	(52)
<i>Disposals of Tangible Assets</i>	118	(22)
<b>Total losses from sale on non-current assets</b>	<b>119</b>	<b>(74)</b>

### 35. OTHER EXPENSES

Other operating expenses for each period ended March 31, 2021 and 2020 are broken down as follows:

<i>(in thousands of Euro)</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Provisions for risks	1,596	821
Taxes and duties	78	89
Membership fees	184	176
Other expenses	1,427	854
<b>Other operating expenses</b>	<b>3,285</b>	<b>1,940</b>

Other operating expenses increased by Euro 1,345 thousand, or 69.3%, from Euro 1,940 thousand in the period ended March 31, 2020 to Euro 3,285 thousand in the period ended March 31, 2021. Net allocations to provisions for risks and charges were booked by the IT Services segment. Information on the provisions for risks and charges is provided in Note 22, to which the reader is referred. Other operating costs which includes almost exclusively the economic effect recorded due to the settlement of previous receivables.

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

Financial income, Financial expenses and Exchange gains/(losses) for each of the periods ended March 31, 2021 and 2020 are reported below:

<i>(in thousands of Euro)</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Financial income	106	209
Financial expenses	(6,450)	(3,689)
Exchange gains/(losses)	(153)	(703)
Financial expenses for leasing IFRS 16	(1,003)	(4,370)
<b>Net financial result</b>	<b>(7,499)</b>	<b>(8,553)</b>

As per the previous table, the result of financial income and expenses was negative Euro 7,499 thousand as at March 31, 2021, compared to a negative result of Euro 8,553 thousand as at March 31, 2020.

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

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

Gains/(losses) on equity investments and loss from investments accounted for using equity method was zero for each period ended March 31, 2020 and 2021.

**38. INCOME TAXES**

Income taxes for each of the periods ended March 31, 2021, and 2020 are broken down as follows:

<i>(in thousands of Euro)</i>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Italian Companies		
<i>IRAP (Regional business tax)</i>	1,058	586
<i>IRES (Corporate income tax)</i>	3,519	2,739
<i>(Income) expenses from compliance with tax consolidation</i>	(177)	(954)
	<b>4,400</b>	<b>2,371</b>
Foreign companies		
<i>Other current taxes</i>	1,995	1,133
	<b>1,995</b>	<b>1,133</b>
<b>Current Taxes</b>	<b>6,395</b>	<b>3,504</b>
Italian Companies		
<i>IRAP (Regional business tax)</i>	(12)	131
<i>IRES (Corporate income tax)</i>	(150)	(221)
	<b>(162)</b>	<b>(90)</b>
Foreign companies		
<i>Other deferred taxes</i>	90	(5,861)
	<b>90</b>	<b>(5,861)</b>
<b>Deferred taxes</b>	<b>(72)</b>	<b>(5,951)</b>
<b>Income taxes for the year - Non recurring portion</b>	<b>5</b>	<b>0</b>
<b>Total Income taxes</b>	<b>6,328</b>	<b>(2,447)</b>

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

**39. INCOME TAXES RECONCILIATION**

Income taxes for each of the periods ended March 31, 2020, and 2020 are broken down as follows:

<i>(in thousands of Euro)</i>	For the three months ended March 31,			
	2021		2020	
<b>Income before taxes</b>	<b>19,653</b>	<b>100.0%</b>	<b>7,763</b>	<b>100.0%</b>
<b>Theoretical taxes (*)</b>	<b>4,717</b>	<b>24.0%</b>	<b>1,863</b>	<b>24.0%</b>
<b>Effective tax charge</b>	<b>6,328</b>	<b>32.2%</b>	<b>(2,447)</b>	<b>-31.5%</b>
<b>differences between theoretical and effective tax charge</b>	<b>1,612</b>	<b>8.2%</b>	<b>(4,310)</b>	<b>-55.5%</b>
<b>1) different foreign tax rates</b>	<b>(518)</b>	<b>-2.6%</b>	<b>(4,683)</b>	<b>-60.3%</b>
<b>2) permanent differences:</b>				
<b>2a) IRAP and other italian regional taxes</b>	1,058	5.4%	586	7.5%
<b>2b) taxes of prior periods</b>	5	0.0%	0	0.0%
<b>2c) tax credit R&amp;D</b>	0	0.0%	0	0.0%
<b>2d) consolidation adjustments</b>	49	0.3%	49	0.6%
<b>2e) IAS 19</b>	0	0.0%	0	0.0%
<b>2f) other differences (**)</b>	1,017	5.2%	(262)	-3.4%
<b>Total differences</b>	<b>1,611</b>	<b>8.2%</b>	<b>(4,310)</b>	<b>-55.5%</b>

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

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

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**EXPLANATORY NOTES (continued)**

#### **40. GUARANTEES AND COMMITMENTS**

The Group granted the following guarantees as at March 31, 2021:

- personal guarantees of Euro 218,697 thousand (Euro 218,697 thousand as at December 31, 2020), which are “in favour of subsidiaries” recorded by AlmagivA S.p.A. for co-obligations issued to various insurance companies in the interest of Agrisian S.C.p.A. in Liquidation amounting to Euro 206,583 thousand and relative to the contract with the Ministry of Agricultural and Forest Resources; “in favour of other parties” in the amount of Euro 12,114 thousand, guarantees recorded by Lombardia Gestione of Euro 89 thousand for the execution of the service agreement and AlmagivA Contact S.p.A. in the amount of Euro 11,741 thousand; Sadel S.p.A. in the amount of Euro 284 thousand.
- collateral given of Euro 88,385 thousand refers to 100% pledges of shares held by AlmagivA S.p.A. in AlmagivA Contact S.p.A. (Euro 3,000 thousand); Euro 67,771 thousand pledges on the shares held by AlmagivA S.p.A. in AlmagivA do Brasil Telemarketing Informatica S.A.; Euro 17,614 thousand pledges on the shares held by AlmagivA Contact S.p.A. in AlmagivA do Brasil. In order to guarantee the fulfillment of the secured credits, the following have been established: a pledge agreement on the Commercial Credits and intra-group items of AlmagivA SpA and any other credit that AlmagivA SpA owns towards AlmagivA Technologies; a pledge agreement on trade receivables and intragroup items of AlmagivA Contact S.p.A., of AlmagivA S.p.A. and AlmagivA do Brasil; a pledge agreement for some bank accounts of AlmagivA S.p.A, AlmagivA Contact S.p.A. and AlmagivA do Brasil. As a further guarantee of this loan, the shares held by AlmagivA Technologies S.r.l. have also been pledged. equal to 95.11% of the share capital in AlmagivA S.p.A.

#### **Other guarantees, commitments and risks**

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

#### **41. RISKS AND OTHER INFORMATION**

##### ***Credit risk***

The maximum theoretical exposure to credit risk for the AlmagivA Group as at March 31, 2020 is represented by the carrying amount of financial assets reported in the financial statements, in addition to the nominal value of guarantees given on the payables or commitments of third parties.

Trade receivables due from customers represent the greatest exposure to credit risk. In respect of the risk of customer default, an appropriate write-down provision is recorded in the financial statements, the amount of which is periodically reviewed. The write-down process adopted by AlmagivA 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 AlmagivA Group's receivables, together with a breakdown by amounts falling due and past due. For more detailed information, please refer to Note 15 above.

<i>(in thousands of Euro)</i>	<b>At March 31, 2021</b>	<b>At December 31, 2020</b>
- Amount falling due	289,572	308,966
- Past due	57,992	38,231
<b>Trade receivables net of Bad debt provision</b>	<b>347,564</b>	<b>347,197</b>

##### ***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

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**EXPLANATORY NOTES (continued)**

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

**Exchange rate risk**

Exposure to the risk of exchange rates changing derives from the company's transactions in non-euro currencies (mainly the Brazilian Real) and affects the consolidated financial statements (economic result and shareholders' equity) due to translating assets and liabilities of companies that draft their financial statements with functional currency other than the Euro. The risk arising from translating assets and liabilities of companies that draft their financial statements with non-euro functional currency is not usually subject to hedging, barring another specific assessment. The consolidated financial statements at March 31, 2021 were impacted by the worsening of the EUR / R \$ exchange rates.

**42. INFORMATION ON FAIR VALUE MEASUREMENT**

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

**43. LEGAL ISSUES AND LITIGATIONS**

Tax, administrative, civil and labour disputes are handled by the 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 22. For those proceedings whose negative outcome, owing to the different case law positions, was only considered possible, no specific allocations were made in accordance with the regulations governing the drafting of the financial statements.

**Contingent liabilities**

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

Shown below are the main contingent liabilities as at March 31, 2021 not recorded in the financial statements owing to the absence of the necessary requirements set out in reference standard IAS 37.

**AlmagivA S.p.A.**

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

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

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**EXPLANATORY NOTES (continued)**

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

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

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

The RTI Almaviva lodged an appeal at Lazio's TAR, for the jointly sentence of MATTIM, Consip and The Presidency of the Council of Ministers in order to pay the indemnity and other amounts due as of damage refund. This refund was requested due to the MATTIM's provision that revoked the tender for the concession of the Waste Traceability Control System (SISTRI), announced by Consip and assigned to RTI Almaviva. With a sentence of 22 February 2021, the Lazio TAR partially accepted the appeal, ruling positively on the request for compensation. On March 31, 2021, the Almaviva RTI lodged an appeal at the Council of State.

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

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

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

The Almaviva RTI appealed to the Lazio TAR for the cancellation, after the adoption of precautionary measures, of the tender documents for the assignment of support services, development and management of the education information system (SIDI) ID 1975 - lot 2 ("Gara MIUR") and of the awarding measure towards the RTI Enterprise. RTI Engineering also requested, with an independent appeal, the cancellation of the acts of the MIUR tender. With a provision of 9 November 2020, Consip canceled the MIUR tender. The RTI Enterprise requested, with an appeal before the Lazio TAR, the cancellation of the provision with which Consip canceled the MIUR tender. The hearing date was on March 31, 2021. With sentence of April 9, 2021, the Lazio TAR partially accepted the appeal of the RTI Enterprise, annulling the cancellation of the MIUR tender, rejected the appeal of the Almaviva RTI and accepted the appeal of the RTI Engineering, canceling the awarding of the RTI Enterprise. The Lazio TAR consequently ordered the renewal of the MIUR tender starting from the phase of submission of offers by the competitors who were invited. On April 26, 2021, the RTI Enterprise lodged an appeal at the Council of State. The precautionary hearing in the council chamber was set for 10 June 2021. On 10 May 2021, Consip notified the compliance appeal for clarifications pursuant to art. 112, paragraph 5, c.p.a..

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**EXPLANATORY NOTES (continued)**

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

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

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

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

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

The NTT DATA RTI lodged an appeal at Lazio TAR for the cancellation, after the adoption of precautionary measures, of the award provision in favor of the RTI Almoviva of lot 1 of the tender for the acquisition of services relating to software production and maintenance in a Microsoft environment and PHP - ID 2225, adopted by Consip. The hearing date was held on April 14, 2021. The Lazio TAR has set the hearing on the merits of July 14, 2021.

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

TLS lodge an appeal at Lazio TAR for the cancellation of the award provision in favor of Almoviva of the tender for the outsourcing of services relating to the performance of activities auxiliary to the issuance of entry visas to Italy - CIG no. 84535787DB6, adopted by the Italian Embassy in Cairo.

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

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

**Almoviva Contact S.p.A.**

*3G S.p.A. / Consip S.p.A. / Almoviva Contact S.p.A.*

3G S.p.A. has requested annulment, upon suspension, of the ruling based on which Consip S.p.A. excluded it from the call for tenders for a "Framework Agreement with several operators based on which several specific tenders will be awarded, pursuant to Art. 2, par. 225 of Law no. 191/2009 for the provision of Contact Centre services." In its meeting



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

in the council chambers of January 22, 2014, the TAR of Lazio rejected the application for an injunction. The relative hearing date has not been set yet. The outcome of the risk assessment did not determine the need to record any provisions for risks.

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

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

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

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

### **Labour Disputes**

During 2016, AlmavivA Contact started a collective dismissal procedure with a declaration of 2,511 redundant staff including no. 1,666 people working at the headquarters of Rome (1,063 full time equivalent positions) and 845 people working at the headquarters of Naples (560 full time equivalent positions). This procedure was concluded, at the Ministry of Economic Development, in the presence of the Ministry of Labour and Social Policy, on December 22, 2016, by signing a Statement of Agreement. This Agreement made provision, as regards the headquarters of Rome, for the company's right to proceed with the dismissal of surplus workers and, as regards the Naples headquarters, the continuation of meetings, following which, it was possible to stipulate an agreement which resulted in the revocation of the redundancy declaration for the Naples office.

In terms of individual disputes, the two phases foreseen by the so-called rite Fornero had a favorable outcome for the company in almost all of the judgments and involved a total of about 50 magistrates of the Roman court.

In the second instance, all five judicial panels that make up the Court of Appeal of Rome confirmed the favorable sentences of first instance and reformed the residual negative sentences issued by two magistrates of the Court of Rome.

Part of the unsuccessful workers in the Court of Appeal lodged separate appeals in Court of Cassation. In all the pending proceedings, the company lodged a counter-appeal. In the first 3 months of 2021, hearings were held for discussion of more than half of the registered cases. The Attorney General at the Court of Cassation concluded for the rejection of all the appeals discussed (for inadmissibility and / or groundlessness).

Between 6 May and 12 May, 2021 the final judgments concerning more than 66% of the residual dispute were filed by the Court of Cassation. They fully confirmed the appeals judgments, rejecting all the grounds of appeal for inadmissibility or groundlessness.

The appeals still pending concern on the whole the same reasons already decided by the Court of Cassation.

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

#### 44. TRANSACTIONS WITH RELATED PARTIES

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

- (a) the exchange of goods, the supply of services, the funding and use of financial means with the companies under joint control, associated companies and the subsidiaries outside the consolidation area, as better described hereunder;
- (b) the exchange of goods and the supply of services with other subsidiaries in of the Italian State, as better described hereunder.

All transactions were carried out in the company's interest and, except for the transactions with the entities that pursue humanitarian, cultural and scientific initiatives, they are usually carried out on an arm's length basis, i.e. under conditions that would be applied between two independent parties.

The jointly controlled companies, associated companies and subsidiaries outside the consolidation area are listed in the attachment "Significant companies and equity investments", considered an integral part of these notes.

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

##### Trade and other relations

Trade and other relations are analysed as follows:

(in thousands of Euro)	At March 31, 2021		For the three months ended March 31, 2021			
	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
<b>Relationships with the controlling company of AlmagivA S.p.A.</b>						
AlmagivA Technologies Srl	32,438	36,789	75	0	0	0
<b>Relationships with the controlling companies valued at equity method</b>						
Consorzio Hypertix	68	0	0	0	0	0
Sin Srl	12,619	167	0	0	13,111	192
TV Eyes L.T.	4	0	0	0	0	4
AlmagivA CCID	120	0	0	0	0	2
Consorzio Namex	0	0	11	0	0	0
<b>Other</b>						
Elvit Consultoria e Participacoes LTDA	0	0	10	0	0	0
<b>Totale</b>	<b>45,249</b>	<b>36,956</b>	<b>96</b>	<b>0</b>	<b>13,111</b>	<b>198</b>

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

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

(in thousands of Euro)	At March 31, 2020		For the three months ended March 31, 2020			
	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
<b>Relationships with the controlling company of AlmagivA S.p.A.</b>						
AlmagivA Technologies Srl	28,441	13,180	75	0	0	1
<b>Relationships with the controlling companies valued at equity method</b>						
Consorzio Hypertix	68	0	0	0	0	0
Sin Srl	18,540	258	91	0	6,474	188
TVeyes L.T.	4	0	0	0	0	4
AlmagivA CCID	112	1	0	0	0	2
PT AlmagivA Indonesia Kontak	3	0	0	0	0	0
<b>Other</b>						
Elvit Consultoria e Participacoes LTDA	0	0	14	0	0	0
<b>Totale</b>	<b>47,168</b>	<b>13,439</b>	<b>180</b>	<b>0</b>	<b>6,474</b>	<b>195</b>

#### 45. SUBSEQUENT EVENTS

- The use of smart working, which has affected most of the employees of Italian companies, is still ongoing.
- On 11 April 2021, the greenshoe option was fully exercised against the subsidiary AlmagivA as part of the listing operation that concerned it. Consequently, additional shares were issued which reduced AlmagivA SpA's stake in the subsidiary from 75.69%, prior to the exercise of the aforementioned option, to 73.91%.